

SAND NISKO CAPITAL BERHAD (339810-A)

Financial Year End : 31/12/2017
 Quarter : Second Quarter

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	<u>Current Year Quarter (Unaudited) 30/06/2017 RM'000</u>	<u>Preceding Year Corresponding Quarter (Unaudited) 30/06/2016 RM'000</u>	<u>Changes Increase/ (decrease) RM'000</u>	<u>Current Year To Date (Unaudited) 30/06/2017 RM'000</u>	<u>Preceding Year Corresponding Period (Unaudited) 30/06/2016 RM'000</u>	<u>Changes Increase/ (decrease) RM'000</u>
Revenue	5,833	14,457	(8,624)	12,658	21,849	(9,191)
Cost of sales	(5,635)	(13,205)	7,570	(11,792)	(19,627)	7,835
Gross profit	198	1,252	(1,054)	866	2,222	(1,356)
Other operating income	130	93	37	348	107	241
Operating expenses	(940)	(1,224)	284	(1,801)	(2,094)	293
(Loss)/profit from continuing operations	(612)	121	(733)	(587)	235	(822)
Finance cost	-	-	-	-	-	-
(Loss)/profit before taxation	(612)	121	(733)	(587)	235	(822)
Taxation expense	-	-	-	-	-	-
Net (loss)/profit for the period attributable to:						
- owners of the company	(612)	121	(733)	(587)	235	(822)
- non-controlling interests	-	-	-	-	-	-
Other Comprehensive Income, net of Tax	-	-	-	-	-	-
Total comprehensive (loss)/profit for the period attributable to:						
- owners of the company	(612)	121	(733)	(587)	235	(822)
- non-controlling interest	-	-	-	-	-	-
EPS - Basic (sen)	(0.93)	0.18		(0.89)	0.36	
EPS - Fully diluted (sen)	NA	NA		NA	NA	

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SAND NISKO CAPITAL BERHAD (339810-A)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter (Unaudited) 30/06/2017 RM'000	As At Preceding Financial Year End (Audited) 31/12/2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,614	34,382
	<u>33,614</u>	<u>34,382</u>
Current assets		
Inventories	3,063	2,655
Trade receivables	3,084	4,725
Other receivables, deposits & prepayments	1,984	2,011
Cash and bank balances	269	808
Fixed deposit	3,582	40
	<u>11,982</u>	<u>10,239</u>
Total Assets	<u><u>45,596</u></u>	<u><u>44,621</u></u>
EQUITY		
Share Capital	6,600	6,600
Share premium	1,516	1,516
Revaluation reserve	16,758	16,758
Retained earnings	5,488	6,075
Total Equity	<u>30,362</u>	<u>30,949</u>
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	5,292	5,292
	<u>5,292</u>	<u>5,292</u>
Current Liabilities		
Trade payables	487	1,875
Amount owing to a director	3,520	-
Other payables & accruals	5,915	6,485
Tax payables	20	20
	<u>9,942</u>	<u>8,380</u>
Total Liabilities	<u>15,234</u>	<u>13,672</u>
Total Equity and Liabilities	<u><u>45,596</u></u>	<u><u>44,621</u></u>
Net assets per share (sen)		
calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u>46</u>	<u>47</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

SAND NISKO CAPITAL BERHAD (339810-A)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date (Unaudited) 30/06/2017 RM'000	Preceding Year Ended (Audited) 31/12/2016 RM'000
Cash Flows From Operating Activities		
(Loss)/profit before taxation	(587)	432
Adjustments for:-		
Depreciation	779	1,616
Inventories written-off	-	700
Unrealised loss on foreign exchange	-	51
Interest income	(85)	(3)
Operating profit before working capital changes	107	2,796
Inventories	(408)	187
Receivables	1,668	(938)
Payables	(1,958)	(1,621)
Amount owing to a director	3,520	-
Cash generated from operations	2,929	424
Net interest received	85	3
Net cash generated from operating activities	3,014	427
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(11)	(125)
Net cash used in investing activities	(11)	(125)
Net increase in cash & cash equivalents	3,003	302
Cash & cash equivalents brought forward	848	499
Effect of changes in exchange rates	-	47
Cash & cash equivalents carried forward	3,851	848
*Cash & cash equivalents carried forward are represented by:-		
Cash and bank balances	269	808
Fixed deposit	3,582	40
	3,851	848

