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 FIRST QUARTER ENDED 31 MARCH 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2026

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR-TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.03.2026	**31.03.2025**	**31.03.2026**	**31.03.2025**
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	9	99,460	164,585	99,460	164,585
Cost of sales		(94,451)	(145,329)	(94,451)	(145,329)
Gross Profit		5,009	19,256	5,009	19,256
Other operating income	23	2,584	2,052	2,584	2,052
Operating expenses	24	(12,159)	(14,624)	(12,159)	(14,624)
(Loss)/profit from operations		(4,566)	6,684	(4,566)	6,684
Finance costs		(292)	(464)	(292)	(464)
(Loss)/profit before taxation		(4,858)	6,220	(4,858)	6,220
Taxation	20	(380)	(1,190)	(380)	(1,190)
(Loss)/profit for the period		(5,238)	5,030	(5,238)	5,030
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss)/income for the period		(5,238)	5,030	(5,238)	5,030
(Loss)/profit attributable to:					
Owners of the Parent		(5,003)	4,834	(5,003)	4,834
Non-Controlling Interest		(235)	196	(235)	196
		(5,238)	5,030	(5,238)	5,030
Total comprehensive (loss)/income attributable to:					
Owners of the Parent		(5,003)	4,834	(5,003)	4,834
Non-Controlling Interest		(235)	196	(235)	196
		(5,238)	5,030	(5,238)	5,030
(Loss)/Earnings per share attributable to owners of the Parent (sen)					
Basic	28	(0.93)	0.90	(0.93)	0.90
Diluted		-	-	-	-
		(0.93)	0.90	(0.93)	0.90

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 2025 and the accompanying notes as attached.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2026

	Note	AS AT END OF CURRENT QUARTER **31.03.2026** RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2025 RM'000 AUDITED
ASSETS			
Non-current assets			
Property, plant and equipment		245,017	246,611
Investment properties		22,362	22,507
Right-of-use assets		12,616	14,783
		279,995	283,901
Current assets			
Inventories		66,394	70,945
Trade receivables		31,864	35,755
Other receivables		9,092	10,969
Tax assets		3,923	5,140
Capital distribution receivable from de-consolidated subsidiary company		756	756
Fixed deposits with licensed banks		167,857	159,296
Cash and bank balances		42,053	57,741
		321,939	340,602
TOTAL ASSETS		601,934	624,503
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent:			
Share capital		90,000	90,000
Reserves		421,429	429,132
		511,429	519,132
Non-controlling interest		6,325	6,614
TOTAL EQUITY		517,754	525,746
Non-current liabilities			
Borrowings	21	16,568	13,001
Lease liabilities		7,343	8,755
Deferred taxation		13,619	13,319
		37,530	35,075
Current liabilities			
Payables		34,852	49,740
Derivative financial instruments at fair value	22	89	8
Short-term borrowings	21	6,070	7,398
Lease liabilities		5,569	6,345
Provision for taxation		70	191
		46,650	63,682
TOTAL LIABILITIES		84,180	98,757
TOTAL EQUITY AND LIABILITIES		601,934	624,503

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 2025 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 31 MARCH 2026

	----------Attributable to owners of the Parent --------------------						
	Share Capital RM'000	Revaluation Reserve RM'000	Non-distributable Retained Profit RM'000	Distributable Retained Profit RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2026	90,000	59,946	8,108	361,078	519,132	6,614	525,746
Loss for the period	-	-	-	(5,003)	(5,003)	(235)	(5,238)
Dividend paid	-	-	-	(2,700)	(2,700)	(54)	(2,754)
Balance as at 31 March 2026	90,000	59,946	8,108	353,375	511,429	6,325	517,754
Balance as at 1 January 2025	90,000	64,630	4,709	375,899	535,238	6,496	541,734
Profit for the period	-	-	-	4,834	4,834	196	5,030
Dividend paid	-	-	-	(3,780)	(3,780)	-	(3,780)
Balance as at 31 March 2025	90,000	64,630	4,709	376,953	536,292	6,692	542,984

