

LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)

The Board of Directors is pleased to announce the following: -

UNAUDITED RESULTS OF THE GROUP FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2023 RM'000	CURRENT YEAR-TO-DATE 30.09.2024 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2023 RM'000
Revenue	9	149,834	167,894	489,744	486,909
Cost of sales		(130,473)	(136,335)	(415,726)	(391,346)
Gross Profit		19,361	31,559	74,018	95,563
Other operating income/(expenses)	23	(5,875)	3,348	1,206	10,409
Operating expenses	24	(20,640)	(16,077)	(52,550)	(49,296)
(Loss)/profit from operations		(7,154)	18,830	22,674	56,676
Finance costs		(464)	(344)	(1,400)	(937)
(Loss)/profit before taxation		(7,618)	18,486	21,274	55,739
Taxation	20	657	(3,121)	(6,911)	(11,989)
(Loss)/profit for the period		(6,961)	15,365	14,363	43,750
Other comprehensive income for the period, net of tax item that will not be reclassified subsequently to profit or loss		-	-	-	-
Revaluation surplus on property, plant and equipment		-	-	-	-
Total comprehensive (loss)/income for the period		(6,961)	15,365	14,363	43,750
(Loss)/profit attributable to:					
Owners of the Parent		(6,438)	14,738	14,188	42,640
Non-Controlling Interest		(523)	627	175	1,110
		(6,961)	15,365	14,363	43,750
Total comprehensive (loss)/income attributable to:					
Owners of the Parent		(6,438)	14,738	14,188	42,640
Non-Controlling Interest		(523)	627	175	1,110
		(6,961)	15,365	14,363	43,750
(Loss)/earnings per share attributable to owners of the Parent (sen)					
Basic	28	(1.19)	2.73	2.63	7.90
Diluted		-	-	-	-
		(1.19)	2.73	2.63	7.90

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023 and the accompanying notes as attached.

LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

ASSETS	Note	AS AT END OF CURRENT QUARTER 30.09.2024 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2023 RM'000 AUDITED
Non-current assets			
Property, plant and equipment		243,745	245,030
Investment property		10,257	10,335
Right-of-use assets		24,831	20,633
Biological assets		5,789	5,527
		284,622	281,525
Current assets			
Inventories		107,117	115,372
Trade receivables		54,835	71,547
Other receivables		21,226	21,952
Tax assets		7,818	1,262
Derivatives financial instruments at fair value	22	201	116
Fixed deposits with licensed banks		143,544	136,985
Cash and bank balances		44,989	73,340
		379,730	420,574
TOTAL ASSETS		664,352	702,099
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent:			
Share capital		90,000	90,000
Reserves		442,417	449,829
		532,417	539,829
Non-controlling interest		6,083	6,470
TOTAL EQUITY		538,500	546,299
Non-current liabilities			
Borrowings	21	12,293	13,276
Lease liabilities		17,104	13,792
Deferred taxation		24,686	24,877
		54,083	51,945
Current Liabilities			
Payables		58,144	91,570
Derivatives financial instruments at fair value	22	-	-
Dividend payable		-	-
Short-term borrowings	21	5,733	4,539
Lease liabilities		7,892	6,782
Provision for taxation		-	964
		71,769	103,855
TOTAL LIABILITIES		125,852	155,800
TOTAL EQUITY AND LIABILITIES		664,352	702,099

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes as attached.

LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	-----Attributable to owners of the Parent-----			Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non distributable Revaluation Reserve RM'000	Distributable Retained Profit RM'000			
Balance as at 1 January 2024	90,000	65,884	383,945	539,829	6,470	546,299
Profit for the period			14,188	14,188	175	14,363
Dividend paid/payable			(21,600)	(21,600)	(562)	(22,162)
Balance as at 30 September 2024	<u>90,000</u>	<u>65,884</u>	<u>376,533</u>	<u>532,417</u>	<u>6,083</u>	<u>538,500</u>
Balance as at 1 January 2023	90,000	40,030	358,178	488,208	5,952	494,160
Profit for the financial year			59,150	59,150	1,042	60,192
Revaluation surplus of property, plant and equipment, net of deferred tax		31,351	-	31,351	-	31,351
Transfer between reserves:						
Depreciation transfer on revalued land and buildings		(757)	757			
Transfer (to)/from upon change in use		(4,740)	4,740			
		(5,497)	5,497			
Dividend paid			(38,880)	(38,880)	(524)	(39,404)
Balance as at 31 December 2023	<u>90,000</u>	<u>65,884</u>	<u>383,945</u>	<u>539,829</u>	<u>6,470</u>	<u>546,299</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes as attached.

