

SAND NISKO CAPITAL BERHAD (339810-A)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	<u>Current Year Quarter (Unaudited) 30/09/2017 RM'000</u>	<u>Preceding Year Corresponding Quarter (Audited) 30/09/2016 RM'000</u>	<u>Changes Increase/ (decrease) RM'000</u>	<u>Current Year To Date (Unaudited) 30/09/2017 RM'000</u>	<u>Preceding Year Corresponding Period (Audited) 30/09/2016 RM'000</u>	<u>Changes Increase/ (decrease) RM'000</u>
Revenue	6,714	13,969	(7,255)	19,372	35,818	(16,446)
Cost of sales	(6,566)	(12,981)	6,415	(18,358)	(32,608)	14,250
Gross profit	148	988	(840)	1,014	3,210	(2,196)
Other operating income	109	4	105	457	111	346
Operating expenses	(1,427)	(625)	(802)	(3,228)	(2,719)	(509)
(Loss)/profit from continuing operations	(1,170)	367	(1,537)	(1,757)	602	(2,359)
Finance cost	-	-	-	-	-	-
(Loss)/profit before taxation	(1,170)	367	(1,537)	(1,757)	602	(2,359)
Taxation expense	17	-	17	17	-	17
Net (loss)/profit for the period attributable to:						
- owners of the company	(1,153)	367	(1,520)	(1,740)	602	(2,342)
- non-controlling interests	-	-	-	-	-	-
Other Comprehensive Income, net of Tax	-	-	-	-	-	-
Total comprehensive (loss)/profit for the period attributable to:						
- owners of the company	(1,153)	367	(1,520)	(1,740)	602	(2,342)
- non-controlling interest	-	-	-	-	-	-
EPS - Basic (sen)	(1.75)	0.56	(2.64)	0.91		
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) 30/09/2017 RM'000	As At Preceding Financial Year End (Audited) 31/12/2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	33,427	34,382
	<u>33,427</u>	<u>34,382</u>
Current assets		
Inventories	3,571	2,655
Trade receivables	4,110	4,725
Other receivables, deposits & prepayments	2,178	2,011
Cash and bank balances	304	808
Fixed deposit	1,544	40
	<u>11,707</u>	<u>10,239</u>
Total Assets	<u><u>45,134</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	4,335	6,075
Total Equity	<u>29,209</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	2,774	1,875
Amount owing to a director	1,619	-
Other payables & accruals	6,238	6,485
Tax payables	2	20
	<u>10,633</u>	<u>8,380</u>
Total Liabilities	<u>15,925</u>	<u>13,672</u>
Total Equity and Liabilities	<u><u>45,134</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>44</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) 30/09/2017 RM'000	Preceding Year Period (Audited) 30/09/2016 RM'000
Cash Flows From Operating Activities		
(Loss)/profit before taxation	(1,757)	602
Adjustments for:-		
Depreciation	1,165	1,225
Inventories written-off	-	-
Unrealised loss on foreign exchange	-	43
Interest income	(93)	-
Operating profit before working capital changes	<u>(685)</u>	<u>1,870</u>
Inventories	(916)	1,066
Receivables	448	(4,067)
Payables	652	1,948
Amount owing to a director	<u>1,619</u>	<u>3,500</u>
Cash generated from operations	1,118	4,317
Taxation paid	(1)	-
Net interest received	<u>93</u>	<u>-</u>
Net cash generated from operating activities	<u>1,210</u>	<u>4,317</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	<u>(210)</u>	<u>(125)</u>
Net cash used in investing activities	<u>(210)</u>	<u>(125)</u>
Net increase in cash & cash equivalents	1,000	4,192
Cash & cash equivalents brought forward (1 Jan 2017/2016)	848	499
Cash & cash equivalents carried forward (30 Sept 2017/2016)	<u><u>1,848</u></u>	<u><u>4,691</u></u>
*Cash & cash equivalents carried forward are represented by:-		
Cash and bank balances	304	4,651
Fixed deposit	<u>1,544</u>	<u>40</u>
	<u><u>1,848</u></u>	<u><u>4,691</u></u>

(The Condensed Consolidated Statement of Cash Flows for the financial quarter ended 30 September 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 September 2017					
As at 1 January 2017 (audited)	6,600	1,516	16,758	6,075	30,949
Loss for the period	-	-	-	(1,740)	(1,740)
As at 30 September 2017 (unaudited)	<u>6,600</u>	<u>1,516</u>	<u>16,758</u>	<u>4,335</u>	<u>29,209</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 - THIRD QUARTER ENDED 30 SEPTEMBER 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 and performance of the Group for the financial quarter ended 30 September 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 as 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 Contracts	1-Jan-18*
MFRS 16	Leases	1-Jan-19
MFRS 17	Insurance Contracts	1-Jan-21
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	Transfers of investment Property	1-Jan-18
IC Interpretation 22	Foreign currency transactions and advance consideration	1-Jan-18
IC Interpretation 23	Uncertainty over income tax treatments	1-Jan-19

* 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.