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 2025 and the accompanying explanatory notes as attached.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2026

	Unaudited Current Period-To-Date **31 Mar 26** RM'000	Audited Preceding Year Ended 31 Dec 25 RM'000
Cash Flow from Operating Activities		
Loss before taxation	(4,858)	(15,968)
Adjustments for:		
Deposit written off	-	120
Depreciation of property, plant and equipment and investment properties	2,768	12,012
Depreciation of right-of-use assets	1,766	8,045
Inventories written down to net realisable value	-	5,510
Interest expense	292	1,572
Interest income	(1,423)	(5,702)
Gain on remeasurement and derecognition of right-of-use assets	(18)	(120)
Impairment/fair value changes of biological assets	-	1,355
Gain on disposal of property, plant and equipment	(62)	(516)
Unrealised foreign exchange (gain)/loss	(1,482)	1,500
Net fair value loss on derivative financial instruments	89	8
Property, plant and equipment written off	-	170
Impairment loss on trade receivables	-	450
Operating (loss)/profit before working capital changes	(2,928)	8,436
Decrease in inventories	4,551	33,377
Decrease in receivables	7,456	15,762
Decrease in payables	(14,888)	(18,482)
Cash (used in)/generated from operations	(5,809)	39,093
Interest paid	(292)	(1,572)
Tax paid	(1,472)	(7,203)
Tax refunded	2,488	3,112
Realisation of derivative financial instruments	(8)	(294)
Net cash (used in)/generated from operating activities	(5,093)	33,136
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(1,166)	(16,666)
Interest received	1,217	5,627
Proceeds from disposal of property, plant and equipment	241	1,125
Net cash outflow upon de-consolidation of subsidiary company	-	(42)
Net cash generated from/(used in) investing activities	292	(9,956)
Cash Flow from Financing Activities		
Net changes in bankers' acceptances	(1,740)	831
Drawdown of term loans	4,328	4,704
Repayment of term loans and hire purchase creditors	(771)	(2,295)
Repayment of capitalised term loan interest	(42)	(76)
Payment for the principal portion of lease liabilities	(1,769)	(7,873)
Changes in pledged short-term fixed deposits	-	(111)
Dividend paid	(2,700)	(3,780)
Dividend paid to non-controlling interest	(54)	-
Net cash used in financing activities	(2,748)	(8,600)
Net changes in Cash and Cash Equivalents	(7,549)	14,580
Cash and Cash Equivalents Brought Forward	214,222	199,642
Cash and Cash Equivalents Carried Forward	206,673	214,222
Cash and cash equivalents carried forward consist of:		
Cash and bank balances (including fixed deposits)	209,910	217,037
Bank overdraft	(422)	-
	209,488	217,037
Less: Fixed deposits pledged for bank facilities	(2,815)	(2,815)
	206,673	214,222

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 2025 and the accompanying explanatory notes as attached.

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

NOTES TO THE QUARTERLY CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2026

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 2025. 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 2025.

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 2025, except for the adoption of the following Amendments to MFRSs for the financial periods beginning on or after 1 January 2026:

(a) Adoption of amendments to MFRSs

- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - *Amendments to the Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to MFRS Accounting Standards - Volume 11

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) The following are accounting standards, interpretations and amendments to the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

- MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027
  - MFRS 18, *Presentation and Disclosure in Financial Statements*
  - MFRS 19 and Amendments to MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
  - Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency*

- 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 2025.

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 31 March 2026.

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 31 March 2026.

