

**SAND NISKO CAPITAL BERHAD (339810-A)**

Financial Year End : 31/12/2019  
 Quarter : Fourth Quarter

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	Current Year Quarter (Unaudited) 31/12/2019 RM'000	Preceding Year Corresponding Quarter (Audited) 31/12/2018 RM'000	Changes Increase/ (decrease) RM'000	Current Year To Date (Unaudited) 31/12/2019 RM'000	Preceding Year Corresponding Period (Audited) 31/12/2018 RM'000	Changes Increase/ (decrease) RM'000
<b>Continuing operations</b>						
Revenue	9,060	3,479	5,581	24,397	14,665	9,732
Cost of sales	(9,664)	(5,491)	(4,173)	(24,563)	(15,192)	(9,371)
Gross loss	(604)	(2,012)	1,408	(166)	(527)	361
Other operating income	256	538	(282)	2,713	1,275	1,438
Operating expenses	(1,052)	4	(1,056)	(3,980)	(3,765)	(215)
Loss before taxation	(1,400)	(1,470)	70	(1,433)	(3,017)	1,584
Taxation	43	160	(117)	43	160	(117)
Loss from continuing operations	(1,357)	(1,310)		(1,390)	(2,857)	
<b>Assets held for sale operations</b>						
Profit from assets held for sale	774	-	774	774	-	774
Net loss for the period attributable to:						
- owners of the company	(583)	(1,310)	727	(616)	(2,857)	2,241
- non-controlling interests	-	-	-	-	-	-
Other Comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive loss for the period attributable to:						
- owners of the company	(583)	(1,310)	727	(616)	(2,857)	2,241
- non-controlling interests	-	-	-	-	-	-
EPS - Basic (sen)	(0.88)	(1.98)		(0.93)	(4.33)	
EPS - Fully diluted (sen)	NA	NA		NA	NA	

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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

	<b>As At End Of Current Quarter (Unaudited) 31/12/2019 RM'000</b>	<b>As At Preceding Financial Year End (Audited) 31/12/2018 RM'000</b>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	12,089	10,812
Investment properties	-	19,300
	<u>12,089</u>	<u>30,112</u>
<b>Current Assets</b>		
Inventories	1,842	3,084
Contract assets	1,682	42
Trade receivables	8,480	1,674
Other receivables, deposits & prepayments	2,646	2,891
Cash and bank balances	2,348	505
	<u>16,998</u>	<u>8,196</u>
Assets held for sale	20,715	-
	<u>37,713</u>	<u>8,196</u>
<b>Total Assets</b>	<u><u>49,802</u></u>	<u><u>38,308</u></u>
<b>EQUITY</b>		
Share capital	8,116	8,116
Reserves	15,782	14,723
<b>Total Equity</b>	<u>23,898</u>	<u>22,839</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred taxation	1,874	4,482
	<u>1,874</u>	<u>4,482</u>
<b>Current Liabilities</b>		
Trade payables	7,020	3,197
Other payables & accruals	4,441	7,786
Tax payable	-	4
	<u>11,461</u>	<u>10,987</u>
Liabilities directly associated with assets classified as held for sale	12,569	-
	<u>24,030</u>	<u>10,987</u>
<b>Total Liabilities</b>	<u>25,904</u>	<u>15,469</u>
<b>Total Equity and Liabilities</b>	<u><u>49,802</u></u>	<u><u>38,308</u></u>
Net assets per share (sen) calculated based on issued and fully paid-up 66,000,000 ordinary shares	<u><u>36</u></u>	<u><u>35</u></u>

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements)

