

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Year</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>Todate</b>	<b>Period</b>
	<b>31.3.2013</b>	<b>31.3.2012</b>	<b>31.3.2013</b>	<b>31.3.2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	39,160	26,882	39,160	26,882
Cost of sales	(28,253)	(17,573)	(28,253)	(17,573)
Gross profit	10,907	9,309	10,907	9,309
Other income	36	213	36	213
Operating and administration expenses	(8,851)	(10,861)	(8,851)	(10,861)
Profit/(loss) from operations	2,092	(1,339)	2,092	(1,339)
Finance cost	(1,306)	(995)	(1,306)	(995)
Share of result of an associate	-	-	-	-
Profit/(Loss) before tax	786	(2,334)	786	(2,334)
Income tax expense	(675)	(540)	(675)	(540)
Profit/(Loss) net of tax, representing total comprehensive income for the period	111	(2,874)	111	(2,874)
Total comprehensive income attributable to owners of the parent	111	(2,874)	111	(2,874)
Earnings/(Loss) per share attributable to owners of the parent (sen)				
- basic and fully diluted	0.03	(0.84)	0.03	(0.84)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At End Of Current Quarter 31.3.2013 RM'000	(Audited) As At Preceding Financial Year End 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	181,901	182,982
Development expenditure	10,866	8,536
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	80,288	80,288
	<u>283,034</u>	<u>281,785</u>
Current Assets		
Inventories	10,280	10,367
Amount due from customers for contract work	5,006	3,614
Receivables	54,677	61,695
Tax recoverable	547	1,213
Fixed deposits	3,829	3,829
Cash and bank balances	3,592	6,578
	<u>77,931</u>	<u>87,296</u>
TOTAL ASSETS	<u>360,965</u>	<u>369,081</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(96,672)	(96,783)
Total equity	<u>265,070</u>	<u>264,959</u>
Non-Current Liabilities		
Deferred tax liabilities	10,821	10,846
Borrowings	48,268	48,218
	<u>59,089</u>	<u>59,064</u>
Current Liabilities		
Borrowings	9,712	6,865
Bank overdraft	788	859
Payables	22,434	26,978
Amount due to customers for contract work	2,863	9,347
Tax payable	1,009	1,009
	<u>36,806</u>	<u>45,058</u>
Total liabilities	95,895	104,122
TOTAL EQUITY AND LIABILITIES	<u>360,965</u>	<u>369,081</u>
Net assets per share (sen)	77	77

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 31.3.2013 RM'000	Preceding Year Corresponding Period 31.3.2012 RM'000
Operating activities		
Profit/(Loss) before tax	786	(2,334)
Adjustments for :-		
Non-cash items	1,685	1,538
Non-operating items	1,298	982
Operating cash flows before changes in working capital	3,769	186
Development expenditure	(2,330)	-
Inventories	87	(41)
Receivables	5,626	(3,588)
Payables	(11,011)	(1,577)
Income taxes paid	(34)	(629)
Net cash flows used in operating activities	(3,893)	(5,649)
Investing activities		
Purchase of property plant and equipment	(354)	(1,413)
Interest received	8	13
Net cash flows used in investing activities	(346)	(1,400)
Financing activities		
Net drawdown of term loan	1,454	4,988
Drawdown of bankers' acceptance	1,347	-
Net repayment of hire purchase payables	(154)	(126)
Interest paid	(1,323)	(998)
Net cash flows from financing activities	1,324	3,864
Net decrease in cash and cash equivalents	(2,915)	(3,185)
Cash and cash equivalents at beginning of period	9,048	4,883
Cash and cash equivalents at end of period	6,133	1,698
Cash and cash equivalents comprise :-		
Cash and bank balances	3,592	1,980
Fixed deposits	3,829	1,192
	7,421	3,172
Less : Bank overdraft	(788)	(974)
: Fixed deposits pledged	(500)	(500)
	6,133	1,698

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

#### 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 2012	361,742	45,490	21,455	(257,997)	170,690
Total comprehensive income for the period	-	-	-	(2,874)	(2,874)
At 31 March 2012	361,742	45,490	21,455	(260,871)	167,816
At 1 January 2013	361,742	45,488	21,455	(163,726)	264,959
Total comprehensive income for the period	-	-	-	111	111
At 31 March 2013	361,742	45,488	21,455	(163,615)	265,070

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

## 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 2012. 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 2012.

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 2012 except for the adoption of the following:

Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*

Amendments to FRS 1 *Government Loans*

Amendments to FRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangement and Disclosures of Interests in*

*Other Entities: Transition Guidance*

FRS 10 *Consolidated Financial Statements*

FRS 11 *Joint Arrangements*

FRS 12 *Disclosures of Interests in Other Entities*

FRS 13 *Fair Value Measurement*

FRS 119 (2011) *Employee Benefits*

FRS 127 (2011) *Separate Financial Statements*

FRS 128 (2011) *Investments in Associates and Joint Ventures*

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Improvements to FRSs (2012)

The adoption of the above revised FRSs, IC Interpretations and Amendments do not have any significant financial impact on the Group in the current quarter.

