

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

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

Quarterly report on consolidated results for the Fourth quarter ended 31st December 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 31/12/2015 RM'000	Preceding Year Corresponding Quarter 31/12/2014 RM'000	Current Year To Date 31/12/2015 RM'000	Preceding Year Corresponding Period 31/12/2014 RM'000
Revenue	8,779	6,779	26,998	23,726
Operating expenses	(8,081)	(10,792)	(32,903)	(32,614)
Other operating income	-	1,362	291	3,461
Profit/(Loss) from operations	<u>698</u>	<u>(2,651)</u>	<u>(5,614)</u>	<u>(5,427)</u>
Finance cost	(2)	(44)	(55)	(442)
Profit/(Loss) before tax	<u>696</u>	<u>(2,695)</u>	<u>(5,669)</u>	<u>(5,869)</u>
Taxation	172	970	172	970
Net Profit/(Loss) for the period	<u>868</u>	<u>(1,725)</u>	<u>(5,497)</u>	<u>(4,899)</u>
Other Comprehensive Income, net of Tax	521	-	521	17,972
Total comprehensive profit/(loss) for the period	<u><u>1,389</u></u>	<u><u>(1,725)</u></u>	<u><u>(4,976)</u></u>	<u><u>13,073</u></u>
EPS - Basic (sen)	<u>1.32</u>	<u>(2.81)</u>	<u>(8.33)</u>	<u>(8.13)</u>
EPS - 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

	As At End Of Current Quarter (Unaudited) 31/12/2015 RM'000	As At Preceding Financial Year End (Audited) 31/12/2014 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	34,220	35,874
	34,220	35,874
Current assets		
Inventories	3,541	4,925
Trade receivables	3,724	8,614
Other receivables, deposits & prepayments	1,887	1,389
Cash and bank balances	499	135
	9,651	15,063
Total Assets	43,871	50,937
EQUITY		
Share Capital	6,600	6,600
Reserves		
Share premium	1,516	1,516
Revaluation reserve	17,059	17,580
Retained earnings	3,309	8,285
	28,484	33,981
LIABILITIES		
Long Term Liabilities		
Other payables	4,292	4,292
Deferred Taxation	5,687	5,859
	9,979	10,151
Current Liabilities		
Trade payables	3,472	2,151
Bills payables	-	1,662
Other payables & accruals	1,934	1,470
Hire-purchase creditors	-	52
Bank overdrafts	-	1,468
Tax payables	2	2
	5,408	6,805
Total Liabilities	15,387	16,956
Total Equity and Liabilities	43,871	50,937
Net assets per share (sen)		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	43	51

(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
12 months ended					
31st December, 2015					
At 1st January, 2015	6,600	1,516	17,580	8,285	33,981
Total comprehensive loss for the period	-	-	(521)	(4,976)	(5,497)
At 31st December, 2015	<u>6,600</u>	<u>1,516</u>	<u>17,059</u>	<u>3,309</u>	<u>28,484</u>