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

	<b>Current Year To Date (Unaudited) 31/12/2019 RM'000</b>	<b>Preceding Year Period (Audited) 31/12/2018 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(1,433)	(3,017)
Adjustments for:-		
Bad debts written-off	-	666
Impairment of		
- obsolete inventories	637	-
- plant and machineries	311	-
Interest income	(1)	(1)
Inventories written-off	-	379
Profit from operation of assets held for sale	215	-
Property, plant and equipment		
- depreciation	491	1,377
- gain on disposal	(48)	(255)
Provision for doubtful debts	300	-
Unrealised income on foreign exchange	-	(1)
Operating profit/(loss) before working capital changes	472	(852)
(Increase)/decrease in working capital		
Inventories	605	(313)
Contract assets	(1,640)	(42)
Receivables	(6,092)	(1,309)
Payables	8,467	2,415
Cash generated from/(used in) operations	1,812	(101)
Taxation - paid	(8)	(5)
Net interest received	1	1
<b>Net cash generated from/(used in) operating activities</b>	<b>1,805</b>	<b>(105)</b>
<b>Cash Flows From Investing Activities</b>		
Property, plant and equipment		
- purchase	(10)	(64)
- sales proceed	48	255
<b>Net cash generated from investing activities</b>	<b>38</b>	<b>191</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>1,843</b>	<b>86</b>
<b>Cash &amp; cash equivalents as at 1 January</b>	<b>505</b>	<b>419</b>
<b>Cash &amp; cash equivalents as at 31 December</b>	<b>2,348</b>	<b>505</b>
<b>*Cash &amp; cash equivalents as at 31 December are represented by:-</b>		
Cash and bank balances	2,348	505
	<u>2,348</u>	<u>505</u>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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

	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share capital RM'000	Revaluation reserves RM'000	Retained earnings RM'000	Total equity RM'000
<b>12 months ended</b>				
<b>31 December 2019</b>				
As at 1 January 2019 (audited)	8,116	14,192	531	22,839
Revaluation of property, plant and equipment	-	2,204	-	2,204
Loss for the financial year	-	-	(616)	(616)
Initial recognition of deferred taxation liabilities upon revaluation of property, plant and equipment	-	(529)	-	(529)
Realisation of revaluation surplus upon depreciation	-	(137)	137	-
As at 31 December 2019 (unaudited)	<u>8,116</u>	<u>15,730</u>	<u>52</u>	<u>23,898</u>
<b>12 months ended</b>				
<b>31 December 2018</b>				
As at 1 January 2018 (audited)	8,116	16,230	2,860	27,206
Loss for the financial year	-	-	(2,857)	(2,857)
Reversal of revaluation due to reclassification of property, plant and equipment to investment properties	-	(1,510)	-	(1,510)
Realisation of revaluation surplus upon depreciation	-	(528)	528	-
As at 31 December 2018 (audited)	<u>8,116</u>	<u>14,192</u>	<u>531</u>	<u>22,839</u>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

**EXPLANATORY NOTES - FOURTH QUARTER ENDED 31 DECEMBER 2019**

**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 unaudited financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 31 December 2019.

**2. Changes in accounting policies**

As in the previous financial quarter, the Group and the Company have adopted the new MFRS and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

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.

<b>MFRSs</b>		<b>Effective date for the financial periods beginning on or after</b>
Amendments to MFRS 3	Definition of a Business	01-Jan-20
Amendments to MFRS 101	Definition of material	01-Jan-20
Amendments to MFRS 108	Definition of material	01-Jan-20
MFRS 17	Insurance Contracts	01-Jan-21
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**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 operations are 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 material 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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial quarter under review.

**8. Dividend Paid**

No dividends were paid during the current financial quarter under review.

**SAND NISKO CAPITAL BERHAD (339810-A)**

**EXPLANATORY NOTES - CONTINUED**

**9. Segmental Information**

Segment information was provided based on four (4) major segments, i.e. investment holding, furniture manufacturing and trading, timbers and logs trading and construction. Business segments in revenue and results of the Group for the current quarter ended 31 December 2019 were as follows:-

**Quarter ended 31 December 2019 (Unaudited)**

Business Segments

	Investment holding RM'000	Furniture Manufacturing & trading RM'000	Timbers, logs & trading RM'000	Construction RM'000	Adjustment & Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales						
- overseas	-	1,587	-	-	-	1,587
- local	-	20	-	7,453	-	7,473
Inter-segment	84	-	-	-	(84)	-
	<u>84</u>	<u>1,607</u>	<u>-</u>	<u>7,453</u>	<u>(84)</u>	<u>9,060</u>
Results	(176)	(1,130)	-	(94)	-	(1,400)
Finance cost						-
Loss before taxation						(1,400)
Taxation						43
Loss from continuing operations						(1,357)
Profit from assets held for sale						774
Net loss for the period						<u>(583)</u>