8. Dividend Paid

The dividend paid during the financial period was as follows: -

Type of dividend	Dividend per share	For the year ended	Amount RM'000	Entitlement Date	Payment Date
Interim single-tier	0.5sen	31.12.2025	2,700	16.03.2026	31.03.2026

-continue

9. Segmental Reporting

The Group has the following reportable segments:

2026	Furniture Manufacturing 1st Quarter RM'000	Furniture Manufacturing YTD RM'000	Plantation 1st Quarter RM'000	Plantation YTD RM'000	Other 1st Quarter RM'000	Other YTD RM'000	Group 1st Quarter RM'000	Group YTD RM'000
Revenue								
Total revenue	99,460	99,460	-	-	2,700	2,700	102,160	102,160
Inter-segment revenue	-	-	-	-	(2,700)	(2,700)	(2,700)	(2,700)
Revenue from external customers	99,460	99,460	-	-	-	-	99,460	99,460
Interest income	1,200	1,200	-	-	223	223	1,423	1,423
Finance costs	(288)	(288)	(4)	(4)	-	-	(292)	(292)
Net finance (costs)/income	912	912	(4)	(4)	223	223	1,131	1,131
Depreciation of property, plant and equipment and right-of-use assets	4,502	4,502	32	32	-	-	4,534	4,534
Segment profit/(loss) before tax	(4,853)	(4,853)	(46)	(46)	41	41	(4,858)	(4,858)
Additions to non-current assets	1,166	1,166	-	-	-	-	1,166	1,166
Segment assets		572,162		1,506		28,266		601,934
Segment liabilities		83,826		285		69		84,180

-continue

The Group has the following reportable segments:

2025	Furniture Manufacturing		Plantation		Other		Group	
	1st Quarter RM'000	YTD RM'000	1st Quarter RM'000	YTD RM'000	1st Quarter RM'000	YTD RM'000	1st Quarter RM'000	YTD RM'000
Revenue								
Total Revenue	164,585	164,585	-	-	3,780	3,780	168,365	168,365
Inter-segment revenue	-	-	-	-	(3,780)	(3,780)	(3,780)	(3,780)
Revenue from external customers	164,585	164,585	-	-	-	-	164,585	164,585
Interest income	1,268	1,268	-	-	143	143	1,411	1,411
Finance cost	(460)	(460)	(4)	(4)	-	-	(464)	(464)
Net finance (cost)/income	808	808	(4)	(4)	143	143	947	947
Depreciation of property, plant and equipment and right-of-use assets	4,987	4,987	39	39	-	-	5,026	5,026
Segment profit/(loss) before tax	6,302	6,302	(73)	(73)	(9)	(9)	6,220	6,220
Additions to non-current assets	3,532	3,532	40	40	-	-	3,572	3,572
Segment assets		644,031		3,114		19,025		666,170
Segment liabilities		122,874		274		38		123,186

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

	1st Quarter Ended 31 Mar		Year-to-Date 31 Mar	
	2026	2025	**2026**	2025
	RM'000	RM'000	**RM'000**	RM'000
Africa	**659**	393	**659**	393
Asia	**1,594**	2,188	**1,594**	2,188
North America	**90,048**	154,400	**90,048**	154,400
Australia	**2,248**	1,905	**2,248**	1,905
Europe	**163**	-	**163**	-
Malaysia	**4,748**	5,699	**4,748**	5,699
	99,460	164,585	**99,460**	164,585

At the end of the reporting quarter, there was one (1) (2025:3) major customer, 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 2025, and there were no revaluations of properties, plant and equipment for the period ended 31 March 2026.

11. Material events after the end of the period

There were no material events after 31 March 2026 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 31 March 2026.

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 31 March 2026 was as follows:

Authorised and contracted but not provided for:	RM'000
Construction of factory building	3,264