SAND NISKO CAPITAL BERHAD (339810-A)**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 September 2017 were as follows:-

30 September 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	-	6,306	-	-	6,306
- local	-	408	-	-	408
Inter-segment	-	203	-	(203)	-
	-	6,917	-	(203)	6,714
Results	(158)	(791)	(221)	-	(1,170)
Finance cost					-
Loss before taxation					(1,170)
Taxation					17
Net loss for the period					(1,153)

30 September 2016 (Audited)

Revenue					
External sales					
- overseas	-	9,073	-	-	9,073
- local	-	1,044	3,852	-	4,896
Inter-segment	-	40	-	(40)	-
	-	10,157	3,852	(40)	13,969
Results	(17)	274	113	(3)	367
Finance cost					-
Profit before taxation					367
Taxation					-
Net profit for the period					367

SAND NISKO CAPITAL BERHAD (339810-A)

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 September 2017 (Unaudited) RM'000	As at 30 September 2016 (Audited) RM'000
Up to 60 days	2,004	3,564
> 61 to 90 days	6	302
> 91 to 120 days	-	-
> 120 days	2,100	1,563
Total amount	<u>4,110</u>	<u>5,429</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
	Current Year Quarter (Unaudited) 30/09/2017 RM'000	Preceding Year Corresponding Quarter (Audited) 30/09/2016 RM'000	Increase/(decrease) RM'000
Revenue	6,714	13,969	(7,255)
(Loss)/profit before taxation	(1,170)	367	(1,537)

Revenue for the current quarter decreased to RM 6.714 million from RM 13.969 million in the previous year's corresponding quarter due to decreased furniture manufacturing and trading, and nil timber and logs tradings in the current quarter under review (see note 9). The group registered a loss before taxation of RM 1.170 million in the current quarter compared to a profit of RM 0.367 million in the previous year's corresponding quarter.

16. Comparison with Immediate Preceding Quarter's Results

	<u>Individual Quarter</u>		Changes
	Current Year Quarter (Unaudited) 30/09/2017 RM'000	Immediate Preceding Quarter (Unaudited) 30/06/2017 RM'000	Increase/(decrease) RM'000
Revenue	6,714	5,833	881
Loss before taxation	(1,170)	(612)	(558)

For the current quarter, the Group's revenue increased to RM 6.714 million as compared to RM 5.833 million in the preceding quarter due to higher volume of sales but higher costs of manufactured and trading furnitures. The Group registered a loss of RM 1.170 million as compared to a loss of RM 0.612 million in the preceding quarter.

SAND NISKO CAPITAL BERHAD (339810-A)

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

	As at 30/9/2017 (Unaudited) RM'000	As at 30/9/2016 (Audited) RM'000
Income tax:		
Current provision	-	-
Under/(over) provision of tax in respect of previous years	(17)	-
	<u>(17)</u>	<u>-</u>

20. Sale of Investments and/or Properties

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

21. Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter ended 30 September 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 September 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
In light of the development of this matter, the lawyers have advised the Company that the better option to defend this matter is by way of impeaching the judgment instead of an injunction. As such, the Company had on a without prejudice basis and without admission of liability or quantum paid the amount of RM85,210.50 to LSC. The Company is now in the midst of contemplating filing a suit against LSC and in due time, after review by their solicitors, file an action to challenge the debt allegedly owed by the Company to LSC.
Further announcement on the development of the above matter will be made to Bursa Malaysia Securities Berhad in due course as and when there is a significant progress on this issue.

SAND NISKO CAPITAL BERHAD (339810-A)

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

	As at 30/09/2017 (Unaudited) RM'000	As at 31/12/2016 (Audited) RM'000
Total retained earnings		
- Realised	(999)	690
- Unrealised	(5,292)	(5,241)
	(6,291)	(4,551)
Less : Consolidation adjustments	10,626	10,626
Total group retained earnings	4,335	6,075

28. (Loss)/profit for the period

	Individual Quarter Ended		Cummulative Quarter Ended	
	(Unaudited) 30/09/2017 RM'000	(Audited) 30/09/2016 RM'000	(Unaudited) 30/09/2017 RM'000	(Audited) 30/09/2016 RM'000
(Loss)/profit for the period was arrived at after charging/ (crediting) :				
Depreciation	386	509	1,165	1,225
Foreign exchange (gain)/loss				
- unrealised	-	25	-	(92)
- realised	67	-	129	-
Impairment of inventory		700		
Interest income	(8)	-	(93)	-