**Quarter ended 31 December 2018 (Audited)**

<b>Revenue</b>						
External sales						
- overseas	-	2,846	-	-	-	2,846
- local	-	373	(105)	365	-	633
Inter-segment	-	-	-	-	-	-
	<u>-</u>	<u>3,219</u>	<u>(105)</u>	<u>365</u>	<u>-</u>	<u>3,479</u>
Results	(114)	(984)	(428)	56	-	(1,470)
Finance cost						-
Loss before taxation						(1,470)
Taxation						160
Net loss for the period						<u>(1,310)</u>

**10. Valuations of Property, Plant and Equipment (PPE)**

Property, plant and equipment (PPE) brought forward from the financial statements for the financial year ended 31 December 2018, were revalued upwards by RM 2.204m to RM11m, based on professional valuations done by licensed professional property valuers on 16 January 2020.

**11. Trade receivables**

Aging analysis of financial assets:

	<b>Individual Quarter</b>	
	<b>As at 31 December 2019 (Unaudited) RM'000</b>	<b>As at 31 December 2018 (Audited) RM'000</b>
Up to 60 days	3,417	889
> 61 to 90 days	579	670
> 91 to 120 days	2,731	-
> 120 days	1,753	115
Total amount	<u>8,480</u>	<u>1,674</u>

Increased trade receivables is in line with increased revenue from construction.

**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.

**SAND NISKO CAPITAL BERHAD (339810-A)**

**EXPLANATORY NOTES - CONTINUED**

**15. Review of Performance**

	<u>Individual Quarter</u>		Changes Increase/(decrease) RM'000
	Current Year Quarter (Unaudited) 31/12/2019 RM'000	Preceding Year Corresponding Quarter (Unaudited) 31/12/2018 RM'000	
Revenue	9,060	3,479	5,581
Loss before taxation	(1,400)	(1,470)	70

Revenue for the current financial quarter increased to RM 9.060 million from RM 3.479 million in the previous year's corresponding quarter was mainly due to revenue from construction segment.

The Group registered a loss before taxation of RM 1.400 million in the current financial quarter as compared to a loss of RM 1.470 million in the previous year's corresponding financial quarter due to increase of other operating income.

**16. Comparison with Immediate Preceding Quarter's Results**

	<u>Individual Quarter</u>		Changes Increase/(decrease) RM'000
	Current Year Quarter (Unaudited) 31/12/2019 RM'000	Immediate Preceding Quarter (Unaudited) 30/09/2019 RM'000	
Revenue	9,060	5,890	3,170
Loss before taxation	(1,400)	(48)	(1,352)

For the current financial quarter, the Group's revenue was RM 9.060 million compared to RM 5.890 million in the immediate preceding financial quarter due to increased in revenue from construction segment.

The Group registered a loss before taxation of RM 1.400 million compared to a loss before taxation of RM 0.048 million in the immediate preceding financial quarter.

**17. Current Year Prospects**

The Group acknowledged the uncertainty of current economic and market conditions of the furniture and construction industries. The management had continued to make concerted effort to control construction costs and to secure overseas furniture orders with higher gross profit margins.

**18. Profit Forecast**

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

**19. Taxation**

	Current Year To Date (Unaudited) 31/12/2019 RM'000	Preceding Year Corresponding Period (Audited) 31/12/2018 RM'000
Income tax:		
Current provision	-	6
Over provision of tax in respect of previous years	-	1
	-	7
Deferred tax		
Reversal of deferred taxation	(43)	(167)
	<u>(43)</u>	<u>(160)</u>

**20. Investments and/or Properties**

There was no sale or purchase of investments and/or properties for the current financial quarter ended 31 December 2019.

**21. Quoted Securities**

There was no purchase or disposal of quoted securities for the current financial quarter ended 31 December 2019.