15. Recurrent Related Party Transactions

Subsidiaries of the Company	Transacting Parties	Relationship	Nature of Transactions	Current Quarter Ended 31.03.26 RM	Cumulative Year Ended 31.03.26 RM
Favourite Design Sdn Bhd ("FD")	Double Soon Huat Enterprise	A company in which Chua Yong Haup is a connected person	Provide sub-contract services	407,296	407,296
Favourite Design Sdn Bhd	NNST Capital Sdn Bhd	A company in which Chua Yong Haup has interest	Renting of building	159,627	159,627
EF Furniture Sdn Bhd ("EF")	T Fields Trading	A company in which a major shareholder is a connected person	Provide printing services	113,021	113,021
Lii Hen Furniture Sdn Bhd ("LHF")	NNST Capital Sdn Bhd	A company in which Chua Yong Haup has interest	Renting of building	271,445	271,445
Favourite Design Sdn Bhd	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Renting of building	183,621	183,621
Favourite Design Sdn Bhd (*)	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Purchase of furniture parts	279,632	279,632
Favourite Design Sdn Bhd (*)	Comfy Factor Sdn Bhd	A company in which Chua Yong Haup is a connected person	Sale of furniture parts	3,724	3,724
LHF, EF, FD, CT Haup Heng Sdn Bhd ("CTHH"), and LSG Furniture Sdn Bhd ("LSG") (*)	Herk Cheng Enterprise (M) Sdn Bhd	A company in which a major shareholder is a connected person	Purchase of furniture hardware	686,860	686,860

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

(*) denotes 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 (1st Quarter)		Changes (%)	Cumulative Period		Changes (%)
	31.03.26	31.03.25		**31.03.26**	31.03.25	
	RM'000	RM'000		**RM'000**	RM'000	
Revenue	**99,460**	164,585	(39.57%)	**99,460**	164,585	(39.57%)
(Loss)/profit before tax	**(4,858)**	6,220	(178.10%)	**(4,858)**	6,220	(178.10%)
(Loss)/profit before tax margin (%)	**(4.88)**	3.78	(229.10%)	**(4.88)**	3.78	(229.10%)
(Loss)/profit after tax	**(5,238)**	5,030	(204.14%)	**(5,238)**	5,030	(204.14%)
(Loss)/profit attributable to Ordinary Equity of the Parent	**(5,003)**	4,834	(203.50%)	**(5,003)**	4,834	(203.50%)

(a) Current Quarter versus Preceding Year Corresponding Quarter

The Group recorded revenue of RM99.46 million for the current quarter, representing a decrease of 39.57% compared to RM164.59 million in the corresponding quarter of the previous year. The decline was primarily attributable to lower sales orders across key product categories, particularly bedroom sets, office panel products and dining sets. The weaker performance was mainly driven by softer consumer spending in the US amid ongoing economic uncertainty, the commencement and imposition of US tariffs in April 2025, rising freight costs, and persistent geopolitical tensions arising from the Iran conflict, all of which adversely affected demand for the Group's products in the core market.

For the first quarter of 2026, the Group recorded a loss before tax of RM4.86 million, compared to a profit before tax of RM6.22 million in the corresponding quarter of 2025, reflecting a deterioration in performance of 178.10%. The pre-tax profit margin contracted from 3.78% to a negative 4.88%. The downturn was largely attributable to continued sluggish demand for the Group's products, lower production volumes against relatively fixed labour and overhead costs, coupled with the significant depreciation of USD against RM by approximately 10.8% (1st quarter 2026: 3.9645; 1st quarter 2025: 4.4422), culminating in a major reversal in the Group's performance from profitability to a loss-making position.

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

The explanatory notes as per 16(a) apply to 16(b).

16A. LBITDA/EBITDA Performance

Beginning from the current quarter, the Group has included Loss Before Interest, Tax, Depreciation and Amortisation (LBITDA) as well as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) as an additional performance measure to provide shareholders and investors with supplementary information on the Group's operating performance and cash-generating capability amid ongoing geopolitical uncertainties, evolving trade policies and inflationary pressures affecting the global economy.

Accordingly, LBITDA and EBITDA does not serve as a substitute for reporting which is prepared in accordance with approved accounting standards.

