

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

Financial Year End : **31/12/2014**
Quarter : **Fourth quarter**

Quarterly report on consolidated results for the Fourth quarter ended 31st December 2014,
These figures have not been audited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31/12/2014 RM'000	Preceding Year Corresponding Quarter 31/12/2013 RM'000	Current Year To Date 31/12/2014 RM'000	Preceding Year Corresponding Period 31/12/2013 RM'000
Revenue	6,803	8,346	23,750	25,700
Operating expenses	(9,888)	(9,488)	(31,528)	(28,003)
Other operating income	105	546	2,204	1,553
(Loss) from operations	<u>(2,980)</u>	<u>(596)</u>	<u>(5,574)</u>	<u>(750)</u>
Finance cost	(44)	(18)	(442)	(493)
(Loss) before tax	<u>(3,024)</u>	<u>(614)</u>	<u>(6,016)</u>	<u>(1,243)</u>
Taxation	970	-	970	37
Net (loss) for the period	<u>(2,054)</u>	<u>(614)</u>	<u>(5,046)</u>	<u>(1,206)</u>
Other Comprehensive Income, net of Tax	-	-	17,972	-
Total comprehensive (loss)/income for the period	<u><u>(2,054)</u></u>	<u><u>(614)</u></u>	<u><u>12,926</u></u>	<u><u>(1,206)</u></u>
EPS - Basic (sen)	<u><u>(3.22)</u></u>	<u><u>(1.02)</u></u>	<u><u>20.26</u></u>	<u><u>(2.01)</u></u>
ESP - Fully diluted (sen)	<u><u>(3.22)</u></u>	<u><u>(1.02)</u></u>	<u><u>20.26</u></u>	<u><u>(2.01)</u></u>

(The Condensed Consolidated Statements of Profit or Loss and Other 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) 31/12/2014 RM'000	As At Preceding Financial Year End (Audited) 31/12/2013 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	35,874	13,564
	<u>35,874</u>	<u>13,564</u>
Current assets		
Asset held for sales	-	6,268
Inventories	4,925	8,801
Trade receivables	8,650	5,995
Other receivables, deposits & prepayments	1,388	1,009
Cash and bank balances	135	207
	<u>15,098</u>	<u>22,280</u>
Total Assets	<u><u>50,972</u></u>	<u><u>35,844</u></u>
EQUITY		
Share Capital	6,600	60,000
Reserves		
Share premium	1,516	856
Revaluation and other reserve	33,300	-
Accumulated loss	<u>(7,582)</u>	<u>(41,208)</u>
	<u>33,834</u>	<u>19,648</u>
LIABILITIES		
Long Term Liabilities		
Other payables	4,292	4,292
Hire-purchase creditors	-	52
Deferred Taxation	5,859	839
	<u>10,151</u>	<u>5,183</u>
Current liabilities		
Trade payables	2,373	1,012
Bills payables	1,662	7,236
Other payables & accruals	1,432	798
Hire-purchase creditors	52	120
Bank overdrafts	1,468	1,847
	<u>6,987</u>	<u>11,013</u>
Total Liabilities	<u>17,138</u>	<u>16,196</u>
Total Equity and Liabilities	<u><u>50,972</u></u>	<u><u>35,844</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u>51</u>	<u>33</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2013)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Cumulative Current Year To Date (Unaudited) 31/12/2014 RM'000	Cumulative Preceding Year Period (Audited) 31/12/2013 RM'000
Cash Flows From Operating Activities		
(Loss) before income tax	(6,016)	(1,243)
Adjustments for:-		
Depreciation	1,652	1,227
Waiver of debts	(187)	-
Impairment of trade receivables	1,146	34
Impairment of obsolete inventories	6,001	-
Insurance claim receivable written off	-	1,253
Loss/(gain) on disposal of property, plant and equipment	(2,282)	(6)
Unrealised gain on foreign exchange	(164)	(193)
Interest income	(60)	-
Interest expense	442	493
Operating profit before working capital changes	<u>532</u>	<u>1,565</u>
(Increase) in inventories	(2,125)	(102)
(Increase) in receivables	(4,005)	(177)
Increase/(Decrease) in payables	2,171	(74)
Cash (used in)/generated from operations	<u>(3,427)</u>	<u>1,212</u>
Interest paid	(442)	(493)
Interest received	60	-
Tax refunded	-	2
Net cash (used in)/generated from operating activities	<u>(3,809)</u>	<u>721</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	8,550	14
Purchase of property, plant and equipment	-	(667)
Net cash generated from/(used in) investing activities	<u>8,550</u>	<u>(653)</u>
Cash Flows From Financing Activities		
Repayment of hire purchases payables	(120)	-
(Repayment) of borrowings	(5,574)	(139)
Proceed from issue of share capital	1,260	-
Net cash used in financing activities	<u>(4,434)</u>	<u>(139)</u>
Net change in cash & cash equivalents	307	(71)
Cash & cash equivalents brought forward	<u>(1,640)</u>	<u>(1,569)</u>
Cash & cash equivalents carried forward	<u><u>(1,333)</u></u>	<u><u>(1,640)</u></u>
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	135	207
Bank overdrafts	(1,468)	(1,847)
	<u>(1,333)</u>	<u>(1,640)</u>