**EXPLANATORY NOTES - CONTINUED****22. Corporate Proposals**

- (a) On 21.02.2020, the Company announced that the circular pertaining to the following multiple corporate proposals, approved by the Bursa Malaysia Securities Bhd on 07.02.2020 were circulated to the shareholders on 21.02.2020:
- (i) Proposed Disposal of a wholly-owned subsidiary, Len Cheong Furniture Sdn Bhd, to DPS Realty Sdn Bhd (DPSR) for a total cash consideration of RM10 million;
  - (ii) Proposed Private Placement of up to 13,200,000 new ordinary shares in the Company, representing up to 20% of the issued share capital of the Company to independent third party investor(s) to be identified later;
  - (iii) Proposed Special Issue of 6,600,000 new ordinary shares in the Company, representing up to 10% of the issued share capital of the Company to Dato' Seri (Dr) Sow Chin Chuan, JP; and
  - (iv) Proposed establishment of an Employee Share Option Scheme involving up to 15% of the enlarged issued share capital of the Company (after (ii) and (iii) above) to eligible directors and employees of the Company and its subsidiaries.
- (b) On 21.2.2020, the Company announced that the circular pertaining to the following proposals, approved by the Bursa Malaysia Securities Bhd on 11.2.2020, were circulated to the shareholders on 21.02.2020:
- (i) Proposed Joint Venture ("Proposed JV") between Len Cheong Resources Sdn. Bhd. ("LCR" or "Developer"), a wholly - owned subsidiary of the Company and Goldpeace Corporation Sdn. Bhd. ("GCSB" or "Landowner") to jointly develop a parcel of freehold land known as Lot No. 5205 (formerly known as Lot No. 1409) held in Mukim Bukit Lintang, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah held under Title No. GMM2700 (formerly known as GMM 651) owned by GCSB, and
  - (ii) Proposed Diversification of the existing business of the Company and its subsidiaries ("SNCB Group" or "Group") to include property development, construction and property investment.

**23. Off Balance Sheet Financial Instruments**

The Group did not have any financial instruments with off balance sheet risk as at 31 December 2019.

**24. Material Litigations**

The Group was not engaged in any litigation or arbitration, either as plaintiff or defendant, which had material effect on the financial position of the Company or its subsidiary companies and the Board did 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, except as already disclosed in the previous quarterly reports.

**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 for the period by 66,000,000 ordinary shares in issue.

**27. Share capital**

	Number of shares 2019 (Unaudited) '000 Units	2018 (Audited) '000 Units	As at 31/12/2019 (Unaudited) RM'000	As at 31/12/2018 (Audited) RM'000
Issued and fully paid ordinary shares	66,000	66,000	8,116	8,116

**28. Loss for the period**

	Individual Quarter Ended		Cummulative Quarter Ended	
	(Unaudited) 31/12/2019 RM'000	(Audited) 31/12/2018 RM'000	(Unaudited) 31/12/2019 RM'000	(Audited) 31/12/2018 RM'000
<b>Loss for the period was arrived at after charging/ (crediting) :</b>				
Bad debts written-off	-	222	-	666
Foreign exchange loss/(income)				
- realised	27	90	28	30
- unrealised	-	(91)	-	(1)
Impairment of				
- obsolete inventories	637	-	637	-
- plant and machineries	311	-	311	-
Inventories written-off	-	129	-	379
Interest income	-	-	(1)	(1)
Property, plant and equipment				
- depreciation	114	356	491	1,377
- (gain)/loss on disposal	-	43	(48)	(255)
Provision for doubtful debts	300	-	300	-
Rental				
- income	(64)	(406)	(630)	(748)
- expense	-	567	20	612



**EXPLANATORY NOTES - CONTINUED****29. ASSETS HELD FOR SALE**

The assets held for sale and liabilities directly associated with assets held for sale are as follows:

	Current Year To Date (Unaudited) 31/12/2019 RM'000	Preceding Year Corresponding Period (Audited) 31/12/2018 RM'000
<b>Assets classified as held for sale:</b>		
Investment property	19,870	-
Property, plant and equipment	124	-
Trade and other receivables	720	-
Tax recoverable	1	-
	<u>20,715</u>	<u>-</u>
<b>Liabilities directly associated with assets classified as held for sale:</b>		
Trade and other payables	7,989	-
Deferred taxation	3,094	-
Amount due to holding company	79	-
Amount due to related company	1,407	-
	<u>12,569</u>	<u>-</u>

The results of the assets held for sale operations are as follows:

Revenue	285	-
Cost of sales	(310)	-
Gross loss	(25)	-
Operating expenses	(228)	-
Other operating income	457	-
Profit from operations	204	-
Fair value gain on investment properties	570	-
Profit before tax	774	-
Taxation	-	-
Profit from assets held for sale operations	<u>774</u>	<u>-</u>