(The Condensed Consolidated Statement of Cash Flows for the financial quarter ended 30 June 2017 should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

SAND NISKO CAPITAL BERHAD (339810-A)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total equity RM'000
6 months ended					
30 June 2017					
As at 1 January 2017 (audited)	6,600	1,516	16,758	6,075	30,949
Loss for the period	-	-	-	(587)	(587)
As at 30 June 2017 (unaudited)	<u>6,600</u>	<u>1,516</u>	<u>16,758</u>	<u>5,488</u>	<u>30,362</u>
12 months ended					
31 December 2016					
As at 1 January 2016 (audited)	6,600	1,516	17,299	4,966	30,381
Profit for the financial year	-	-	-	580	580
Realisation of revaluation surplus upon depreciation	-	-	(529)	529	-
Effect of changes in tax rate on revaluation reserve	-	-	(12)	-	(12)
As at 31 December 2016 (audited)	<u>6,600</u>	<u>1,516</u>	<u>16,758</u>	<u>6,075</u>	<u>30,949</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

EXPLANATORY NOTES - SECOND QUARTER ENDED 30 JUNE 2017

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 31 December 2016 and the attached explanatory notes. The explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position a performance of the Group for the financial quarter ended 30 June 2017

2. Changes in accounting policies

During the financial quarter, 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.

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS 2014-2016 cycle	
- Amendments to MFRS 12	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 <u>beginning on or after</u>
Annual Improvements to MFRS 2014-2016 cycle		
- Amendments to MFRS 1	First-time adoption of MFRSs	1-Jan-18
- Amendments to MFRS 128	Investments in Associates and Joint Ventures	1-Jan-18
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1-Jan-18
MFRS 15	Revenue from Contracts with Customers, and Clarifications to MFRS 15	1-Jan-18
Amendments to MFRS 2	Classification and measurement of share-based payment transactions	1-Jan-18
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance contract	1-Jan-18*
MFRS 16	Leases	1-Jan-19
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 140	Transfer of investment Property	1-Jan-18
IC Interpretation 22	Foreign currency transactions and advance consideration	1-Jan-18

* Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS9 until that earlier of the application of the fourthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

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EXPLANATORY NOTES - CONTINUED

3. Qualification of Preceding Annual Financial Statements

The auditors' report of the preceding financial year was not subject to any qualification

4. Seasonal or Cyclical Factors

The Group's manufacturing & trading business is not affected by seasonal or cyclical factors.

5. Nature, Size or Incidence of Unusual Items

There were no unusual items in the current financial quarter under review.

6. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial quarter.

7. Issues, Repurchase and Repayment of Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities share-buy-back, share cancellation, share held as treasury shares and resale of treasury shares, for the current financial quarter under review.

8. Dividend Paid

No dividends were paid during the current quarter under review.

9. Segmental Information

Segment information was 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 results of the Group for the current quarter ended 30 June 2017 were as follows:-

30 June 2017 (unaudited)

Business Segments	Investment holding RM'000	Furniture Manufacturing & trading RM'000	Timbers & logs trading RM'000	Adjustment & Elimination RM'000	Consolidated RM'000
Revenue					
External sales					
- overseas	-	5,477	-	-	5,477
- local	-	356	-	-	356
Inter-segment	-	94	-	(94)	-
	-	5,927	-	(94)	5,833
Results	(85)	(412)	(115)	-	(612)
Finance cost					-
Loss before taxation					(612)
Taxation					-
Net loss for the period					(612)

30 June 2016 (unaudited)

Revenue					
External sales					
- overseas	-	10,255	-	-	10,255
- local	-	846	3,356	-	4,202
Inter-segment	-	73	-	(73)	-
	-	11,174	3,356	(73)	14,457
Results	(79)	161	39	-	121
Finance cost					-
Profit before taxation					121
Taxation					-
Net profit for the period					121

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EXPLANATORY NOTES - CONTINUED

10. Valuations of Property, Plant and Equipment

Valuations of property, plant and equipment have been brought forward without amendments from the financial statements for the financial year ended 31 December 2016.

