

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

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

Quarterly report on consolidated results for the Third quarter ended 30th September 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>	
	Current Year Quarter 30/09/2015 RM'000	Preceding Year Corresponding Quarter 30/09/2014 RM'000	Current Year To Date 30/09/2015 RM'000	Preceding Year Corresponding Period 30/09/2014 RM'000
Revenue	9,023	5,843	18,219	16,947
Operating expenses	(9,992)	(9,238)	(24,822)	(21,822)
Other operating income	150	7	291	2,099
Loss from operations	<u>(819)</u>	<u>(3,388)</u>	<u>(6,312)</u>	<u>(2,776)</u>
Finance cost	(17)	(72)	(53)	(398)
Loss before tax	<u>(836)</u>	<u>(3,460)</u>	<u>(6,365)</u>	<u>(3,174)</u>
Taxation	-	-	-	-
Net loss for the period	<u>(836)</u>	<u>(3,460)</u>	<u>(6,365)</u>	<u>(3,174)</u>
Other Comprehensive Income, net of Tax	-	-	-	17,972
Total comprehensive (loss) / income for the period	<u><u>(836)</u></u>	<u><u>(3,460)</u></u>	<u><u>(6,365)</u></u>	<u><u>14,798</u></u>
EPS - Basic (sen)	<u><u>(1.27)</u></u>	<u><u>(5.77)</u></u>	<u><u>(9.64)</u></u>	<u><u>24.66</u></u>
ESP - Fully diluted (sen)	<u><u>NA</u></u>	<u><u>NA</u></u>	<u><u>NA</u></u>	<u><u>NA</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, 2014)

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

THE FIGURES HAVE NOT BEEN AUDITED

	As At End Of Current Quarter (Unaudited) 30/9/2015 RM'000	As At Preceding Financial Year End (Audited) 31/12/2014 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	34,597	35,874
	<u>34,597</u>	<u>35,874</u>
Current assets		
Inventories	3,868	4,925
Trade receivables	2,977	8,614
Other receivables, deposits & prepayments	1,620	1,389
Cash and bank balances	988	135
	<u>9,453</u>	<u>15,063</u>
Total Assets	<u><u>44,050</u></u>	<u><u>50,937</u></u>
EQUITY		
Share Capital	6,600	6,600
Reserves		
Share premium	1,516	1,516
Revaluation reserve	17,580	17,580
Retained earnings	1,920	8,285
	<u>27,616</u>	<u>33,981</u>
LIABILITIES		
Long Term Liabilities		
Other payables	4,292	4,292
Deferred Taxation	5,859	5,859
	<u>10,151</u>	<u>10,151</u>
ESP - Fully diluted (sen)		
Trade payables	3,816	2,151
Bills payables	-	1,662
Other payables & accruals	1,970	1,470
Hire-purchase creditors	-	52
Bank overdrafts	495	1,468
Tax payables	2	2
	<u>6,283</u>	<u>6,805</u>
Total Liabilities	<u>16,434</u>	<u>16,956</u>
Total Equity and Liabilities	<u><u>44,050</u></u>	<u><u>50,937</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u>42</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

	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000
9 months ended 30th September, 2015					
At 1st January, 2015	6,600	1,516	17,580	8,285	33,981
Total comprehensive income for the period	-	-	-	(6,365)	(6,365)
At 30th September, 2015	<u>6,600</u>	<u>1,516</u>	<u>17,580</u>	<u>1,920</u>	<u>27,616</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, 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>

(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

	Cumulative Current Year To Date (Unaudited) 30/9/2015 RM'000	Cumulative Preceding Year Period (Unaudited) 30/9/2014 RM'000
Cash Flows From Operating Activities		
Loss before income tax	(6,365)	(3,174)
Adjustments for:-		
Depreciation	1,277	1,203
Impairment on inventories	3,791	-
Impairment on receivables	2,672	-
Gain on disposal of property, plant and equipment	-	2,092
Unrealised gain on foreign exchange	(136)	(77)
Interest expense	53	398
Operating profit before working capital changes	<u>1,292</u>	<u>442</u>
(Increase)/Decrease in inventories	(2,734)	2,957
Decrease/(Increase) in receivables	2,870	(4,551)
Increase in payables	<u>2,989</u>	<u>1,651</u>
Cash generated from operations	4,417	499
Net interest paid	<u>(53)</u>	<u>(398)</u>
Net cash generated from operating activities	4,364	101
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of property, plant and equipment	-	4,705
Net cash generated from investing activities	-	4,705
Cash Flows From Financing Activities		
Proceeds from issue of share capital	-	-
(Repayment) of borrowings	(2,538)	(3,713)
Net cash used in financing activities	<u>(2,538)</u>	<u>(3,713)</u>
Net change in cash & cash equivalents	1,826	1,093
Cash & cash equivalents brought forward	<u>(1,333)</u>	<u>(1,640)</u>
Cash & cash equivalents carried forward	<u><u>493</u></u>	<u><u>(547)</u></u>
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	988	179
Bank overdrafts	(495)	(726)
	<u>493</u>	<u>(547)</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 September 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.

