

LEN CHEONG HOLDING BERHAD
(Company No. 339810-A)

Financial Year End : 31/12/2012
Quarter : Third quarter

Quarterly report on consolidated results for the third quarter ended 30th September 2012,
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30/09/2012 RM'000	Preceding Year Corresponding Quarter 30/09/2011 RM'000	Current Year To Date 30/09/2012 RM'000	Preceding Year Corresponding Period 30/09/2011 RM'000
Revenue	7,657	4,612	18,896	17,162
Operating expenses	(7,755)	(5,148)	(18,774)	(17,247)
Other operating income	203	689	273	689
Profit from operations	105	153	395	604
Finance cost	(103)	(125)	(309)	(412)
Profit before tax	2	28	86	192
Taxation	-	-	-	-
Net Profit for the period	2	28	86	192
Total comprehensive income for the period	2	28	86	192
EPS - Basic (sen)	0.00	0.05	0.14	0.32
ESP - Fully diluted (sen)	0.00	0.05	0.14	0.32

(The Condensed Consolidated Statements of comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2011)

LEN CHEONG HOLDING BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter (Unaudited) 30/09/2012 RM'000	As At Preceding Financial Year End (Audited) 31/12/2011 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	12,543	12,860
Investment properties	6,268	6,268
	<u>18,811</u>	<u>19,128</u>
Current assets		
Inventories	9,223	9,352
Trade receivables	5,610	5,158
Other receivables, deposits & prepayments	2,533	2,755
Cash and bank balances	1,080	312
	<u>18,446</u>	<u>17,577</u>
Total Assets	<u><u>37,257</u></u>	<u><u>36,705</u></u>
EQUITY		
Share Capital	60,000	60,000
Reserves		
Share premium	856	856
Accumulated loss	(39,463)	(39,549)
	<u>21,393</u>	<u>21,307</u>
LIABILITIES		
Long Term Liabilities		
Other payables	4,386	4,576
Hire-purchase creditors	209	30
Deferred Taxation	995	907
	<u>5,590</u>	<u>5,513</u>
Current liabilities		
Trade payables	960	1,376
Bills payables	7,024	7,181
Other payables & accruals	465	901
Hire-purchase creditors	152	69
Bank overdrafts	1,673	358
	<u>10,274</u>	<u>9,885</u>
Total Liabilities	<u>15,864</u>	<u>15,398</u>
Total Equity and Liabilities	<u><u>37,257</u></u>	<u><u>36,705</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up 60,000,000 ordinary shares	<u>36</u>	<u>36</u>

(The Condensed Consolidated Statement of Financial Position Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2011)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Cumulative Current Year To Date (Unaudited) 30/09/2012 RM'000	Cumulative Preceding Year Period (Audited) 31/12/2011 RM'000
Cash Flow From Operating Activities		
Profit before income tax	86	97
Adjustments for:-		
Allowance for obsolete inventories	-	158
Depreciation	797	1,154
Gain on disposal of property, plant and equipment	-	-
Interest income	-	(72)
Property, plant and equipment write off	-	(632)
Unrealised gain on foreign exchange	(9)	(121)
Interest expense	309	464
Operating profit before working capital changes	1,183	1,048
Decrease in inventories	129	256
Decrease/(Increase) in receivables	(221)	(1,597)
(Decrease) in payables	(1,679)	(679)
Cash generated from operations	(588)	(972)
Interest paid	(309)	(451)
Tax refunded	88	-
Net cash / provided by operating activities	(809)	(1,423)
Cash Flow From Investing Activities		
Proceed from disposal of property, plant and equipment	-	3,804
Purchase of property, plant and equipment	-	434
Net cash used in investing activities	-	4,238
Cash Flow From Financing Activities		
(Repayment) of borrowings	262	(1,234)
Net cash used in financing activities	262	(1,234)
Net change in cash & cash equivalents	(547)	1,581
Cash & cash equivalents brought forward	(46)	(1,627)
Cash & cash equivalents carried forward	(593)	(46)

***Cash & cash equivalents carried forward consists of:-**

Cash and bank balances	1,080	312
Bank overdrafts	(1,673)	(358)
Fixed deposit pledged with a licensed bank	-	-
	(593)	(46)

(The Unaudited Condensed Consolidated Statements of Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2011)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Accumulated loss RM'000	Total RM'000
9 months ended 31st December, 2012				
At 1st January, 2012	60,000	856	(39,549)	21,307
Total comprehensive income for the period	-	-	86	86
At 30th September, 2012	60,000	856	(39,463)	21,393

	Share capital RM'000	Share premium RM'000	Accumulated loss RM'000	Total RM'000
9 months ended 31st December, 2011				
At 1st January, 2011	60,000	856	(39,654)	21,202
Total comprehensive income for the period	-	-	192	192
At 30th September, 2011	60,000	856	(39,462)	21,394

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2011)

NOTES

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide explanation on events and transactions that are significant for understanding the changes in the financial position and performance of the Group for the financial year ended 31 December 2011.

2. Changes in accounting policies

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31st December 2011, except for the following adoption of new MFRSs, Amendments to FRSs and IC interpretations that are effective from 1 January 2012: -

MFRS 116 "Property, Plant and Equipment"

MFRS 139 "Financial instruments: recognition and measurement"

Revised MFRS 124 "Related party disclosures"

Amendment to MFRS 1 "First time adoption on fixed dates and hyperinflation"

Amendment to MFRS 7 "Financial instruments: Disclosures on Transfers of financial assets"

Amendment to MFRS 112 "Income taxes"

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition to MFRS framework does not have any material financial impact to the financial statements of the Group.

