

SAND NISKO CAPITAL BERHAD (FORMERLY KNOWN AS LEN CHEONG HOLDING BERHAD)
(Company No. 339810-A)

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

Quarterly report on consolidated results for the Second quarter ended 30th June 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 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year To Date 30/06/2016 RM'000	Preceding Year Corresponding Period 30/06/2015 RM'000
Revenue	14,457	5,166	21,849	9,196
Operating expenses	(14,429)	(8,428)	(21,721)	(14,820)
Other operating income	93	68	107	141
Profit/(Loss) from operations	<u>121</u>	<u>(3,194)</u>	<u>235</u>	<u>(5,483)</u>
Finance cost	-	(15)	-	(36)
Profit/(Loss) before tax	<u>121</u>	<u>(3,209)</u>	<u>235</u>	<u>(5,519)</u>
Taxation	-	-	-	-
Net Profit/(Loss) for the period	<u>121</u>	<u>(3,209)</u>	<u>235</u>	<u>(5,519)</u>
Other Comprehensive Income, net of Tax	-	-	-	-
Total comprehensive profit/(loss) for the period	<u>121</u>	<u>(3,209)</u>	<u>235</u>	<u>(5,519)</u>
EPS - Basic (sen)	<u>0.18</u>	<u>(5.35)</u>	<u>0.36</u>	<u>(9.20)</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)

SAND NISKO CAPITAL BERHAD (FORMERLY KNOWN AS 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) 30/06/2016 RM'000	As At Preceding Financial Year End (Audited) 31/12/2015 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,529	34,221
	<u>33,529</u>	<u>34,221</u>
Current assets		
Inventories	3,806	3,542
Trade receivables	5,405	3,809
Other receivables, deposits & prepayments	2,577	2,003
Cash and bank balances	907	499
	<u>12,695</u>	<u>9,853</u>
Total Assets	<u><u>46,224</u></u>	<u><u>44,074</u></u>
EQUITY		
Share Capital	6,600	6,600
Share premium	1,516	1,516
Revaluation reserve	17,299	17,299
Retained earnings	3,548	3,313
	<u>28,963</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	4,815	3,078
Other payables & accruals	6,997	6,819
Tax payables	2	2
	<u>11,814</u>	<u>9,899</u>
Total Liabilities	<u>17,261</u>	<u>15,346</u>
Total Equity and Liabilities	<u><u>46,224</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)

SAND NISKO CAPITAL BERHAD (FORMERLY KNOWN AS 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) 30/06/2016 RM'000	Cumulative Preceding Year Period (Unaudited) 30/06/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	235	(5,519)
Adjustments for:-		
Depreciation	817	864
Impairment on receivables	-	700
Unrealised loss/(gain) on foreign exchange	25	(5)
Interest expense	-	36
Operating profit/(loss) before working capital changes	<u>1,077</u>	<u>(3,924)</u>
(Increase)/Decrease in inventories	(264)	702
(Increase)/Decrease in receivables	(2,195)	4,743
Increase in payables	<u>1,915</u>	<u>2,009</u>
Cash generated from operations	533	3,530
Net interest paid	-	(36)
Net cash generated from operating activities	<u>533</u>	<u>3,494</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	<u>(125)</u>	<u>-</u>
Net cash used in investing activities	(125)	-
Cash Flows From Financing Activities		
Repayment of borrowings	<u>-</u>	<u>(2,538)</u>
Net cash used in financing activities	-	<u>(2,538)</u>
Net change in cash & cash equivalents	408	956
Cash & cash equivalents brought forward	<u>499</u>	<u>(1,333)</u>
Cash & cash equivalents carried forward	<u><u>907</u></u>	<u><u>(377)</u></u>
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	907	172
Bank overdrafts	-	(549)
	<u>907</u>	<u>(377)</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, 2015)

SAND NISKO CAPITAL BERHAD (FORMERLY KNOWN AS 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
6 months ended 30th June, 2016					
At 1st January, 2016	6,600	1,516	17,299	3,313	28,728
Total comprehensive income for the period	-	-	-	235	235
At 30th June, 2016	<u>6,600</u>	<u>1,516</u>	<u>17,299</u>	<u>3,548</u>	<u>28,963</u>

	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total RM'000
6 months ended 30th June, 2015					
At 1st January, 2015	6,600	1,516	17,580	8,285	33,981
Total comprehensive loss 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>

(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, 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 30th June 2016.