(The Unaudited Condensed Consolidated Statements of Cash Flows 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 losses RM'000	Total RM'000
12 months ended					
31st December, 2014					
At 1st January, 2014	60,000	856	-	(41,208)	19,648
Capital reduction	(54,000)	-	15,328	38,672	-
Issue of shares	600	660	-	-	1,260
Total comprehensive income for the period	-	-	17,972	(5,046)	12,926
At 31st December, 2014	<u>6,600</u>	<u>1,516</u>	<u>33,300</u>	<u>(7,582)</u>	<u>33,834</u>

	Share capital RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Accumulated losses RM'000	Total RM'000
12 months ended					
31st December, 2013					
At 1st January, 2013	60,000	856	-	(40,001)	20,855
Total comprehensive income for the period	-	-	-	(1,207)	(1,207)
At 31st December, 2013	<u>60,000</u>	<u>856</u>	<u>-</u>	<u>(41,208)</u>	<u>19,648</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 31st December 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) MFRS 9 (2010) Financial Instruments) MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139))	} to be announced 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 Join 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 31st December, 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 31/12/2014 RM'000
Sales - local	11,220
Sales - overseas	12,530
	<u>23,750</u>

10. Valuations of Property, Plant and Equipment

During the current financial year, the lands and buildings were revalued upwards to RM35.0 million by an independent firm of valuers. As a result of the revaluation, the surplus arising from the revaluation (net of deferred taxation) of RM 17.972 million has been credited to revaluation reserve

11. Subsequent Events

There were no material events subsequent to 31st December, 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 31st December, 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 31/12/2014 RM'000	Individual Quarter Preceding Year Corresponding Quarter 31/12/2013 RM'000
Revenue	6,803	8,346
(Loss) before tax	(3,024)	(614)

Revenue for the current quarter showed a decrease to RM 6.803 million from RM 8.346 million recorded in the preceding year's corresponding quarter.

Current year quarter loss before tax increased to RM 3.024 million from RM 0.614 million mainly due to impairment of trade receivables amounted to RM1.146 million and impairment of obsolete inventories amounted to RM1.000 million.

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	
	Current Year Quarter 31/12/2014 RM'000	Immediate Preceding Year Quarter 30/09/2014 RM'000
Revenue	6,803	5,843
(Loss) before tax	(3,024)	(3,460)

For the current quarter, the Group recorded revenue of RM6.803 million compared to RM5.843 million recorded in the preceding quarter.

16. Current Year Prospects

The Group continues to improve their operations via innovation in order to meet uncertainties in the global economy. The Group 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

	<u>Individual Quarter</u>	
	Current Year Quarter 31/12/2014 RM'000	Immediate Preceding Year Quarter 30/09/2014 RM'000
Deferred tax benefit for the period	<u>970</u>	<u>-</u>

19. Sale of Investments and/or Properties

On 11 April 2014, LCHB had completed the disposal of three (3) industrial lands held under H.S (M) 4469 PT 17825, Geran 115019 Lot 31268 and Geran 115020 Lot 31267 measuring in aggregate 91,907 sq meters all in the Mukim Ampangan, Daerah Seremban, Negeri Sembilan (Property") for an aggregate sale consideration of RM8.55 million ("Proposed Disposal")

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 31st December, 2014.