The reconciliation of (Loss)/Profit before taxation to EBITDA is presented below:

	1st Quarter 2026 (Current Quarter)	4th Quarter 2025 (Preceding Quarter)	1st Quarter 2025 (Corresponding Quarter)
	RM'000	RM'000	RM'000
(Loss)/Profit Before Tax	**(4,858)**	(10,732)	6,220
Add: Finance Costs	**292**	332	464
Add: Depreciation of PPE and Investment Properties	**2,768**	3,038	2,950
Add: Amortisation of ROU	**1,766**	1,867	2,076
EBITDA	**(32)**	(5,495)	11,710
EBITDA Margin (%)	**(0.03%)**	(5.07%)	7.11%

The Group recorded LBITDA of RM0.032 million for the current quarter, compared with RM5.495 million in the immediate preceding quarter and EBITDA of RM11.710 million in the corresponding quarter of the preceding year. The significant improvement from the preceding quarter was primarily attributable to the absence of substantial non-recurring and non-cash charges recognised in the preceding quarter, together with ongoing operational and cost management initiatives. EBITDA in the corresponding quarter of the preceding year turned into LBITDA for the current reporting quarter reflects the softer demand in key export markets, margin pressures and the impact of an increasingly challenging operating environment characterised by evolving trade policies, geopolitical uncertainties and cautious consumer spending. It should be noted that the corresponding quarter of the preceding year was before the implementation of recent US tariff measures and operated under comparatively more favourable market conditions.

17. Variation of Results Against Preceding Quarter

Description	**1st Qtr. 2026**	4th Qtr. 2025	Changes	
	RM'000	RM'000	RM'000	%
Revenue	**99,460**	108,282	(8,822)	(8.15)%
Loss before tax	**(4,858)**	(10,732)	5,874	54.73%
Loss after tax	**(5,238)**	(5,534)	296	5.35%
Loss attributable to Ordinary Equity Holders of the Parent	**(5,003)**	(5,396)	393	7.28%

The Group recorded a revenue decrease of RM8.82 million (8.15%) compared with the immediate preceding quarter, mainly due to lower sales of bedding products and dining sets. The decline was primarily attributed to subdued customer demand and the adverse movement of USD against Ringgit Malaysia.

Despite the lower revenue, the Group reported a lower loss before tax of RM4.86 million for the quarter, representing an improvement of RM5.87 million (54.73%) compared with the loss before tax of RM10.73 million recorded in the preceding quarter. The improvement was mainly attributable to the absence of one-off charges like inventory write-down to net realisable value amounting to RM5.5 million due to slower sales orders and reduced production levels, and an impairment loss on biological assets amounting to RM1.3 million following damage caused by wild elephant herds, which were recognised in the fourth quarter of 2025.

18. Current year prospects

The global furniture market continues to operate in a dynamic environment shaped by macroeconomic pressures and geopolitical developments. The escalation of conflict in the Middle East has disrupted global energy and shipping markets, heightening uncertainty across international supply chains. Rising oil prices, freight costs, and potential disruptions along key shipping routes such as the Strait of Hormuz are expected to drive up global logistics and raw material costs. The conflict has also weakened US consumer confidence and housing-related spending, leading to softer demand for discretionary goods. The outcome of the US Supreme Court's verdict on the unilateral imposition of tariffs by the Trump administration has created a temporary lower tariff window, however, the overall policy environment remains fluid due to ongoing regulatory changes. This has contributed to continued market uncertainty and cautious consumer sentiment in the US, which in turn has adversely affected overall demand for the Group's products in its core market and continues to impact the competitiveness of Malaysian furniture exporters. Inflationary pressures and cautious consumer spending are expected to weigh on demand recovery, while the weakening of USD against Ringgit Malaysia may adversely impact export revenue and profit margins. This challenging environment is further compounded by rising operating costs, including higher minimum wages, mandatory EPF contributions for foreign workers, and more stringent ESG and tight labour compliance requirements.