2. Changes in accounting policies

During the financial year, the Group and the Company have adopted the following new MFRS and amendments to MFRS issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year. Adoption of the following new MFRS and amendments to MFRS 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 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 30th June, 2016.

8. Dividend Paid

There was no dividend paid during the quarter under review.

9. Segmental Information

Segment information is provided based on three (3) major segments, i.e. investment holding, furniture manufacturing and trading and timbers and logs trading. Business segments in revenue and result of the Group for the current quarter ended 30 June 2016 are as follows:-

30 June 2016

Business Segments	Investment holding	Furniture Manufatcuring & Trading	Timbers & logs trading	Adjustment & Elimination	Consolidated
	RM	RM	RM	RM	RM
Revenue					
External sales	-	11,173,755	3,356,184	(72,628)	14,457,311
Inter-segment	-	-	-	-	-
	<u>-</u>	<u>11,173,755</u>	<u>3,356,184</u>	<u>(72,628)</u>	<u>14,457,311</u>
Results	(79,757)	161,498	39,000	-	120,741
Finance cost					-
Profit before tax					<u>120,741</u>
Taxation					-
Net profit for the period					<u><u>120,741</u></u>

30 June 2015

Business Segments	Investment holding	Furniture Manufatcuring & Trading	Timbers & logs trading	Adjustment & Elimination	Consolidated
	RM	RM	RM	RM	RM
Revenue					
External sales	-	4,231,343	949,871	-	5,166,325
Inter-segment	-	-	-	-	-
	<u>-</u>	<u>4,231,343</u>	<u>949,871</u>	<u>-</u>	<u>5,166,325</u>
Results	(63,425)	(2,729,322)	(416,247)	-	(3,208,994)
Finance cost					-
Profit before tax					<u>(3,208,994)</u>
Taxation					-
Net profit for the period					<u><u>(3,208,994)</u></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, 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 30th June, 2016.

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 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000
Revenue	14,457	5,166
Profit/(Loss) before tax	121	(3,209)

Revenue for the current quarter increased to RM14.46 million from RM5.17 million in the previous year's corresponding quarter, which is contributed by improved sales of timber logs and furniture parts.

In line with the increase in revenue, the Group registered a profit before tax of RM0.12 million in this quarter as against loss of RM3.21 million in the previous year's corresponding quarter. For the corresponding preceding quarter, the Group incurred impairment on receivables and impairment on inventories of RM0.7 million and RM2.6 million respectively.

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	
	Current Year Quarter 30/06/2016 RM'000	Immediate Preceding Quarter 31/03/2016 RM'000
Revenue	14,457	7,392
Profit before tax	121	127

For the current quarter, the Group's revenue increased to RM14.46 million as compared to RM7.39 million in the preceding quarter. The marked increase in revenue were contributed by trading and export of furnitures of RM5.5 million and trading of timbers and logs of RM1.4 million. Despite the increase in revenue, the Group only registered profit before tax of RM0.12 million due to losses suffered by furniture manufacturing.

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 Group actively increase the sales in timbers and logs during this financial year to reduce its dependency on furniture manufacturing and trading.

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 June 2016.

19. Sale of Investments and/or Properties

There were no sale of investments and/or properties for the current financial period ended 30th June, 2016.

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 30th June, 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 30th June, 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 Costs. On the case management date of 20 June 2016, the Plaintiff has paid the security deposit of RM80,000 as ordered by the Court and learned High Court Judge fixed the trial date of the matter on 7 and 8 November 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 30/06/2016	Group 30/06/2015
	RM'000	RM'000
Total retained earnings		
- Realised (losses)/earnings	(9,308)	(16,792)
- Unrealised losses	(5,472)	(5,854)
	<u>(14,780)</u>	<u>(22,646)</u>
Less : Consolidation adjustments	<u>18,328</u>	<u>25,412</u>
Total group retained earnings	<u>3,548</u>	<u>2,766</u>

27. Profit/(loss) for the period

	Current Quarter Ended		Financial Period Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after crediting :				
Unrealised loss on foreign exchange	(25)	(5)	(92)	(131)
and after charging :				
Depreciation	509	428	817	864
Impairment on receivables	-	700	-	2,672
Impairment on inventories	-	2,569	-	2,569