<u>MFRSs</u>	<u>Effective date for the financial periods beginning on or after</u>
Amendments to MFRS 14- Regulatory Deferral Accounts	1-Jan-16
Amendments to MFRS 11- Accounting for Acquisitions of Interests in Joint Operations	1-Jan-16
Amendments to MFRS 101- Disclosure Initiative	1-Jan-16
Amendments to MFRS 127- Equity Method in Separate Financial Statements	1-Jan-16
Amendments to MFRS 10 and MFRS 128- Sale or Contribution of Assets between an Investors and its Associate or Joint Venture	1-Jan-16
Amendments to MFRS 10, MFRS 12 and MFRS128- Investment Entities: Applying the Consolidation Exception	1-Jan-16
Amendments to MFRS 5, MFRS 7, MFRS 119 and MFRS 134- Annual Improvements to MFRSs 2012 to 2014 Cycle	1-Jan-16
Amendments to MFRS 116 and MFRS 138- Clarificatio of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
Amendments to MFRS 116 and MFRS 141- Agriculture: Bearer Plants	1-Jan-16
MFRS 15- Revenue from Contracts with Customers	1-Jan-18
MFRS 9- Financial Instruments (IFRS 9 issued by IASB in July 2014)	1-Jan-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.

	Current Year To Date 30/09/2015 RM'000
Sales - local	8,348
Sales - Overseas	9,871
	<u>18,219</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, 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 September, 2015.

13. Contingent Liabilities or Contingent Assets

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

14. Review of Performance

	<u>Individual Quarter</u>	
	Current Year Quarter 30/09/2015 RM'000	Preceding Year Corresponding Quarter 30/09/2014 RM'000
Revenue	9,023	5,843
Loss before tax	(836)	(3,460)

Revenue for the current quarter raised to RM9.023 million from RM5.843 million in the preceding year's corresponding quarter. The Group registered a loss before tax of RM0.836 million in this quarter as against loss of RM3.460 million in the preceding year's corresponding quarter.

The increase in revenue mainly due to better demand from our overseas customers sales. The strengthening of USD against RM as well as mass volume production for walmart's orders in current quarter has resulted in higher gross profit margin.

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	
	Current Year Quarter 30/09/2015 RM'000	Immediate Preceding Year Quarter 30/06/2015 RM'000
Revenue	9,023	5,166
Loss before tax	(836)	(3,209)

For the current quarter, the Group recorded revenue of RM9.023 million as against RM5.166 million recorded in the preceding quarter due to higher sales in the export markets. The Group incurred a lower loss of RM 0.836 million in this quarter as against a loss of RM3.21 million in the preceding 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 30th September, 2015.

19. Sale of Investments and/or Properties

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

20. Quoted Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bank overdrafts	495	-	495
Total	<u>495</u>	<u>-</u>	<u>495</u>

23. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 30th September, 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 High Court has rescheduled the case management of the suit to 8 December 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:

	Group 9/30/2015 RM'000	Group 31/12/2014 RM'000
Total (accumulated losses)		
- Realised losses	(17,769)	(11,483)
- Unrealised losses	<u>(5,723)</u>	<u>(5,644)</u>
	(23,492)	(17,127)
Less : Consolidation adjustments	<u>25,412</u>	<u>25,412</u>
Total group (accumulated losses) as per statements of financial position	<u>1,920</u>	<u>8,285</u>

28. Profit for the period

	Current Quarter Ended		Financial Period Ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM'000	RM'000	RM'000	RM'000
Loss for the period is arrived at after crediting :				
Unrealised gain on foreign exchange	5	77	136	239
and after charging :				
Depreciation	413	447	1,277	1,203
Impairment on inventories	1,222	-	3,791	-
Impairment on receivables	-	-	2,672	-