

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

Financial Year End : 31/12/2016
 Quarter : Third Quarter

Quarterly report on consolidated results for the third quarter ended 30th September 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>	
	<u>Current Year Quarter 30/09/2016 RM'000</u>	<u>Preceding Year Corresponding Quarter 30/09/2015 RM'000</u>	<u>Current Year To Date 30/09/2016 RM'000</u>	<u>Preceding Year Corresponding Period 30/09/2015 RM'000</u>
Revenue	13,969	9,023	35,818	18,219
Operating expenses	(13,606)	(9,992)	(35,327)	(24,822)
Other operating income	4	150	111	291
Profit/(Loss) from operations	<u>367</u>	<u>(819)</u>	<u>602</u>	<u>(6,312)</u>
Finance cost	-	(17)	-	(53)
Profit/(Loss) before tax	<u>367</u>	<u>(836)</u>	<u>602</u>	<u>(6,365)</u>
Taxation	-	-	-	-
Net Profit/(Loss) for the period	<u>367</u>	<u>(836)</u>	<u>602</u>	<u>(6,365)</u>
Other Comprehensive Income, net of Tax	-	-	-	-
Total comprehensive profit/(loss) for the period	<u><u>367</u></u>	<u><u>(836)</u></u>	<u><u>602</u></u>	<u><u>(6,365)</u></u>
EPS - Basic (sen)	<u>0.56</u>	<u>(1.27)</u>	<u>0.91</u>	<u>(9.64)</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) 30/09/2016 RM'000	As At Preceding Financial Year End (Audited) 31/12/2015 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,121	34,221
	<u>33,121</u>	<u>34,221</u>
Current assets		
Inventories	2,476	3,542
Trade receivables	5,429	3,809
Other receivables, deposits & prepayments	4,407	2,003
Cash and bank balances	4,651	499
Fixed deposit	40	-
	<u>17,003</u>	<u>9,853</u>
Total Assets	<u><u>50,124</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	3,915	3,313
	<u>29,330</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	5,304	3,078
Amount owing to a director	3,500	-
Other payables & accruals	6,541	6,819
Tax payables	2	2
	<u>15,347</u>	<u>9,899</u>
Total Liabilities	<u>20,794</u>	<u>15,346</u>
Total Equity and Liabilities	<u><u>50,124</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) 30/09/2016 RM'000	Cumulative Preceding Year Period (Unaudited) 30/09/2015 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before taxation	602	(6,365)
Adjustments for:-		
Depreciation	1,225	1,277
Impairment on inventories	-	3,791
Impairment on receivables	-	2,672
Unrealised loss/(gain) on foreign exchange	43	(136)
Interest expense	-	53
Operating profit/(loss) before working capital changes	<u>1,870</u>	<u>1,292</u>
(Increase)/Decrease in inventories	1,066	(2,734)
(Increase)/Decrease in receivables	(4,067)	2,870
Decrease in director balance	-	-
Increase in payables	<u>1,948</u>	<u>2,989</u>
Cash generated from operations	817	4,417
Net interest paid	-	(53)
Net cash generated from operating activities	<u>817</u>	<u>4,364</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(125)	-
Net cash used in investing activities	(125)	-
Cash Flows From Financing Activities		
Repayment of borrowings	-	(2,538)
Net cash used in financing activities	-	(2,538)
Net change in cash & cash equivalents	692	1,826
Cash & cash equivalents brought forward	<u>499</u>	<u>(1,333)</u>
Cash & cash equivalents carried forward	<u>1,191</u>	<u>493</u>
*Cash & cash equivalents carried forward consists of:-		
Cash and bank balances	4,651	988
Fixed deposit	40	-
Bank overdrafts	-	(495)
	<u>4,691</u>	<u>493</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
9 months ended					
30th September, 2016					
At 1st January, 2016 (audited)	6,600	1,516	17,299	3,313	28,728
Total comprehensive income for the period	-	-	-	602	602
At 30th September, 2016	<u>6,600</u>	<u>1,516</u>	<u>17,299</u>	<u>3,915</u>	<u>29,330</u>

