

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

Financial Year End : **31/12/2016**
Quarter : **First quarter**

Quarterly report on consolidated results for the First quarter ended 31st March 2016,
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 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year To Date 31/03/2016 RM'000	Preceding Year Corresponding Period 31/03/2015 RM'000
Revenue	7,392	4,030	7,392	4,030
Operating expenses	(7,279)	(6,392)	(7,279)	(6,392)
Other operating income	14	73	14	73
Profit/(Loss) from operations	<u>127</u>	<u>(2,289)</u>	<u>127</u>	<u>(2,289)</u>
Finance cost	-	(21)	-	(21)
Profit/(Loss) before tax	<u>127</u>	<u>(2,310)</u>	<u>127</u>	<u>(2,310)</u>
Taxation	-	-	-	-
Net Profit/(Loss) for the period	<u>127</u>	<u>(2,310)</u>	<u>127</u>	<u>(2,310)</u>
Other Comprehensive Income, net of Tax	-	-	-	-
Total comprehensive profit/(loss) for the period	<u><u>127</u></u>	<u><u>(2,310)</u></u>	<u><u>127</u></u>	<u><u>(2,310)</u></u>
EPS - Basic (sen)	<u>0.19</u>	<u>(3.50)</u>	<u>0.19</u>	<u>(3.50)</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, 2015)

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) 31/03/2016 RM'000	As At Preceding Financial Year End (Audited) 31/12/2015 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,913	34,221
	<u>33,913</u>	<u>34,221</u>
Current assets		
Inventories	3,439	3,542
Trade receivables	3,923	3,809
Other receivables, deposits & prepayments	1,644	2,003
Cash and bank balances	573	499
	<u>9,579</u>	<u>9,853</u>
Total Assets	<u><u>43,492</u></u>	<u><u>44,074</u></u>
EQUITY		
Share Capital	6,600	6,600
Reserves		
Share premium	1,516	1,516
Revaluation reserve	17,299	17,299
Retained earnings	3,440	3,313
	<u>28,855</u>	<u>28,728</u>
LIABILITIES		
Long Term Liabilities		
Deferred Taxation	5,447	5,447
	<u>5,447</u>	<u>5,447</u>
Current Liabilities		
Trade payables	2,827	3,078
Other payables & accruals	6,361	6,819
Tax payables	2	2
	<u>9,190</u>	<u>9,899</u>
Total Liabilities	<u>14,637</u>	<u>15,346</u>
Total Equity and Liabilities	<u><u>43,492</u></u>	<u><u>44,074</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u>44</u>	<u>44</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2015)

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
3 months ended					
31st March, 2016					
At 1st January, 2016	6,600	1,516	17,299	3,313	28,728
Total comprehensive income for the period	-	-	-	127	127
At 31st March, 2016	<u>6,600</u>	<u>1,516</u>	<u>17,299</u>	<u>3,440</u>	<u>28,855</u>

	Share capital RM'000	Share premium RM'000	Revaluation and other reserves RM'000	Accumulated loss RM'000	Total RM'000
3 months ended					
31st March, 2015					
At 1st January, 2015	6,600	1,516	17,580	8,285	33,981
Total comprehensive loss for the period	-	-	-	(2,310)	(2,310)
At 31st March, 2015	<u>6,600</u>	<u>1,516</u>	<u>17,580</u>	<u>5,975</u>	<u>31,671</u>

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial

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) 31/03/2016 RM'000	Cumulative Preceding Year Period (Unaudited) 31/03/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before income tax	127	(2,310)
Adjustments for:-		
Depreciation	308	436
Impairment on receivables	-	1,972
Unrealised gain on foreign exchange	(117)	(126)
Interest expense	-	21
Operating profit/(loss) before working capital changes	318	(7)
Decrease/(Increase) in inventories	103	(1,184)
Decrease in receivables	362	2,868
(Decrease)/Increase in payables	(709)	1,583
Cash generated from operations	74	3,260
Net interest paid	-	(21)
Net cash generated from operating activities	74	3,239
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	-
Net cash generated from investing activities	-	-
Cash Flows From Financing Activities		
Repayment of borrowings	-	(2,497)
Net cash used in financing activities	-	(2,497)
Net change in cash & cash equivalents	74	742
Cash & cash equivalents brought forward	499	(1,333)
Cash & cash equivalents carried forward	573	(591)
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	573	57
Bank overdrafts	-	(648)
	573	(591)

(The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December, 2015)

NOTES

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 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 2015. 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 March 2016.