LII HEN INDUSTRIES BHD (Company No: 199401015681/301361-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR PERIOD ENDED 30 SEPT 2024

	Unaudited Current Period- To-Date 30 Sept 24 RM'000	Audited Preceding Year Ended 31 Dec 23 RM'000
Cash Flow From Operating Activities		
Profit before Taxation	21,274	76,454
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	9,232	12,264
Depreciation on right-of-use assets	6,404	7,066
Adjustment of property, plant and equipment	-	(1,647)
Inventories written down to net realisable value	-	2,051
Interest expense	1,400	1,371
Interest income	(4,540)	(6,850)
Gain on remeasurement and derecognition of right-of -use assets	(82)	(48)
Fair value changes in biological assets	-	(17)
Gain on disposal of property, plant and equipment	(192)	(876)
Unrealised foreign exchange (gain)/loss	2,923	1,903
Net fair value loss/(gain) on financial instruments measured at fair value	(201)	(116)
Property, plant and equipment written off	24	16
Provision for doubtful debts	7,003	367
	<u>43,245</u>	<u>91,938</u>
Operating profit before working capital changes		
Increase in inventories	8,255	(21,552)
Decrease/(Increase) in receivables	7,511	(23,813)
(Decrease)/increase in payables	(33,426)	21,272
	<u>25,585</u>	<u>67,845</u>
Cash generated from operations		
Interest paid	(1,400)	(1,371)
Tax paid	(14,641)	(26,990)
Tax refunded	19	17
Realisation of derivative financial instruments	117	12
Net cash from operating activities	<u>9,680</u>	<u>39,513</u>
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(8,131)	(8,866)
Payment for biological assets	(262)	(291)
Interest income	4,540	1,221
Proceeds from disposal of property, plant and equipment	431	6,685
	<u>(3,422)</u>	<u>(1,251)</u>
Net cash used in investing activities		
Cash Flow from Financing Activities		
Net changes in bankers' acceptances	890	1,212
Term loan drawdown	383	-
Repayment of term loans and hire purchase creditors	(1,477)	(1,521)
Repayment of lease liabilities	(6,098)	(6,860)
Dividend paid	(21,600)	(38,880)
Changes in pledged short-term fixed deposits	-	(51)
Dividend paid to non-controlling interest	(562)	(524)
	<u>(28,464)</u>	<u>(46,624)</u>
Net cash used in financing activities		
Net changes in Cash and Cash Equivalents	<u>(22,206)</u>	<u>(8,362)</u>
Cash and Cash Equivalents Brought Forward	207,340	215,702
Cash and Cash Equivalents Carried Forward	<u>185,134</u>	<u>207,340</u>
Cash and cash equivalents carried forward consist of:		
Cash and bank balances (including fixed deposits)	188,533	210,324
Bank overdraft	(754)	(339)
	<u>187,779</u>	<u>209,985</u>
Less: Fixed deposits pledged for bank facilities	(2,645)	(2,645)
	<u>185,134</u>	<u>207,340</u>

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes as attached.

NOTES TO THE QUARTERLY CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

1. Basis of Preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”)134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with MFRSs and International Financial Reporting Standards in Malaysia.

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the last audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following Amendments to MFRSs for the financial periods beginning on or after 1 January 2024:

(a) Adoption of amendments to MFRSs

- MFRS 7 and MFRS 107 Supplier Finance Arrangements
- MFRS 16 Lease Liability in a Sale and Leaseback
- MFRS 101 Classification of Liabilities as Current or Non-current
- MFRS 101 Non-current Liabilities with Covenants

The adoption of the above-mentioned amendments did not have any significant impact on the financial statements of the Group for the quarter and period under review.