11. Trade receivables

Aging analysis of financial assets:

	<u>Individual Quarter</u>	
	As at 30 June 2017 (Unaudited) RM'000	As at 30 June 2016 (Unaudited) RM'000
Up to 60 days	1,967	3,022
> 61 to 90 days	30	160
> 91 to 120 days	31	200
> 120 days	1,056	2,023
Total amount	<u>3,084</u>	<u>5,405</u>

12. Subsequent Events

There were no material events subsequent to the end of the current financial quarter under review to the date of this announcement.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group in the current financial quarter under review.

14. Contingent Liabilities or Contingent Assets

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

15. Review of Performance

	<u>Individual Quarter</u>		Changes Increase/(decrease) RM'000
	Current Year Quarter (Unaudited) 30/06/2017 RM'000	Preceding Year Corresponding Quarter (Unaudited) 30/06/2016 RM'000	
Revenue	5,833	14,457	(8,624)
(Loss)/profit before taxation	(612)	121	(733)

Revenue for the current quarter decreased to RM 5.833 million from RM 14.457 million in the previous year's corresponding quarter. The group registered a loss before taxation of RM 0.612 million in the current quarter compared to a profit of RM 0.121 million in the previous year's corresponding quarter.

16. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>		Changes Increase/(decrease) RM'000
	Current Year Quarter (Unaudited) 30/06/2017 RM'000	Immediate Preceding Quarter (Unaudited) 31/03/2017 RM'000	
Revenue	5,833	6,825	(992)
(Loss)/profit before taxation	(612)	25	(637)

For the current quarter, the Group's revenue decreased to RM 5.833 million as compared to RM 6.825 million in the preceding quarter due to lower volume of sales and higher costs of manufactured and trading furnitures. The Group registered a loss of RM 0.612 million as compared to a profit of RM 0.025 million in the preceding quarter.

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EXPLANATORY NOTES - CONTINUED

17. Current Year Prospects

The Group acknowledged the uncertainty of current worldwide market condition of the furniture industry and the economic impact towards the industry. The management had made concerted effort to reduce the production cost and securing overseas orders with higher gross profit margins.

18. Profit Forecast

There was no profit forecast issued for the current financial quarter under review.

19. Taxation

There was no income tax estimated for the current financial quarter ended 30 June 2017.

20. Sale of Investments and/or Properties

There was no sale of investments and/or properties for the current quarter ended 30 June 2017.

21. Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter ended 30 June 2017.

22. Corporate Proposals

There was no corporate proposal announced for the financial quarter under review.

23. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk as at 30 June 2017.

24. Material Litigations

(A) Per Announcement to Bursa Malaysia Securities Berhad dated 27.7.2017

- (i) The Company had on the 18th of July 2017 received a Notice Pursuant To Section 465(1)(E) read together with Section 466(1)(A) of the Companies Act 2016 ("The Notice") dated 13th of July 2017 from a firm of solicitors acting on behalf of Loh Siow Chan @ Loo Su Cheong ("LSC"). In the said Notice of Demand, LSC had demanded for a payment of RM85,210.50 a sum derived from a formula employed by virtue of a resolution the particulars of which are stated below.

SNC has twenty one (21) days from receipt of this Notice of Demand to settle the Claim, failing which winding up proceedings will be taken against SNC. The Company is seeking legal advice and will take all appropriate course of actions to resist the Claim including defending the Claim made against SNC in court.

