

LIEN HOE CORPORATION BERHAD
(Company No. 8507-X)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	Todate	Period
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	19,751	12,936	19,751	12,936
Cost of sales	(12,196)	(5,530)	(12,196)	(5,530)
Gross profit	7,555	7,406	7,555	7,406
Operating and administration expenses	(10,092)	(7,554)	(10,092)	(7,554)
Finance cost	(751)	(926)	(751)	(926)
Share of result of associate	(2)	(292)	(2)	(292)
Loss before tax	(3,290)	(1,366)	(3,290)	(1,366)
Tax	(271)	(187)	(271)	(187)
Loss net of tax, representing total comprehensive loss for the period	(3,561)	(1,553)	(3,561)	(1,553)
Total comprehensive loss attributable to owners of the parent	(3,561)	(1,553)	(3,561)	(1,553)
Earnings per share attributable to owners of the parent (sen)				
- basic and fully diluted	(1.04)	(0.43)	(1.04)	(0.43)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements)

for the year ended 31 December 2010)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31.3.2011 RM'000	(Audited) As At Preceding Financial Year End 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	181,767	179,261
Investment property	6,596	6,596
Investment in associates	231	233
Goodwill on consolidation	8,979	8,979
Other receivables	1,063	1,063
	<u>198,636</u>	<u>196,132</u>
Current Assets		
Inventories	14,568	14,476
Amount due from customers for contract work	2,328	464
Receivables	29,043	23,848
Other investments	9,404	9,743
Tax recoverable	1,940	1,995
Fixed deposits	4,764	7,462
Cash and bank balances	3,351	5,272
	<u>65,398</u>	<u>63,260</u>
TOTAL ASSETS	<u>264,034</u>	<u>259,392</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(186,500)	(182,939)
Total equity	<u>175,242</u>	<u>178,803</u>
Non-Current Liabilities		
Deferred tax liabilities	11,241	11,265
Borrowings	25,904	19,197
Payables	5,874	6,169
	<u>43,019</u>	<u>36,631</u>
Current Liabilities		
Borrowings	14,441	14,441
Bank overdraft	1,145	1,210
Payables	26,153	25,846
Amount due to customers for contract work	1,554	61
Tax payable	2,480	2,400
	<u>45,773</u>	<u>43,958</u>
Total liabilities	<u>88,792</u>	<u>80,589</u>
TOTAL EQUITY AND LIABILITIES	<u>264,034</u>	<u>259,392</u>
Net assets per share (sen)	51	52

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 31.3.2011 RM'000	Preceding Year Corresponding Period 31.3.2010 RM'000
Operating activities		
Loss before tax	(3,290)	(1,366)
Adjustments for :-		
Non-cash items	1,495	1,590
Non-operating items	715	926
Profit before working capital changes	(1,080)	1,150
Changes in working capital		
Net change in current assets	(5,657)	(3,787)
Net change in current liabilities	283	(3,486)
Taxes paid	(160)	(324)
Net cash (used in)/generated from operating activities	(6,614)	(6,447)
Investing activities		
Purchase of property plant and equipment	(3,956)	(371)
Proceeds from disposal of property plant and equipment	-	42
Proceeds from disposal of a subsidiary	-	17,962
Interest received	36	35
Net cash generated from/(used in) investing activities	(3,920)	17,668
Financing activities		
Drawdown of term loan	7,000	-
Repayment of hire purchase payables	(293)	(117)
Interest paid	(727)	(906)
Net cash used in financing activities	5,980	(1,023)
Net change in cash and cash equivalents	(4,554)	10,198
Cash and cash equivalents at beginning of period	11,024	11,807
Cash and cash equivalents at end of period	6,470	22,005
Cash and cash equivalents comprise :-		
Cash and bank balances	3,351	17,339
Fixed deposits	4,764	6,424
	8,115	23,763
Less : Bank overdraft	(1,145)	(1,258)
: Fixed deposits pledged	(500)	(500)
	6,470	22,005

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the

year ended 31 December 2010)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the parent ----->				
	Share capital	Non - distributable reserves	Distributable reserves	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	361,742	51,076	21,455	(251,012)	183,261
Total comprehensive loss for the period	-	-	-	(1,553)	(1,553)
At 31 March 2010	361,742	51,076	21,455	(252,565)	181,708
At 1 January 2011	361,742	45,508	21,455	(249,902)	178,803
Total comprehensive loss for the period	-	-	-	(3,561)	(3,561)
At 31 March 2011	361,742	45,508	21,455	(253,463)	175,242

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

NOTES TO THE INTERIM FINANCIAL REPORT

1.) **Basis of Preparation and Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 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 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

The significant accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new Financial Reporting Standards ('FRSs'), Amendments to FRSs and Interpretations with effect from 1 January 2011:

Amendments to FRS 132 *Classification of Rights Issue*

FRS 1 *First Time Adoption of Financial Reporting Standards*

FRS 3 *Business Combinations (revised)*

Amendments to FRS 2 *Share-based Payment*

Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Amendments to FRS 127 *Consolidated and Separate Financial Statements*

Amendments to FRS 138 *Intangible Assets*

Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*

IC Interpretation 12 *Service Concession Arrangements*

IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17 *Distributions of Non-cash Assets to Owners*

Amendments to FRS 1 *Limited Exemption from Comparatives* FRS 7 *Disclosures for First-Time Adopters*

Amendments to FRS 7 *Improving Disclosures about Financial Instruments*

Amendments to FRS 2 *Share-based Payments - Group Cash Settled Share-based Payment Transactions*

IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*

IC Interpretation 18 *Transfers of Assets from Customers*

The adoption of the above pronouncements does not have significant impact on the financial position and results of the Group in the current quarter.

