

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

Financial Year End : 31/12/2014
Quarter : Third quarter

Quarterly report on consolidated results for the Third quarter ended 30th September 2014,
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 30/09/2014 RM'000	Preceding Year Corresponding Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2014 RM'000	Preceding Year Corresponding Period 30/09/2013 RM'000
Revenue	5,843	6,167	16,947	17,477
Operating expenses	(9,238)	(6,709)	(21,822)	(17,926)
Other operating income	7	153	2,099	278
Profit from operations	<u>(3,388)</u>	<u>(389)</u>	<u>(2,776)</u>	<u>(171)</u>
Finance cost	(72)	(130)	(398)	(475)
Profit before tax	<u>(3,460)</u>	<u>(519)</u>	<u>(3,174)</u>	<u>(646)</u>
Taxation	-	-	-	-
Net (Loss)/Profit for the period	<u>(3,460)</u>	<u>(519)</u>	<u>(3,174)</u>	<u>(646)</u>
Other Comprehensive Income, net of Tax	-	-	17,972	-
Total comprehensive income for the period	<u><u>(3,460)</u></u>	<u><u>(519)</u></u>	<u><u>14,798</u></u>	<u><u>(646)</u></u>
EPS - Basic (sen)	<u><u>(5.77)</u></u>	<u><u>(0.87)</u></u>	<u><u>24.66</u></u>	<u><u>(1.08)</u></u>
ESP - Fully diluted (sen)	<u><u>(5.77)</u></u>	<u><u>(0.87)</u></u>	<u><u>24.66</u></u>	<u><u>(1.08)</u></u>

(The Condensed Consolidated Statements of Profit and Loss and Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2013)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter (Unaudited) 30/09/2014 RM'000	As At Preceding Financial Year End (Audited) 31/12/2013 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	36,323	13,564
	<u>36,323</u>	<u>13,564</u>
Current assets		
Asset held for sales	-	6,268
Inventories	5,844	8,801
Trade receivables	10,576	5,995
Other receivables, deposits & prepayments	527	1,009
Cash and bank balances	179	207
	<u>17,126</u>	<u>22,280</u>
Total Assets	<u><u>53,449</u></u>	<u><u>35,844</u></u>
EQUITY		
Share Capital	6,000	60,000
Reserves		
Share premium	856	856
Revaluation and other reserve	33,300	-
Accumulated loss	<u>(5,710)</u>	<u>(41,208)</u>
	<u>34,446</u>	<u>19,648</u>
LIABILITIES		
Long Term Liabilities		
Other payables	4,292	4,292
Hire-purchase creditors	-	52
Deferred Taxation	6,829	839
	<u>11,121</u>	<u>5,183</u>
Current liabilities		
Trade payables	2,368	1,012
Bills payables	3,992	7,236
Other payables & accruals	714	798
Hire-purchase creditors	82	120
Bank overdrafts	726	1,847
	<u>7,882</u>	<u>11,013</u>
Total Liabilities	<u>19,003</u>	<u>16,196</u>
Total Equity and Liabilities	<u><u>53,449</u></u>	<u><u>35,844</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up		
60,000,000 ordinary shares	<u>57</u>	<u>33</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, 2013)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Cumulative Current Year To Date (Unaudited) 30/09/2014 RM'000	Cumulative Preceding Year Period (Audited) 31/12/2013 RM'000
Cash Flow From Operating Activities		
Profit before income tax	(3,174)	(1,243)
Adjustments for:-		
Depreciation	1,203	1,227
Impairment of trade receivables	-	34
Insurance claim receivable written off	-	1,253
Gain on disposal of property, plant and equipment	2,092	(6)
Unrealised gain on foreign exchange	(77)	(193)
Interest expense	398	493
Operating profit before working capital changes	442	1,565
Decrease/(Increase) in inventories	2,957	(102)
Decrease/(Increase) in receivables	(4,551)	(177)
(Decrease)/Increase in payables	1,651	(74)
Cash generated from operations	499	1,212
Interest paid	(398)	(493)
Tax refunded	-	2
Net cash / provided by operating activities	101	721
Cash Flow From Investing Activities		
Proceed from disposal of property, plant and equipment	4,705	14
Purchase of property, plant and equipment	-	(667)
Net cash used in investing activities	4,705	(653)
Cash Flow From Financing Activities		
(Repayment) of borrowings	(3,713)	(139)
Net cash used in financing activities	(3,713)	(139)
Net change in cash & cash equivalents	1,093	(71)
Cash & cash equivalents brought forward	(1,640)	(1,569)
Cash & cash equivalents carried forward	(547)	(1,640)
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	179	207
Bank overdrafts	(726)	(1,847)
	(547)	(1,640)

(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, 2013)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Accumulated loss RM'000	Total RM'000
9 months ended					
30th September, 2014					
At 1st January, 2014	60,000	856	-	(41,208)	19,648
Capital reduction	(54,000)	-	15,328	38,672	-
Total comprehensive income for the period	-	-	17,972	(3,174)	14,798
At 30th September, 2014	<u>6,000</u>	<u>856</u>	<u>33,300</u>	<u>(5,710)</u>	<u>34,446</u>

	Share capital RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Accumulated loss RM'000	Total RM'000
9 months ended					
30th September, 2013					
At 1st January, 2013	60,000	856	-	(40,001)	20,855
Total comprehensive income for the period	-	-	-	(646)	(646)
At 30th September, 2013	<u>60,000</u>	<u>856</u>	<u>-</u>	<u>(40,647)</u>	<u>20,209</u>

(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, 2013)

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 2013. 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 30th September 2014.