- (ii) Details of circumstances leading to receipt of the Notice

The Claim originated from a letter of undertaking dated 7-1-2004 and the Director's Circular Resolution that was passed on the 7-1-2004, in which it would seem that the previous Board of Directors might have agreed and undertook to settle the outstanding sum of RM4,652,951.22 to LSC using the following formula of 15% of the net profit after taxation of each financial year until the outstanding sum due and owing to LSC is fully settled. For the financial year ended 31st December 2016, SNC had declared a net profit of RM568,070.00. Hence, SNC received the Notice Pursuant To Section 465(1)(E) read together with Section 466(1)(A) of the Companies Act 2016 from LSC.

SNC has taken a stand to dispute the said debt of RM4,652,951.22 and is awaiting the relevant authorities to conduct and complete their investigation.

- (iii) Financial and operational impact of the Notice on the Group

The Notice is not expected to have any significant financial or operational impact on the SNC Group as the Group has adequate resources to meet this commitment without any difficulty.

- (iv) Expected losses, if any, arising from the Notice of Demand

In the event that SNC is not successful in its defence against the Claim made by LSC, the expected losses to SNC will comprise satisfaction of the Claim plus legal costs and interest.

- (v) Steps taken and proposed to be taken by SNC in respect of the Notice

The Company have sought for legal advice from their lawyers to defend this notice and the lawyers have advised that there is a greater chance of success to defending the said demand.

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EXPLANATORY NOTES - CONTINUED

24. Material Litigations (Continued)

(B) Per Announcement to Bursa Malaysia Securities Berhad dated 2.8.2017 - additional information

- (a) The relevant authority that is conducting the investigation of this matter is the Police who is still in the midst of conducting the investigation.
- (b) By virtue of a Director's Circular Resolution dated 7th of January 2004, it would seem that the previous management had agreed to pay LSC the alleged debt of RM5,952,951.00, using the formula of 15% of the net profit after tax of SNC for the financial year ended ("FYE") 31 December 2016 as reflected in the final audited Profit & Loss Accounts.

(c) Date	Description	Amount paid RM
7/1/2004	Director's Circular Resolution of the Alleged Debt by the Previous Management	5,952,951.00
7/1/2004	Repayment of Debt by the Previous Management	(1,300,000.00)
	Balance	4,652,951.00
7/8/2016	LSC requested for repayment based on the reported profit for FYE 2005 and the amount was paid by the previous management on the 19th September 2016	(77,196.00)
	Balance	4,575,755.00
2011	Judgment Sum of RM152,123.00 paid by the current Management.	(152,123.00)
2012	Pursuant to S.218 Notice by LSC that was disputed, the current management paid LSC.	(84,491.40)
	Balance	4,339,140.60

(d) Hence, LSC has made a claim of RM85,210.50 based on the reported profit of RM568,070.00

25. Dividend Proposed

No dividend was proposed for the current financial quarter under review.

26. Earnings per share

The basic earnings per share of the Group was calculated by dividing the net profit/(loss) for the period by 66,000,000 ordinary shares in issue.

27. Disclosure of Realised and Unrealised Retained Earnings

	Group (Unaudited) As at 30/06/2017 RM'000	Group (Audited) As at 31/12/2016 RM'000
Total retained earnings		
- Realised	154	690
- Unrealised	<u>(5,292)</u>	<u>(5,241)</u>
	(5,138)	(4,551)
Less : Consolidation adjustments	<u>10,626</u>	<u>10,626</u>
Total group retained earnings	<u><u>5,488</u></u>	<u><u>6,075</u></u>

28. (Loss)/profit for the period

	Individual Quarter Ended		Cummulative Quarter Ended	
	(Unaudited) 30/06/2017 RM'000	(Unaudited) 30/06/2016 RM'000	(Unaudited) 30/06/2017 RM'000	(Unaudited) 30/06/2016 RM'000
(Loss)/profit for the period was arrived at after charging/ (crediting) :				
Depreciation	371	509	779	817
Foreign exchange (gain)/loss				
- unrealised	-	(25)	-	(92)
- realised	66	-	62	-
Interest income	(34)	-	(85)	-