(b) Amendments to MFRS issued and effective but not early adopted by the Group are as listed below:

- MFRS 121 Lack of Exchangeability
- MFRS 9 and MFRS 7 Classification and Measurement of Financial Instruments
- MFRS 18 Presentation and Disclosures in Financial Statements

Amendments that are part of Annual Improvements – Volume 11:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 7, *Financial Instruments: Disclosures*
- Amendments to MFRS 9, *Financial Instruments*
- Amendments to MFRS 10, *Consolidated Financial Statements*
- Amendments to MFRS 107, *Statement of Cash Flows*

(c) MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

It is anticipated that the adoption of the above-mentioned amendments, insofar as they are applicable to the Group's business, will not have any significant impact on the financial statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and the Group for the year ended 31 December 2023.

4. Seasonal or cyclical factors

The principal business operations of the Group have historically shown moderate seasonality, where the production and sale of furniture are generally lower at the beginning of the calendar year due to festive periods.

5. Items of Unusual Nature

There were no unusual items affecting the Group's assets, liabilities, equity, net income, or cash flows for the financial period ended 30 September 2024.

6. Material Changes in estimates

There were no significant changes in estimates that have had a material effect in the current quarter and financial period-to-date results.

7. Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt or equity securities for the financial period ended 30 September 2024.

8. Dividend Paid

The dividends paid during the financial period were as follow: -

Type of dividend	Dividend per share	For the year ended	Amount RM'000	Entitlement Date	Payment Date
Four interim single-tier	2.0 sen	31.12.2023	10,800	12.03.2024	26.03.2024
First interim single-tier	1.3 sen	31.12.2024	7,020	19.06.2024	03.07.2024
Second interim single-tier	0.7 sen	31.12.2024	3,780	12.09.2024	27.09.2024

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9. Segmental Reporting

The Group has the following reportable segments:

2024	Furniture Manufacturing		Plantation		Other		Group	
	3 rd Quarter	YTD	3 rd Quarter	YTD	3 rd Quarter	YTD	3 rd quarter	YTD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total revenue	151,142	495,217	-	-	4,670	24,929	155,812	520,146
Inter-segment revenue	(1,308)	(5,473)	-	-	(4,670)	(24,929)	(5,978)	(30,402)
Revenue from external customers	149,834	489,744	-	-	-	-	149,834	489,744
Interest income	1,311	4,077	-	-	146	463	1,457	4,540
Finance costs	(460)	(1,388)	(4)	(12)	-	-	(464)	(1,400)
Net finance (costs)/income	851	2,689	(4)	(12)	146	463	993	3,140
Depreciation of property, plant and equipment and right-of-use assets	5,137	15,530	37	105	-	1	5,174	15,636
Segment profit/(loss) before tax	(7,253)	21,800	(73)	(204)	(292)	(322)	(7,618)	21,274
Additions to non-current assets	3,113	8,010	213	383	-	-	3,326	8,393
Segment assets		643,187		7,696		13,469		664,352
Segment liabilities		125,467		296		89		125,852

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The Group has the following reportable segments:

2023	Furniture Manufacturing		Plantation		Other		Group	
	3 rd Quarter RM'000	YTD RM'000	3 rd Quarter RM'000	YTD RM'000	3 rd Quarter RM'000	YTD RM'000	3 rd Quarter RM'000	YTD RM'000
Revenue								
Total Revenue	170,360	490,992	-	-	7,708	33,214	178,068	524,206
Inter-segment revenue	(2,466)	(4,083)	-	-	(7,708)	(33,214)	(10,174)	(37,297)
Revenue from external customers	167,894	486,909	-	-	-	-	167,894	486,909
Interest income	1,549	4,284	-	-	178	530	1,727	4,814
Finance cost	(340)	(925)	(4)	(12)	-	-	(344)	(937)
Net finance (cost)/income	1,209	3,359	(4)	(12)	178	530	1,383	3,877
Depreciation of property, plant and equipment and right-of-use assets	4,677	14,041	33	99	-	-	4,710	14,140
Segment profit/(loss) before tax	18,629	56,113	(63)	(209)	(80)	(165)	18,486	55,739
Additions to non-current assets	1,355	3,298	96	233	-	-	1,451	3,531
Segment assets		608,794		7,353		17,156		633,303
Segment liabilities		126,215		300		8		126,523