3. Qualification of Financial Statements

The audited report of the preceding annual financial statements was not subjected to any qualification.

4. Seasonal or Cyclical Factors

The Group's business is not materially affected by seasonal or cyclical factors.

5. Nature and Amount of Unusual Items

There were no unusual items in the quarterly financial statements under review.

6. Nature and Amount of Changes in Estimates

There were no changes in estimates reported in current financial period.

7. Debt and Equity Securities

There were no issuances and repayment of debts and equity securities during the financial quarter ended 30th September, 2012

8. Dividend Paid

There was no dividend paid during the quarter under review.

9. Segmental Reporting

The Group operates principally in the manufacturing and distribution of furniture and related products. Segment information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Group.

The Group's revenue by geographical market is as follows:-

	Current Year To Date 30/09/2012 RM'000
Sales - local	6,872
Sales - Overseas	12,024
	<u>18,896</u>

10. Valuations of Property, Plant and Equipment

The properties which were revalued have been brought forward from the previous financial statements. There were no valuations of property, plant and equipment for the financial quarter ended 30th September, 2012

11. Subsequent Events

There were no material events subsequent to 30th September, 2012 at the date of this quarterly report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period ended 30th September, 2012.

13. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or assets to be disclosed for the Group.

14. Review of Performance

	Current Year Quarter 30/09/2012 RM'000	Individual Quarter Preceding Year Corresponding Quarter 30/09/2011 RM'000
Revenue	7,657	4,612
Profit before tax	2	28

The Group registered a profit before tax of RM0.002 million and revenue of RM7.657 million respectively for the current quarter as compared to a profit before tax of RM0.028 million and RM4.612 million in the preceding year corresponding period. There was no material variance in the results as compared to previous quarter .

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	
	Current Year Quarter 30/09/2012 RM'000	Immediate Preceding Year Quarter 30/06/2012 RM'000
Revenue	7,657	5,428
(Loss)/Profit before tax	2	31

The result for the current quarter under review showed an increase in revenue from RM 5.428 million for the immediate preceding quarter to RM 7,657 million.

The result for the current quarter under review showed decrease in profit before tax from before tax RM 0.031 million for the immediate preceding quarter to profit before tax RM 0.002 million.

16. Current Year Prospects

The Group continues to improve their operations via innovation in order to meet uncertainties in the global economy. The company continues to implement internal innovation programmes to reduce costs and improve production efficiency in order to remain competitive in the furniture industry.

17. Profit Forecast

There was no profit forecast issued for the current financial period under review.

18. Taxation

There was no income tax estimated for the for the current financial period ended 30th September, 2012.

19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 30th September, 2012.

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 30th September, 2012.

21. Status of Corporate Proposals

There was no corporate proposals for the current financial period ended 30th September, 2012.

22. Group Borrowings

As at 30th September, 2012:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bills payable	7,024	-	7,024
Hire-purchase creditors	152	-	152
Bank overdrafts	1,673	-	1,673
	<u>8,849</u>	<u>-</u>	<u>8,849</u>
Long term borrowings:			
Hire-purchase creditors	209	-	209
	<u>209</u>	<u>-</u>	<u>209</u>
Total	<u>9,058</u>	<u>-</u>	<u>9,058</u>

23. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 30th September, 2012

24. Material Litigation

The following are the list of ongoing litigation cases of the group:

A) Labour Court Case No. KBR1050120090139, Amirtham A/P Kollanda Veloo and 52 others vs Len Cheong Furniture Sdn. Bhd. and Labour Court Case No. KBR1050120090140, Mak Fook Man and Kok Yit Long vs Len Cheong Furniture Sdn. Bhd.

Judgment was previously recorded to Len Cheong Furniture Sdn Bhd. The plaintiffs were ordered to pay legal fees and compensation to Len Cheong Furniture Sdn Bhd. However, the board of directors have agreed to waive the compensation payments and no further action will be taken against the plaintiffs.

B) Len Cheong Holding Berhad and Len Cheong Furniture Sdn Bhd vs Mr Loh Siow Chan @ Loo Su Cheong case.

Judgment was awarded to the defendants Mr Loh Siow Chan@Loo Su Cheong. Liabilities relating to the case was previously fully recorded under other payables and duly settled when the amounts become due and payable. We are currently consulting our lawyers for the next course of action.

25. Dividend Proposed

No dividend is proposed for the quarter.

26. Earnings per share

Earnings per share is calculated by dividing the Company's result after taxation for the period by 60,000,000 ordinary shares in issue during the same period.

27. Disclosure of Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers and requires to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses. On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The determination of realised and unrealised losses is disclosed based on Guidance of Special Matter No. 1. Determination of Realised and Unrealised losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The group's accumulated losses may be analysed as follows:

	Group 30/09/2012 RM'000	Group 30/06/2012 RM'000
Total (accumulated losses)		
- Realised losses	(63,889)	(64,055)
- Unrealised losses	(986)	(822)
	<u>(64,875)</u>	<u>(64,877)</u>
Less : Consolidation adjustments	<u>25,412</u>	<u>25,412</u>
Total group (accumulated losses) as per statements of financial position	<u>(39,463)</u>	<u>(39,465)</u>

28. Profit for the period

	Current Quarter Ended		Financial Period Ended	
	30/09/2012 RM'000	30/09/2011 RM'000	30/09/2012 RM'000	30/09/2011 RM'000
Profit for the period is arrived at after crediting :				
(Loss)/Gain on foreign exchange	(94)	34	9	39
and after charging :				
Depreciation	294	275	797	824