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 2013. The adoption of these new MFRSs and Amendments do not have any material impact on the interim financial statements of the Group. The following MFRSs, IC Interpretations and Amendments to MFRSs have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

<u>MFRSs and IC Interpretations (including the Consequential Amendments)</u>	<u>Effective date</u>
MFRS 9 (2009) Financial Instruments)	} to be announced by MASB
MFRS 9 (2010) Financial Instruments)	
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)) by MASB	
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures)	
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1-Jan-14
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1-Jan-16
MFRS 14: Regulatory Deferral Accounts	1-Jan-16
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1-Jul-14
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1-Jan-14
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial assets	1-Jan-14
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1-Jan-14
IC Interpretation 21 Levies	1-Jan-14
Annual Improvements to MFRSs 2010 – 2012 Cycle	1-Jul-14
Annual Improvements to MFRSs 2011 – 2013 Cycle	1-Jul-14

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 the 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, 2014.

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 30/09/2014 RM'000
Sales - local	7,477
Sales - Overseas	9,470
	<u>16,947</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, 2014.

11. Subsequent Events

There were no material events subsequent to 30th September, 2014 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, 2014.

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 30/09/2014 RM'000	Individual Quarter Preceding Year Corresponding Quarter 30/09/2013 RM'000
Revenue	5,843	6,167
Profit /(Loss) before tax	(3,460)	(519)

The revenue for the current quarter showed a decreased to RM 5.843 million from RM 6.167 million recorded in the preceding year's corresponding quarter.

The result for the current quarter under review showed an increased of Loss from RM0.519million to RM3.46 million for the immediate preceding quarter due to provision of obsolete stocks to be written off.

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	<u>Immediate</u>
	<u>Current Year</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Quarter</u>
	<u>30/09/2014</u>	<u>30/06/2014</u>
	<u>RM'000</u>	<u>RM'000</u>
Revenue	5,843	6,135
Profit before tax	(3,460)	54

For the current quarter, the Group recorded revenue of RM5.843 million compared to RM6.135 million recorded in the preceding quarter.

The result for the current quarter under review showed a increase in loss before tax from RM0.054 million for the immediate preceding quarter to Loss before tax RM3.46 million merely due to provision of write off some slow inventory/obsolete stocks, after review of the quarterly report by the management

In view of global economic slowdown and prevailing economic uncertainty, the Group anticipates the operating environment will remain challenging in the coming financial period.

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 operation 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 current financial period ended 30th September, 2014 .

19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 30th September, 2014.

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 30th September, 2014.

21. Status of Corporate Proposals

On 19 August 2014, M&A Securities, on behalf of the Board, announced that Bursa Securities had vide its letter dated 19 August 2014 resolved to approve the listing of and quotation for up to 6,000,000 Placement Shares to be issued pursuant to the Proposed Private Placement subject to the following conditions:-

- (i) LCHB and M&A Securities must fully comply with the relevant provisions under the Main Market Listing Requirements ("MMLR") pertaining to the implementation of the Proposed Private Placement;
- (ii) LCHB and M&A Securities are to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (iii) LCHB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

There were no other corporate proposals that have been announced by the Group but not completed as at the date of this announcement.

22. Group Borrowings

As at 30th September, 2014 :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bills payable	3,992	-	3,992
Hire-purchase creditors	82	-	82
Bank overdrafts	726	-	726
Total	<u>4,800</u>	<u>-</u>	<u>4,800</u>

23. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 30th September, 2014 .

24. Material Litigation

The ongoing litigation case of the group as below :

Len Cheong Holding Berhad and Len Cheong Furniture Sdn Bhd vs Mr Loh Siow Chan @ Loo Su Cheong case:-

During the last quarter, the board had instructed the Forensic Auditor to further extend the scope of their review to ascertain certain transaction, the forensic auditor had completed their review and will issue their final report to the Board for final review. The company will take appropriate action upon receipt of the signed report.

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 30/09/2014 RM'000	Group 30/06/2014 RM'000
Total (accumulated losses)		
- Realised losses	(24,370)	(20,903)
- Unrealised losses	<u>(6,752)</u>	<u>(6,759)</u>
	(31,122)	(27,662)
Less : Consolidation adjustments	<u>25,412</u>	<u>25,412</u>
Total group (accumulated losses) as per statements of financial position	<u>(5,710)</u>	<u>(2,250)</u>

28. Profit for the period

	Current Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after crediting :				
Gain on foreign exchange	77	30	239	66
and after charging :				
Depreciation	447	299	1,203	923

BY ORDER OF THE BOARD

(MANAGING DIRECTOR)

Dated :