The furniture manufacturing segment can be further analysed into the following geographical segments:

	3rd Quarter Ended 30 Sept		Year-to-Date 30 Sept	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Africa	875	657	1,814	1,454
Asia	2,648	2,410	7,492	6,367
North America	137,797	158,079	457,660	458,518
Australia	2,266	2,609	6,545	5,456
Europe	1,186	1,019	2,406	1,739
Malaysia	5,062	3,120	13,827	13,375
	149,834	167,894	489,744	486,909

As at end of the reporting quarter, there were three (3) (2023:3) major customers with each of them contributing revenue equalling to or exceeding 10% of the Group's total revenue.

10. Valuation of property, plant and equipment

The carrying value of properties which were revalued in 2023 has been brought forward from the audited financial statements for the year ended 31 December 2023, and there were no revaluations of properties, plant and equipment for the period ended 30 September 2024.

11. Material events after the end of the period

There were no material events after 30 September 2024 and up to the date of this announcement.

12. Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 30 September 2024.

13. Changes in contingent liabilities

There were no contingent liabilities as at the end of the quarter under review and the date of this report.

14. Capital Commitment

Authorised capital expenditure not provided for in the interim financial report as at 30 September 2024 was as follows:

Authorised and contracted but not provided for:	RM'000
Construction of factory building	<u>11,600</u>

15. Recurrent Related Party Transactions

Subsidiaries of the Company	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 30.09.24 RM	Cumulative Year Ended 30.09.24 RM
Favourite Design Sdn Bhd	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	308,208	1,292,577
Favourite Design Sdn Bhd	NNST Capital Sdn Bhd	A company in which Tan Bee Eng and Chua Yong Haup have interest	Renting of building	159,627	461,406
EF Furniture Sdn Bhd	T Fields Trading	A company in which Tan Bee Eng is a connected person	Provide printing services	304,721	904,362
Lii Hen Furniture Sdn Bhd	NNST Capital Sdn Bhd	A company in which Tan Bee Eng and Chua Yong Haup have interest	Renting of building	266,492	799,475
Favourite Design Sdn Bhd	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Renting of building	183,621	550,863
CT Haup Heng Sdn Bhd (*)	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Purchase of furniture parts	316,948	316,948
Favourite Design Sdn Bhd (*)	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Purchase / sale of furniture parts	46,673	46,673

The above recurrent related party transactions for the period under review were entered into based on normal commercial terms.

(*) denote no mandate sought from the shareholders.

16. Review of Performance of the Group

Financial review for current quarter and financial year-to-date is tabulated below: -

	Individual Period (3 rd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	30.09.24	30.09.23		30.09.24	30.09.23	
	RM'000	RM'000		RM'000	RM'000	
Revenue	149,834	167,894	(10.76%)	489,744	486,909	0.58%
Profit before tax	(7,618)	18,486	(141.21%)	21,274	55,739	(61.83%)
Profit before tax margin (%)	(5.08)	11.01	(146.14%)	4.34	11.45	(62.10%)
Profit after tax	(6,961)	15,365	(145.30%)	14,363	43,750	(67.17%)
Profit attributable to Ordinary Equity of the Parent	(6,437)	14,738	(143.68%)	14,188	42,640	(66.73%)

(a) Current Quarter versus Preceding Year Corresponding Quarter

The Group's revenue for the current quarter recorded at RM150 million, decreased 10.76% as compared to the preceding year corresponding quarter. The decrease in revenue was mainly from bedroom set and office panel products due to the on-going subdued demand in the Group's main market.

