

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

Financial Year End : **31/12/2015**  
Quarter : **Second quarter**

**Quarterly report on consolidated results for the Second quarter ended 30th June 2015,**  
**These figures have not been audited.**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter 30/06/2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/2014 RM'000</b>	<b>Current Year To Date 30/06/2015 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2014 RM'000</b>
Revenue	5,166	6,135	9,196	11,104
Operating expenses	(8,428)	(5,932)	(14,820)	(12,584)
Other operating income	68	-	141	2,092
(Loss) / Profit from operations	<u>(3,194)</u>	<u>203</u>	<u>(5,483)</u>	<u>612</u>
Finance cost	(15)	(149)	(36)	(326)
(Loss) / Profit before tax	<u>(3,209)</u>	<u>54</u>	<u>(5,519)</u>	<u>286</u>
Taxation	-	-	-	-
Net (loss) / profit for the period	<u>(3,209)</u>	<u>54</u>	<u>(5,519)</u>	<u>286</u>
Other Comprehensive Income, net of Tax	-	-	-	17,972
Total comprehensive (loss) / income for the period	<u><u>(3,209)</u></u>	<u><u>54</u></u>	<u><u>(5,519)</u></u>	<u><u>18,258</u></u>
EPS - Basic (sen)	<u>(5.35)</u>	<u>0.09</u>	<u>(9.20)</u>	<u>30.43</u>
ESP - Fully diluted (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</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, 2014)

**LEN CHEONG HOLDING BERHAD**  
**(Company No. 339810-A)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

THE FIGURES HAVE NOT BEEN AUDITED

	<b>As At End Of Current Quarter (Unaudited) 30/6/2015 RM'000</b>	<b>As At Preceding Financial Year End (Audited) 31/12/2014 RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	35,010	35,874
	<u>35,010</u>	<u>35,874</u>
<b>Current assets</b>		
Inventories	4,223	4,925
Trade receivables	3,264	8,614
Other receivables, deposits & prepayments	1,301	1,389
Cash and bank balances	172	135
	<u>8,960</u>	<u>15,063</u>
<b>Total Assets</b>	<u><u>43,970</u></u>	<u><u>50,937</u></u>
<b>EQUITY</b>		
Share Capital	6,600	6,600
Reserves		
Share premium	1,516	1,516
Revaluation reserve	17,580	17,580
Retained earnings	2,766	8,285
	<u>28,462</u>	<u>33,981</u>
<b>Net profit / (loss) for the period</b>		
<b>Long Term Liabilities</b>		
Other payables	4,292	4,292
Deferred Taxation	5,859	5,859
	<u>10,151</u>	<u>10,151</u>
<b>ESP - Fully diluted (sen)</b>		
Trade payables	2,900	2,151
Bills payables	-	1,662
Other payables & accruals	1,906	1,470
Hire-purchase creditors	-	52
Bank overdrafts	549	1,468
Tax payables	2	2
	<u>5,357</u>	<u>6,805</u>
<b>Total Liabilities</b>	<u>15,508</u>	<u>16,956</u>
<b>Total Equity and Liabilities</b>	<u><u>43,970</u></u>	<u><u>50,937</u></u>
<b>Net assets per share (sen)</b>		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u>43</u>	<u>51</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2014)

**LEN CHEONG HOLDING BERHAD**  
**(Company No. 339810-A)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

THE FIGURES HAVE NOT BEEN AUDITED

	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Revaluation reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>6 months ended 30th June, 2015</b>					
At 1st January, 2015	6,600	1,516	17,580	8,285	33,981
Total comprehensive income for the period	-	-	-	(5,519)	(5,519)
At 30th June, 2015	<u>6,600</u>	<u>1,516</u>	<u>17,580</u>	<u>2,766</u>	<u>28,462</u>

	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Revaluation and other reserves RM'000</b>	<b>Accumulated loss RM'000</b>	<b>Total RM'000</b>
<b>6 months ended 30th June, 2014</b>					
At 1st January, 2014	60,000	856	-	(41,208)	19,648
Total comprehensive income for the period	-	-	17,972	232	18,204
At 30th June, 2014	<u>60,000</u>	<u>856</u>	<u>17,972</u>	<u>(40,976)</u>	<u>37,852</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, 2014)