2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2010 was not qualified.

3.) **Seasonal or Cyclical Factors**

The Group's operations were not significantly affected by any seasonal or cyclical factors.

4.) **Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

In the current quarter, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

5.) **Material Changes In Estimates Used**

There were no material changes in the estimates used for the preparation of the interim financial statements.

6.) **Debts and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter.

7.) **Dividends Paid**

There were no payment of dividends in the current quarter.

8.) **Segment Information**

Segment information is presented in respect of the Group's operating segments.

	Property RM'000	Construction RM'000	Hotel and leisure RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
Revenue						
External customers	909	12,492	6,350	-	-	19,751
Inter-segment	-	-	-	510	(510)	-
Total revenue	909	12,492	6,350	510	(510)	19,751
Result						
Segment results	267	547	(233)	(2,644)	(510)	(2,573)
Share of result of associate				(2)		(2)
Finance cost						(751)
Interest income						36
Loss before tax						(3,290)
Tax						(271)
Loss after tax						(3,561)

9.) **Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment have been brought forward without amendment from the previous audited financial statements except for the net carrying amount where depreciation has been provided for in the current period. Any additions to property, plant and equipment are carried at cost less depreciation charges for the current year to date.

10.) **Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the interim period to the date of this announcement.

11.) **Changes in the Composition of the Group**

In the current quarter there were no changes in the composition of the Group.

12.) **Changes in Contingent Liabilities / Assets**

There were no changes in contingent liabilities/assets since the preceding financial year ended 31 December 2010.

13.) **Capital Commitments**

There were no significant capital commitments as at the end of the current quarter.

14.) **Significant Related Party Transactions**

The Group has no significant related party transactions in the current quarter.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

I.) **Review of Performance**

The Group generated revenue of RM19.7 million in the current quarter from building construction, hotel and leisure operations and property investment. Compared to RM12.9 million revenue in the corresponding quarter of 2010, the increase in revenue was due to higher progress billing from two major construction jobs while the hotel operation continued to show strong growth in occupancy rate during the period.

Despite the higher revenue, the Group posted a higher loss of RM3.3 million this quarter as compared to a loss of RM1.4 million in the corresponding quarter of 2010. The higher loss was largely due to the absence of gain from the sale of land and fair value loss on investment in quoted shares in the current quarter.

II.) **Review of Current Quarter's Results Against Immediate Preceding Quarter**

The increase in revenue to RM19.7 million recorded in this quarter as compared with RM17.9 million in the preceding quarter is mainly attributable to revenue from new construction projects which has commenced work in the current quarter.

In the current quarter the Group recorded a loss of RM3.3 million compared to a profit of RM1.1 million in the preceding quarter due mainly to the absence of other income arising from the forfeiture of performance security fund by a subsidiary.

III.) **Prospects**

The Directors are of the opinion that the outlook for the Group in the financial year 2011 remains positive given that the construction business unit has added more new jobs to its order book which now stands at more than RM130 million. Likewise the Group's hotel and leisure segment is also set to contribute positively to the Group's results after the completion of the refurbishment of the banqueting facilities and upgrading of the golf course and clubhouse in the current quarter. Furthermore, the Group is expecting to obtain the approval for the development order for a residential development in Johor Bahru in this financial year.

IV.) **Profit Forecast or Profit Guarantee**

Not applicable as the Group did not publish any profit forecast or profit guarantee.

V.) **Taxation**

	Current Year Quarter 31.3.2011 RM'000	Cumulative Period Todate 31.3.2011 RM'000
Income tax	(295)	(295)
Deferred tax	24	24
	<u>(271)</u>	<u>(271)</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes and losses incurred by certain companies cannot be totally set-off against taxable profits made by other companies within the Group.

VI.) **Profit/Loss on Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investments and/or properties in the current quarter.

VII.) **Quoted Securities**

(a) In the current quarter, there were no purchase or sale of quoted securities.

(b) The total investment in quoted securities as at 31 March 2011 were:-

	RM'000
At cost	9,756
At book/market value	<u>9,404</u>

VIII.) Status of Corporate Proposals Announced but Not Completed

There are no outstanding corporate proposals announced but not completed as at the date of this announcement.

IX.) Group Borrowings/Debt Securities

Group borrowings/debt securities as at 31 March 2011 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	1,145	-
- bankers' acceptances	2,179	-
- term loans	11,000	24,287
- hire purchase	1,262	1,617
	<u>15,586</u>	<u>25,904</u>

X.) Disclosure of Derivatives

There are no derivatives as at the date of this announcement.

XI.) Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities in the current quarter.

XII.) Realised and Unrealised Profits/(Losses)

	As At End Of Current Quarter 31.3.2011 RM'000	As At Preceding Financial Year End 31.12.2010 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(521,382)	(517,620)
- Unrealised losses	<u>(4,091)</u>	<u>(4,091)</u>
	(525,473)	(521,711)
Total share of retained (loss)/profit from associate - realised	<u>(1)</u>	<u>1</u>
	(525,474)	(521,710)
Less: Consolidation adjustments	<u>272,011</u>	<u>271,808</u>
	<u>(253,463)</u>	<u>(249,902)</u>

XIII.) Material Litigation

Since the preceding financial year ended 31 December 2010, there is no change in material litigation as at the date of this announcement.

XIV.) Dividends

The Board of Directors did not recommend or paid any dividend for the current quarter.

XV.) Earnings Per Share

The calculation of earnings per share is based on loss attributable to owners of the parent and the weighted average number of shares

in issue during the period of 342,946,000 (2010 : 361,742,000)