In the current quarter, the Group recorded a loss before tax of RM7.6 million, compared to profit before tax in the preceding year corresponding quarter of RM18.5 million. The loss for the current quarter was mainly due to the following factors:

- i) Impairment of trade receivable of RM7 million.
Prior to the provision for doubtful debt on the amount owed by Hillsdale Furniture, LLC(Hillsdale), the Group has sought legal advice and took necessary steps to recover the debt via letters of demand. On 20 September 2024, Hillsdale executed a General Assignment with an Assignee. In accordance with the Bulletin received from the Assignee, the General Assignments are recognised means to liquidate insolvent companies and are an alternative to filing a Charter 7 bankruptcy case. In view of that, a full provision for the outstanding debt owed by Hillsdale as at 30 September 2024, amounting to RM7 million, was made in the current quarter. In order to participate in the distribution, if any, the Group has submitted its Proof of Claim, together with the Statement of Account, to the Assignee on 28 October 2024.
- ii) Loss on foreign exchange of RM 8.6 million.
During the current quarter, the USD had depreciated by 4.21% compared to the preceding year corresponding quarter. The substantial depreciation, especially in the month of September 2024 resulted in the Group recording substantial realized and unrealized losses on foreign exchange of RM8.6 million as compared to the preceding corresponding quarter of RM50,602, as shown in Note 23 of this report.
- iii) Lower sales generated in the current quarter, coupled with higher operating costs adversely affected the Group's gross profit margin, which shrunk from 19% in the preceding corresponding quarter to 13% in the current quarter.

(b) Current Year-to-Date versus Preceding Financial Year Corresponding Period

For the current year period, the Group recorded a marginal increase in revenue of 0.58% as compared to the preceding corresponding period. The sales increase in office panel products for the current period was offset by a decrease in bedroom set sales.

Despite the same level of revenue generated, the Group recorded lower profit before tax by 61.8% as compared to the preceding corresponding period. The main reasons for the lower profit were due to unfavourable product mix, higher materials costs in the first half of 2024, coupled with the factors as mentioned in Note 16(a) above.

17 Variation of Results Against Preceding Quarter

Description	3 rd Qtr. 2024 RM'000	2 nd Qtr. 2024 RM'000	Changes	
			RM'000	%
Revenue	149,834	149,096	738	0.49%
Profit before tax	(7,618)	10,572	(18,190)	(172.06%)
Profit after tax	(6,961)	7,186	(14,147)	(196.87%)
Profit attributable to Ordinary Equity Holders of the Parent	(6,437)	7,010	(13,447)	(191.83%)

The Group's revenue in USD improved as compared to the immediate preceding quarter by 7.85%. However, due to the unprecedented volatility of USD, which depreciated almost 6% in the current quarter, the Group's revenue registered a mere increase of 0.49% as compared to the second quarter of 2024.

With the provision for doubtful debt of RM7.0 million, coupled with the higher foreign exchange loss of RM8 million as compared to the immediate preceding quarter, and higher operating costs, the Group suffered loss before tax of RM7.6 million.

18. Current year prospects

With the victory of President-elect Donald Trump in the 5 November 2024 U.S election, existing economic and political policies will likely to be revamped, perhaps with new ones introduced, contrasting against existing policies under the current administration. It is widely known that one of Trump's election foci was the enactment of trade protectionism measures, where tariffs would probably be imposed on imported goods. Such tariffs could reignite inflation, significantly impacting global trade. In addition, following recent hawkish remarks from the Federal Reserve Chairman, the US Dollar rebounded against most other currencies. While this was generally welcomed by exporters, such volatility would invariably pose challenges in business decisions.

On the local front, demand from customers remains sluggish. The anticipated higher cost of operations following implementation of the increased minimum wage from RM1,500 to RM1,700 per month effective 1 February 2025, and the continued volatility of foreign exchange rates will likely exert pressure on the Group's operations. Being mindful of such ongoing challenges, the Board of Directors, together with Management, continues to exercise diligence and vigilance in decision-making with a view to create shareholder value on a sustainable basis. Due to the a largely controllable cost structure in place, a wide market and customer base for the Group's products and diligent use of operational and financial resources, especially the existing workforce, the Board is positive that the Group

is well-positioned to weather prevailing business conditions for the rest of 2024 in its quest to enhance shareholder value.

19. Profit forecast

There was no profit forecast issued for the quarter under review.