**LEN CHEONG HOLDING BERHAD**  
**(Company No. 339810-A)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

THE FIGURES HAVE NOT BEEN AUDITED

	<b>Cumulative Current Year To Date (Unaudited) 30/6/2015 RM'000</b>	<b>Cumulative Preceding Year Period (Unaudited) 30/06/2014 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
(Loss) / profit before income tax	(5,519)	286
Adjustments for:-		
Depreciation	864	756
Impairment of trade receivables & other receivables	700	-
Gain on disposal of property, plant and equipment	-	2,092
Unrealised gain on foreign exchange	(5)	(70)
Interest expense	36	326
Operating (loss)/profit before working capital changes	<u>(3,924)</u>	<u>3,390</u>
decrease/(Increase) in inventories	702	(301)
decrease/(Increase) in receivables	4,743	(2,963)
Increase in payables	2,009	492
Cash generated from operations	<u>3,530</u>	<u>618</u>
Net interest paid	<u>(36)</u>	<u>(326)</u>
<b>Net cash generated from operating activities</b>	<b>3,494</b>	<b>292</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property, plant and equipment	-	4,705
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>4,705</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of share capital	-	-
(Repayment) of borrowings	(2,538)	(3,683)
<b>Net cash used in financing activities</b>	<u>(2,538)</u>	<u>(3,683)</u>
<b>Net change in cash &amp; cash equivalents</b>	<b>956</b>	<b>1,314</b>
<b>Cash &amp; cash equivalents brought forward</b>	<u>(1,333)</u>	<u>(1,640)</u>
<b>Cash &amp; cash equivalents carried forward</b>	<u>(377)</u>	<u>(326)</u>
<b>*Cash &amp; cash equivalents carried forward consists of:-</b>		
Cash and bank balances	172	434
Bank overdrafts	(549)	(760)
	<u>(377)</u>	<u>(326)</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, 2014)

## **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 2014. 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 period ended 30th June 2015.

### **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 2014. The adoption of these new MFRSs and Amendments do not have any material impact on the interim financial statements of the Group. The Group and the Company have not applied the following new MFRSs, and amendments to MFRSs that have been issued by MASB but are not yet effective, for the Group and the Company. The Group and the Company intend to adopt the following MFRSs when they become effective.

<b><u>MFRSs</u></b>	<b><u>Effective dates for financial periods beginning on or after</u></b>
Amendments to MFRS 14- Regulatory Deferral Accounts	1-Jan-16
Amendments to MFRS 11- Accounting for Acquisition of Interests in Joint Operations Net profit / (loss) for the period	1-Jan-16
Amendments to MFRS 116 and MFRS 138- Clarificatio of Acceptable Methods of Depreciation and Amortisator	1-Jan-16
Amendments to MFRS 116 and MFRS 141- Agriculture: Bearer Plants	1-Jan-16
Amendments to MFRS 127- Equity Methods in Separate Financial Statements	1-Jan-16
ESP - Fully diluted (sen)	1-Jan-16
Annual Improvements to MFRSs 2012 – 2014 Cycle	1-Jan-16
Amendments to MFRS 10, MFRS 12 and MFRS 128- Investment Entities- Applying the Consolidation Exception	1-Jan-16
MFRS 15- Revenue from Contracts with Customers	1-Jul-17
MFRS 9- Financial Instruments (IFRS 9 issued by IASB in July 2014)	1-Jul-18

### **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

## 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.

	<b>Current Year To Date 30/06/2015 RM'000</b>
Sales - local	4,635
Sales - Overseas	4,561
	<u>9,196</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 June, 2015.

## 11. Subsequent Events

There were no material events subsequent to the financial period under review.

## 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 June, 2015.

## 13. Contingent Liabilities or Contingent Assets

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

## 14. Review of Performance

	<b>Individual Quarter</b>	
	<b>Current Year Quarter 30/06/2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/2014 RM'000</b>
Revenue	5,166	6,135
(Loss ) / Profit before tax	(3,209)	54

Revenue for the current quarter declined to RM5.166 million from RM6.135 million in the preceding year's corresponding quarter. The Group registered a loss before tax of RM3.209 million in this quarter as against profit of RM0.054 million in the preceding year's corresponding quarter.