2. Changes in accounting policies

During the financial year, the Group and the Company have adopted the following new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year. Adoption of the following new MFRS and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

MFRS 14- Regulatory Deferral Accounts
Amendments to MFRS 11- Accounting for Acquisition of Interests in Joint Operations
Amendments to MFRS 101- Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 - Agriculture: Bearer Plants
Amendments to MFRS 127- Equity Methods in Separate Financial Statements
Annual Improvements to MFRSs 2012 - 2014 Cycle
Amendments to MFRS 10, MFRS 12 and MFRS128- Investment Entities: Applying the Consolidation Exception

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.

MFRSs	Effective date for the financial periods beginning on or after
Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses	1-Jan-17
Amendments to MFRS 107- Disclosure Initiative	1-Jan-17
MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014)	1-Jan-18
MFRS 15 - Revenue from Contracts with Customers	1-Jan-18
MFRS 16 - Leases	1-Jan-19
Amendments to MFRS 10 and MFRS 128 - Sales of Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

3. Qualification of Financial Statements

The audited report of the preceding annual financial statements was not subjected to any

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 31/03/2016 RM'000
Sales - local	2,335
Sales - Overseas	5,057
	<u>7,392</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 March, 2016.

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 March, 2016.

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 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000
Revenue	7,392	4,030
Profit/(Loss) before tax	127	(2,310)

Revenue for the current quarter increased to RM7.39 million from RM4.03 million in the previous year's corresponding quarter. The Group registered a profit before tax of RM0.13 million in this quarter as against loss of RM2.31 million in the previous year's corresponding quarter.

The increase in revenue is mainly due to increased sales to overseas customers as well as mass volume production for export sales orders in current quarter.

15. Comparison with Immediate Preceding Quarter's Results

	Individual Quarter	
	Current Year Quarter 31/03/2016 RM'000	Immediate Preceding Year Quarter 31/12/2015 RM'000
Revenue	7,392	8,779
Profit before tax	127	696

For the current quarter, the Group's revenue reduced to RM7.39 million as compared to RM8.78 million in the preceding quarter. The Group registered profit of RM0.13 million as against a profit of RM0.69 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 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 March 2016.

19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 31st March, 2016.

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 31st March, 2016.

21. Status of Corporate Proposals

There were no other corporate proposals announced for the financial period under review save and except that on 22 April 2016, the Board of Directors of Len Cheong Holding Berhad ("LCH") announced that the Company will undertake the following proposals:-

- (i) proposed joint venture ("JV") between Len Cheong Resources Sdn Bhd ("LCR"), a wholly-owned subsidiary of LCH and Goldpeace Corporation Sdn Bhd ("GCSB") to agree with LCR to jointly develop a parcel of freehold agricultural land known as Lot No: 5205 (*formerly known as Lot No: 1409*) held in Mukim Bukit Lintang, District of Melaka Tengah, State of Melaka Tengah, State of Melaka Bandaraya Bersejarah held under title no: GMM 2700 (*formerly known as GMM 651*) owned by GCSB into a housing development scheme ("Proposed JV")
- (ii) proposed diversification of the existing business of LCH and its subsidiaries ("Group") to include property development, construction and property investment ("Property Business") ("Proposed Diversification").

Collectively referred to as "Proposals".

The Proposed JV does not require the approval of the shareholders of LCH, whilst the Proposed Diversification is subject to the approval of the shareholders of LCH at the forthcoming extraordinary general meeting to be convened. A circular to shareholders setting out the details of the Proposed Diversification will be despatched to the shareholders of the Company in due course.

22. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at 31st March 2016.

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 Defendant's solicitors had filed a Notice of Application for security for costs. On the hearing date of 13 May 2016, the learned High Court Judge had ordered that the Plaintiff pay to the Plaintiff's solicitors, within 30 days from 13 May 2016, a sum of RM80,000 to be held in a fixed deposit account by the said solicitors as stakeholders, as security of LCI's cost until the matter is disposed, and made no order as to the cost of the said application. Should the Plaintiff fail to do so within the stipulated period, on the next case management, now fixed on 20 June 2016, the Plaintiff's case will be struck off. In the event that the said deposit is paid, the Court will give further directions on this matter on the said management date.

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 31/03/2016 RM'000	Group 31/03/2015 RM'000
Total retained earnings		
- Realised (losses)/earnings	(9,617)	(13,704)
- Unrealised losses	<u>(5,330)</u>	<u>(5,733)</u>
	(14,947)	(19,437)
Less : Consolidation adjustments	<u>18,387</u>	<u>25,412</u>
Total group retained earnings	<u><u>3,440</u></u>	<u><u>5,975</u></u>

27. Profit/(loss) for the period

	Current Quarter Ended		Financial Period Ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Profit/(Loss) for the period is arrived at after crediting :				
Unrealised gain on foreign exchange	117	126	117	126
and after charging :				
Depreciation	308	436	308	436
Impairment on receivables	-	1,972	-	1,972