20. Taxation

Taxation charge for the quarter and year-to-date comprises the following:

	Current Quarter 30.09.2024 RM'000	Preceding Quarter 30.09.2023 RM'000	Current Year- to-Date 30.09.2024 RM'000	Corresponding Year-to-Date 30.09.2023 RM'000
Current taxation				
- provision for the period	188	4,957	7,433	13,529
- (over) provision in prior years	(332)	(2,035)	(332)	(2,035)
Deferred taxation - origination and reversal of temporary differences for the period	(513)	199	(190)	495
	(657)	<u>3,121</u>	6,911	<u>11,989</u>

The effective tax rate in relation to the Group's profit before taxation for the quarter and year-to-date under review is higher than the statutory tax rate of 24%. This is mainly due to certain expenses incurred by companies in the Group which were not allowable for tax deductions and tax losses of certain subsidiary companies for which deferred tax benefits have not been recognised.

21. Borrowings and Debt Securities

The Group's borrowings as at end of the reporting quarter were as follows:

	3rd Quarter Ended 30.09.2024 RM'000	Corresponding Year-to-Date 31.12.2023 RM'000
Short Term	RM'000	RM'000
Overdraft	754	339
Bankers' acceptances	3,090	2,200
Term loans	1,800	1,791
Hire purchase	89	<u>209</u>
Total	5,733	<u>4,539</u>
Long Term		
Term loans	12,032	12,976
Hire purchase	261	<u>300</u>
Total	12,293	<u>13,276</u>
Grand Total	18,026	<u>17,815</u>

The loans and bank borrowings are denominated in RM and are secured by legal charges over the property, plant and equipment, including pledges over the short-term fixed deposits, of certain subsidiary companies. The weighted average floating interest rates charged on the borrowings ranged from 3.73% to 4.28% (2023: 3.77% to 4.15%) per annum.

22. Financial Instruments - derivatives

As of 30 September 2024, the foreign currency contracts which were entered into by the Group to hedge against its sales denominated in foreign currencies are as follows:

Forward Foreign Currency Contracts	Contracts Value (RM'000)	Fair Value (RM'000)	Changes in Fair Value (RM'000)
US Dollar – less than 1 year	12,346	12,145	201

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair values of derivatives are determined based on market data (primarily exchange rate) to calculate the present value of all estimated flows associated with each derivative at the balance sheet date. The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge against its sales denominated in foreign currencies.

The forward foreign currency contracts of the Group are measured at fair value and changes in the fair value are recognised in profit or loss.

23. Other Operating Income/(Expenses)

Other operating income/(expenses) comprise the following:

	3 rd Quarter Ended 30 Sept		Year-to-Date 30 Sept	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)				
-realised	(5,549)	235	(3,570)	2,742
-unrealised	(3,047)	(285)	(2,923)	499
Gain/(loss) on disposal of property, plant and equipment	100	594	192	791
Gain on remeasurement of Right-of-Use assets	50	15	82	33
Interest income	1,457	1,727	4,540	4,814
Fair value loss on derivative financial instruments	220	423	201	(227)
Rental income	646	461	1,866	1,136
Sundry revenue	248	178	818	621
	(5,875)	3,348	1,206	10,409

24. Operating Expenses

The operating expenses include the following charges:

	3 rd Quarter Ended		Year to Date	
	30 Sept		30 Sept	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation of property, plant and equipment and right-of-use assets	5,174	4,710	15,636	14,140
Interest expense	464	344	1,400	937
Property, plant and equipment written off	10	2	24	16

25. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off-balance sheet risk as at 30 September 2024.

26. Material Litigations

The Group is not engaged in any material litigation as at the date of this announcement.

27. Dividends

No dividend was declared by the Board of Directors in the current quarter.

28. Basic (Loss)/Earnings per Share

	3 rd Quarter Ended		Year-to-Date	
	30 Sept		30 Sept	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit attributable to owners of the Parent	(6,438)	14,738	14,188	42,640
Weighted average number of shares in issue ('000)	540,000	540,000	540,000	540,000
Basic (loss)/earnings per Share (sen)	(1.19)	2.73	2.63	7.90

29. Authorisation for issue

These interim financial statements and the accompanying notes were authorised for issue by the Board of Directors on 28 November 2024.

For and on behalf of the Board

Lii Hen Industries Bhd.

Pang Kah Man, MIA 18831

Company Secretary