21. Status of Corporate Proposals

On 27 May 2014, the Board of Directors of LCHB ("Board") announced that the par value reduction and the proposed disposal were duly completed on 27 May 2014 and 11 April 2014 respectively.

On 15 December 2014, M&A Securities Sdn Bhd, on behalf of the Board announces the completion of the Private Placement following the listing of and quotation for 6,000,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad on 15 December 2014.

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 31st December, 2014 :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bills payable	1,662	-	1,662
Hire-purchase creditors	52	-	52
Bank overdrafts	1,468	-	1,468
Total	<u>3,182</u>	<u>-</u>	<u>3,182</u>

The Group does not have any financial instruments with off balance sheet risk as at 31st December, 2014 .

24. Material Litigation

"The ongoing litigation cases of the group as below:-

A) Len Cheong Holding Berhad and Len Cheong Furniture Sdn Bhd vs Mr Loh Siow Chan @ Loo Su Cheong case. During the recent Board meeting, the board of directors had appointed Messrs Karamjit & Jaq to review and if feasible, file the necessary action for recovery, to recover losses suffered and identified by the Forensic Accountant through a forensic accounting exercise requested by the Board of Directors.

The Board shall update its status from time to time later."

25. Dividend Proposed

No dividend is proposed for the quarter.

26. Earnings per share

a) Basic

The earnings per share for the current quarter and cumulative year to date are computed as follows:

	Individual Current Year Quarter 31/12/2014 RM'000	Cumulative Current Year To Date 31/12/2014 RM'000
Loss attributable to ordinary equity holders of the parent (RM'000)	<u>(2,054)</u>	<u>12,926</u>
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>63,797</u>	<u>63,797</u>
Basic Earnings Per Share (sen)	<u>(3.22)</u>	<u>20.26</u>

b) Diluted

The calculation of the diluted earnings per share is based on the profit attributable to ordinary equity holders of the parent for the current quarter and cumulative year to date divided by the adjusted weighted average number of ordinary shares of RM0.10 each in issue and issuable under the exercise of share options granted under the DPS Employees' Share Option Scheme.

	Individual Current Year Quarter 31/12/2014 RM'000	Cumulative Current Year To Date 31/12/2014 RM'000
Loss attributable to ordinary equity holders of the parent (RM'000)	<u>(2,054)</u>	<u>12,926</u>
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	<u>63,797</u>	<u>63,797</u>

Basic Earnings Per Share (sen)	<u>(3.22)</u>	<u>20.26</u>
Diluted Earnings Per Share (sen)	<u>(3.22)</u>	<u>20.26</u>

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 31/12/2014 RM'000	Group 30/09/2014 RM'000
Total (accumulated losses)		
- Realised losses	(27,299)	(24,370)
- Unrealised losses	<u>(5,695)</u>	<u>(6,752)</u>
	(32,994)	(31,122)
Less : Consolidation adjustments	<u>25,412</u>	<u>25,412</u>
Total group (accumulated losses) as per statements of financial position	<u>(7,582)</u>	<u>(5,710)</u>

28. Loss for the period

	Current Quarter Ended		Financial Period Ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Loss for the period is arrived at after crediting :				
Unrealised gain on foreign exchange	126	127	164	193
Gain on disposal of property, plant and equipment	-	6	<u>2,282</u>	<u>6</u>
and after charging :				
Depreciation	444	304	1,652	1,227
Impairment of trade receivables	1,146	34	1,146	34
Impairment of obsolete inventories	1,000	-	6,001	-
Insurance claim receivable written off	-	1,253	-	1,253
Loss on disposal of property, plant and equipment	-	-	-	-

BY ORDER OF THE BOARD

(MANAGING DIRECTOR)

Dated :