The decline in revenue mainly due to slowdown in the sales demand from our overseas customers as well as reduction in number of foreign labour force due to non replacement of workers after the expiration of 3-year contracts in 1st half of the year. The management is actively upgrading its products range to higher margin medium range products to counter the effect of declining overseas sales. The strengthening of USD against RM has resulted in higher gross profit margin for its products in the export market

The Group has provided for impairment loss of RM0.70 million and RM2.57 million on receivables and inventory respectively in this quarter. This has resulted a loss before tax of RM3.2 million in this quarter.

## 15. Comparison with Immediate Preceding Quarter's Results

	<b>Individual Quarter</b>	
	<b>Current Year Quarter 30/06/2015 RM'000</b>	<b>Immediate Preceding Year Quarter 31/03/2015 RM'000</b>
Revenue	5,166	4,030
Loss before tax	(3,209)	(2,310)

For the current quarter, the Group recorded revenue of RM5.166 million as against RM4.03 million recorded in the preceding quarter due to higher sales in the export markets. In line with the increase in revenue in this quarter, the Group incurred a higher loss of RM3.21 million in this quarter as against a loss of RM2.31 million in the preceding quarter. The higher loss was due to the impairment loss of RM0.7 million and RM2.57 million on receivables and inventory respectively in this quarter.

## 16. Current Year Prospects

The Group acknowledges the uncertainty of current worldwide market condition of the furniture industry and the economic impact towards the industry. The management has made concerted effort to put in place, risk control measures and cost reduction procedures to minimise the effects of declining of sales in overseas market. The management will develop and enhancing revenue both upstream and downstream activities such as log trading and processing activities etc.

## 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 30 June, 2015.

## 19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 30th June, 2015.

## 20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 30th June, 2015.

## 21. Status of Corporate Proposals

There were no other corporate proposals announced for the financial period under review.

## 22. Group Borrowings

As at 30th June, 2015 :

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Hire-purchase creditors	-	-	-
Bank overdrafts	549	-	549
Total	<u>549</u>	<u>-</u>	<u>549</u>

## 23. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 30th June, 2015.

## 24. Material Litigations

The Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened or any act likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies as at the date the report except for the following:-

High Court of Seremban Civil Suit No: 22 NCVC 78-8/15  
Best Land Venture Sdn Bhd ("BLV")("Plaintiff") vs Len Cheong Industries Sdn Bhd  
("LCI")("Defendant")

On 28 August 2015, the Board announced that LCI had on 20 August 2015 received a statement of claims ("SOC") dated 31 July 2015 from the Plaintiff. The Plaintiff had initiated a civil suit against the Defendant for compensation of RM1.645 million (loss of land area of 109,684.2 square feet) due to the erection of high tension wires and pylon on land held under H.S. (M) 4469, PT 17825, Mukim Ampangan, Daerah Seremban, Negeri Sembilan, measuring 532,870.61 square feet ("Lot1") arising from the disposal of 3 parcels of lands including Lot 1 via sale and purchase agreement dated 6 September 2013 ("SPA") ("Disposal") and any other damages awarded by the Court. The Plaintiff alleged that the Defendant has failed to disclose the erection of high tension wires and pylon on part of Lot 1 measuring 109,684.2 square feet to the Plaintiff during the Disposal. The case management of the suit is fixed on 8 September 2015.

## 25. Dividend Proposed

No dividend is proposed for the financial period under review.

## 26. Earnings per share

Earnings per share is calculated by dividing the Company's result after taxation for the period by 66,000,000 ordinary shares in issue during the same period.

## 27. Disclosure of Realised and Unrealised Profits

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

	<b>Group 6/30/2015 RM'000</b>	<b>Group 31/12/2014 RM'000</b>
Total (accumulated losses)		
- Realised losses	(16,792)	(11,483)
- Unrealised losses	<u>(5,854)</u>	<u>(5,644)</u>
	(22,646)	(17,127)
Less : Consolidation adjustments	<u>25,412</u>	<u>25,412</u>
Total group (accumulated losses) as per statements of financial position	<u>2,766</u>	<u>8,285</u>

## 28. Profit for the period

	<b>Current Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b>30/6/2015 RM'000</b>	<b>30/6/2014 RM'000</b>	<b>30/6/2015 RM'000</b>	<b>30/6/2014 RM'000</b>
<b>Loss for the period is arrived at after crediting :</b>				
Unrealised gain on foreign exchange	5	70	131	70
<b>and after charging :</b>				
Depreciation	428	756	864	756
Impairment on inventories	2,569	-	2,569	-
Impairment on receivables	700	-	2,672	-