In response to these challenges, the Group continues to strengthen its cost rationalisation measures through tighter operational cost controls, workforce optimisation, production efficiency improvements, the adoption of automation technologies, and strategic procurement planning. In line with evolving consumer preferences, the Group will intensify its focus on product innovation, sustainability initiatives, and differentiation strategies to broaden its customer base and strengthen its competitive position in the marketplace. The Board and Management remain diligent and vigilant in decision-making to tackle these headwinds while maintaining operational resilience and long-term sustainability. With a largely controllable cost structure in place, and diligent use of operational and financial resources, the Board is confident that the Group is well positioned to navigate the prevailing challenges and sustain its long-term business performance.

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 31.03.2026 RM'000	Corresponding Quarter 31.03.2025 RM'000	**Current Year-to-Date 31.03.2026 RM'000**	Corresponding Year-to-Date 31.03.2025 RM'000
Current taxation				
- provision for the period	**80**	1,515	**80**	1,515
Deferred taxation - origination and reversal of temporary differences for the period	**300**	(325)	**300**	(325)
	380	1,190	**380**	1,190

The tax charge despite a consolidated loss position of the group is attributable to certain subsidiaries which remained profitable as well as the tax losses of some subsidiaries for which the associated deferred tax benefits have not been recognised in line with the group's policy on deferred taxation.

21. Borrowings and Debt Securities

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

	1st Quarter Ended 31.03.2026	Year-to-Date 31.12.2025
Short Term	**RM'000**	RM'000
Overdraft	**422**	-
Bankers' acceptances	**2,568**	**4,308**
Term loans	**3,000**	**3,014**
Hire purchase	**80**	**76**
Total	**6,070**	**7,398**
Long Term		
Term loans	**16,457**	**12,866**
Hire purchase	**111**	**135**
Total	**16,568**	**13,001**
Grand Total	**22,638**	**20,399**

The loans and bank borrowings are denominated in Ringgit Malaysia 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 3.50% to 7.51% (2025: 3.50% to 4.30%) per annum.

22. Financial Instruments - derivatives

As of 31 March 2026, 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	4,563	4,652	(89)

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

Other operating income comprises the following:

	1st Quarter Ended		Year-to-Date	
	31 Mar		31 Mar	
	2026	2025	**2026**	2025
	RM'000	RM'000	**RM'000**	RM'000
Foreign exchange gain/(loss)				
-realised	**(1,284)**	(412)	**(1,284)**	(412)
-unrealised	**1,482**	(11)	**1,482**	(11)
Gain on disposal of property, plant and equipment	**62**	65	**62**	65
Gain on remeasurement of right-of-use assets	**18**	19	**18**	19
Interest income	**1,423**	1,411	**1,423**	1,411
Fair value gain/(loss) on derivative financial instruments	**(89)**	81	**(89)**	81
Rental income	**836**	720	**836**	720
Sundry revenue	**136**	179	**136**	179
	2,584	2,052	**2,584**	2,052

24. Operating Expenses

The operating expenses include the following charges:

	1st Quarter Ended		Year-to-Date	
	31 Mar		31 Mar	
	2026	2025	**2026**	2025
	RM'000	RM'000	**RM'000**	RM'000
Depreciation and amortisation of property, plant and equipment and right-of-use assets	**4,534**	5,026	**4,534**	5,026
Interest expense	**292**	464	**292**	464

25. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as of 31 March 2026.

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

	1st Quarter Ended		Year-to-Date	
	31 Mar		31 Mar	
	2026	2025	**2026**	2025
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit attributable to owners of the Parent	**(5,003)**	4,834	**(5,003)**	4,834
Weighted average number of shares in issue ('000)	**540,000**	540,000	**540,000**	540,000
Basic (Loss)/Earnings per Share (sen)	**(0.93)**	0.90	**(0.93)**	0.90

29. Authorisation for issue

These interim financial statements and the accompanying notes were authorised for issue by the Board of Directors on 29 May 2026.

For and on behalf of the Board

Lii Hen Industries Bhd.

Pang Kah Man, MIA 18831

Company Secretary