	Share capital RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Accumulated loss 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)	-	-	54,000	-
Issue of ordinary shares	600	660	-	-	1,260
Total comprehensive income for the period	-	-	17,580	(4,507)	13,073
At 31st December, 2014	<u>6,600</u>	<u>1,516</u>	<u>17,580</u>	<u>8,285</u>	<u>33,981</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) 31/12/2015 RM'000	Cumulative Preceding Year Period (Audited) 31/12/2014 RM'000
Cash Flows From Operating Activities		
Loss before income tax	(5,669)	(5,869)
Adjustments for:-		
Depreciation	1,654	1,655
Impairment on inventories	3,791	-
Impairment on receivables	2,572	1,145
Inventories written off	-	6,001
Gain on disposal of investment property	-	(2,282)
Written back of payables	-	(197)
Unrealised gain on foreign exchange	(136)	(214)
Interest income on other receivables	-	(60)
Interest expense	55	442
Operating profit before working capital changes	<u>2,267</u>	<u>621</u>
Increase in inventories	(2,407)	(2,124)
Decrease/(Increase) in receivables	1,956	(4,054)
Increase in payables	123	2,131
Cash generated from/(used in) operations	<u>1,939</u>	<u>(3,426)</u>
Interest received	-	60
Net interest paid	<u>(55)</u>	<u>-</u>
Net cash generated from/(used in) operating activities	<u>1,884</u>	<u>(3,366)</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	(2)
Proceeds from disposal of property, plant and equipment	-	8,550
Net cash generated from investing activities	-	8,548
Cash Flows From Financing Activities		
Interest paid	-	(442)
Proceeds from issue of share capital	-	1,260
Net decrease of bankers acceptance	-	(5,574)
Repayment of finance lease liability	(52)	(120)
Net cash used in financing activities	<u>(52)</u>	<u>(4,876)</u>
Net change in cash & cash equivalents	<u>1,832</u>	<u>306</u>
Cash & cash equivalents brought forward	<u>(1,333)</u>	<u>(1,639)</u>
Cash & cash equivalents carried forward	<u>499</u>	<u>(1,333)</u>
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	499	135
Bank overdrafts	-	(1,468)
	<u>499</u>	<u>(1,333)</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 31st 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 31st December 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 31/12/2015 RM'000
Sales - local	10,761
Sales - Overseas	16,237
	<u>26,998</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 31st December, 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 31st December, 2015.

13. Contingent Liabilities or Contingent Assets

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

14. Review of Performance

	Individual Quarter	
	Current Year Quarter 31/12/2015 RM'000	Preceding Year Corresponding Quarter 31/12/2014 RM'000
Revenue	8,779	6,779
Profit/(Loss) before tax	696	(2,695)

Revenue for the current quarter increased to RM8.78 million from RM6.78 million in the previous year's corresponding quarter. The Group registered a profit before tax of RM0.70 million in this quarter as against loss of RM2.69 million in the previous year's corresponding quarter.

The increase in revenue mainly due to increased sales to overseas customers and strengthening of USD against RM as well as mass volume production for export sales orders in current quarter. In line with the increase in revenue, the Group registered a profit before tax of RM0.70 million as against a loss before tax of RM2.7 million.

15. Comparison with Immediate Preceding Quarter's Results

	Individual Quarter	
	Current Year Quarter 31/12/2015 RM'000	Immediate Preceding Year Quarter 30/09/2015 RM'000
Revenue	8,779	9,023
Profit/(Loss) before tax	696	(836)

For the current quarter, the Group's revenue reduced to RM8.78 million as compared to RM9.02 million in the preceding quarter. Despite the reduction of revenue, the Group registered a profit before taxation of RM0.70 million due to sales of higher margin products.

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 reduce the production cost and securing overseas orders with higher gross profit margins. The management intends to increase its revenue by undertaking downstream activities such as trading in logs.

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 31st December 2015.

19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 31st December, 2015.

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 31st December, 2015.

21. Status of Corporate Proposals

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

22. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 31st December 2015.

23. 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 and subsequently extended to 9 March 2016.

24. Dividend Proposed

No dividend is proposed for the financial period under review.

25. 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.

26. Disclosure of Realised and Unrealised Profits

The group's retained earnings may be analysed as follows:

	Group 31/12/2015 RM'000	Group 31/12/2014 RM'000
Total retained earnings		
- Realised (losses)/earnings	(9,276)	1,813
- Unrealised losses	<u>(5,551)</u>	<u>(5,644)</u>
	(14,827)	(3,831)
Less : Consolidation adjustments	<u>18,136</u>	<u>12,116</u>
Total group retained earnings	<u><u>3,309</u></u>	<u><u>8,285</u></u>

27. Profit for the period

	Current Quarter Ended		Financial Period Ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Loss for the period is arrived at after crediting :				
Unrealised gain/(loss) on foreign exchange	5	(25)	141	214
Realised gain on foreign exchange	136	679	136	679
Gain on disposal of investment properties	-	2,282	-	2,282
Written back of payables	-	197	-	197
and after charging :				
Depreciation	377	452	1,654	1,655
Impairment on inventories	-	6,001	3,791	6,001
Impairment on receivables	-	1,146	2,572	1,146