	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 (audited)	6,600	1,516	17,580	8,285	33,981
Total comprehensive loss 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>

(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 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 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

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 September 2016 are as follows:-

30 September 2016

Business Segments	Investment holding RM	Furniture Manufacturing RM	Timbers & logs trading RM	Adjustment & Elimination RM	Consolidated RM
Revenue					
External sales	-	10,157,176	3,851,882	(39,601)	13,969,457
Inter-segment	-	-	-	-	-
	<u>-</u>	<u>10,157,176</u>	<u>3,851,882</u>	<u>(39,601)</u>	<u>13,969,457</u>
Results					
Finance cost	(17,151)	274,574	112,783	(2,842)	367,364
Profit before tax					<u>367,364</u>
Taxation					<u>-</u>
Net profit for the period					<u><u>367,364</u></u>

30 September 2015

There is no comparison as the Group only commenced timbers and logs trading in 2nd quarter 2016.

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, 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 September, 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>	Preceding Year Corresponding Quarter
	Current Year Quarter 30/09/2016 RM'000	30/09/2015 RM'000
Revenue	13,969	9,023
Profit/(Loss) before tax	367	(836)

Revenue for the current quarter increased to RM13.97 million from RM9.02 million in the previous year's corresponding quarter, which is contributed by sales of timber logs and furniture parts.

In line with the increase in revenue, the Group registered a profit before tax of RM0.37 million in this quarter as against loss of RM0.84 million in the previous year's corresponding quarter.

15. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>	Immediate Preceding Quarter
	Current Year Quarter 30/09/2016 RM'000	30/6/2016 RM'000
Revenue	13,969	14,457
Profit before tax	367	121

For the current quarter, the Group's revenue decreased to RM13.97 million as compared to RM14.46 million in the preceding quarter. The Group registered higher profit of RM0.37 million as opposed to RM0.12 million in the preceding quarter due to foreign exchange gains arising from export sales and strengthening of USD against RM.

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 has commenced the trading of 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 September 2016.

19. Sale of Investments and/or Properties

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

20. Quoted Securities

There was no purchase or disposal of quoted securities for the current financial period ended 30th September, 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 September, 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. The Plaintiff decided to withdraw the legal suit after the trial date of 8 November 2016. On 30 November 2016, the honourable judge has assessed the costs that the Plaintiff needs to be pay to the Defendant.

The Board of Directors of LCH wishes to announce that on 07th November 2016 the trial against LCI had proceeded in the Seremban High Court. At the close of BLV's case and at the BLV's Solicitors request, the matter be adjourned and 11th& 12th Jan 2017 was fixed for continued trial. On 22nd November, 2016, the BLV's Solicitors had written to court seeking to withdraw the case against LCI and the court has fixed 30th November, 2016 as case management to address the issue of cost to be awarded to LCI.

This morning, 30-11-2016, the Court had allowed the withdrawal of BLV's claim with no liberty to file a fresh and awarded costs in the sum of RM40,000.00. Our solicitors see it as a form of exemplary/aggravated costs for the baseless claim by BLV.

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 30/9/2016 RM'000	Group 30/9/2015 RM'000
Total retained earnings		
- Realised (losses)/earnings	(9,009)	(17,769)
- Unrealised losses	(5,404)	(5,723)
	<u>(14,413)</u>	<u>(23,492)</u>
Less : Consolidation adjustments	18,328	25,412
	<u>3,915</u>	<u>1,920</u>

27. Profit/(loss) for the period

	Current Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	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)	136
and after charging :				
Depreciation	509	413	1,225	1,277
Impairment on receivables	-	1,222	-	3,791
Impairment on inventories	700	-	-	2,672