On 19 November 2011, Malaysian Accounting Standards Board ('MASB') issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ('MFRS Framework'). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, on 30 June 2012, MASB decided to extend the aforementioned transitional period for another one year. Thus, the MFRS Framework will be mandatory for Transitioning Entities for application for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. The Group is currently assessing the implications and financial impact of transition to the MFRS Framework and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

**2.) Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2012 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**

A.) The breakdown of revenue and results by business segment for the period ended 31 March 2013 was as follows:-

	Property RM'000	Construction RM'000	Hotel and leisure RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>						
External customers	963	31,410	6,787	-	-	39,160
Inter-segment	-	-	-	510	(510)	-
Total revenue	963	31,410	6,787	510	(510)	39,160
<b>Results</b>						
Segment results	279	2,968	1,017	(1,670)	(510)	2,084
Share of result of an associate						-
Finance cost						(1,306)
Interest income						8
Profit before tax						786
Income tax expense						(675)
Profit net of tax						111

B.) The breakdown of revenue and results by business segment for the period ended 31 March 2012 was as follows:-

	Property RM'000	Construction RM'000	Hotel and leisure RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>						
External customers	871	18,464	7,547	-	-	26,882
Inter-segment	-	-	-	510	(510)	-
Total revenue	871	18,464	7,547	510	(510)	26,882
<b>Results</b>						
Segment results	(5)	1,079	119	(2,035)	(510)	(1,352)
Share of result of an associate						-
Finance cost						(995)
Interest income						13
Loss before tax						(2,334)
Income tax expense						(540)
Loss net of tax						(2,874)

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

The valuation of property, plant and equipment have been brought forward without any material amendments from the previous audited financial statements. Any additions to property, plant and equipment are carried at cost.

**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**

The Group has no contingent liabilities/assets in the current quarter.

**13.) Capital Commitments**

There were no material 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 - 2013 First Quarter compared to 2012 First Quarter**

Revenue for the first quarter was RM39.2 million, up 45.7% from RM26.9 million in the prior year quarter on strong growth in the construction segment and higher sales in the hotel segment.

During the quarter, the construction division booked contract works aggregating RM31.4 million, up 69.7% from RM18.5 million last year. The increase in revenue was mainly due to contract works done for new and on-going projects, namely the 86 linked houses at Symphony Hill in Cyberjaya, the 74 shop offices at Olive Hill (Phase 1) in Serdang, the 42 semi-detached houses at Symphony Hill in Cyberjaya and the 69 terraced-houses at Alam Damai in Cheras. The increase was partially offset by reduction in works done for completed and near completed jobs, namely the 270 apartments at Alam Impian in Shah Alam.

Revenue from the hotel operations was RM6.6 million compared to RM6.0 million in the prior year period, a 10.0% year-on-year rise driven by growth in room and food & beverage sales. Room sales advanced by 13.8% mainly owing to the increase in room inventories from 242 to 257 following completion of the renovation of the executive floors in the 3rd quarter last year and the rise in average room rates. Food & beverage sales recorded an increase of 7.4%, mainly attributed to higher number and pricing of seminar events and corporate functions.

The Group posted net profit of RM0.1 million for the quarter against loss of RM2.9 million in the prior quarter, mainly resulting from higher profit contribution from both construction and hotel segments as costs were generally kept in line with increase in revenue.

**II.) Review of 2013 First Quarter against 2012 Fourth Quarter**

The first quarter revenue of RM39.2 million was up 14.9% from the RM34.1 million in the preceding quarter. The increase was due largely to higher contract works done on project carried forward from the previous period and the start of a new project thereby boosted the revenue from construction to RM31.4 million from RM25.8 million in the previous quarter. Revenue from the hotel segment was lower compared to the previous period due mainly to seasonality.

Reflecting the increase in revenue and operating profit, the Group recorded net profit of RM0.1 million this quarter against preceding quarter's net profit of RM95.1 million which was inflated by the profit of RM96.1 million from the sale of 5.43 acres of land in Tebrau, Johor Bahru.

**III.) Prospects**

During the quarter, the Group secured another new construction contract worth RM39.5 million from a repeat client. The contract was for the building of 86 linked houses in Alam Impian, Shah Alam which is scheduled to commence work in second quarter of this year. The construction order book now stands at a total of RM251.9 million, of which outstanding works on hand is valued at RM135.0 million.

Premised on the works on hand and the pipelines of new orders coupled with the steady growth in the hotel business, the Board of Directors is fairly optimistic that, bearing unforeseen circumstances, the Group will continue to perform well for the remaining of the year.

#### IV.) Profit Forecast or Profit Guarantee

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

#### V.) Statement of Comprehensive Income

	Current Year Quarter 31.3.2013 RM'000	Preceding Year Corresponding Quarter 31.3.2012 RM'000	Current Year Todate 31.3.2013 RM'000	Preceding Year Corresponding Period 31.3.2012 RM'000
The profit/(loss) from operations is stated after charging/(crediting):-				
Accrual of interest on litigation claims	-	99	-	99
Depreciation and amortisation	1,685	1,764	1,685	1,764
Fair value adjustment on other investment	-	(227)	-	(227)
Interest income	(8)	(13)	(8)	(13)

#### VI.) Taxation

	Current Year Quarter 31.3.2013 RM'000	Preceding Year Corresponding Quarter 31.3.2012 RM'000	Current Year Todate 31.3.2013 RM'000	Preceding Year Corresponding Period 31.3.2012 RM'000
Income tax				
- provision for current period	(700)	(564)	(700)	(564)
Deferred tax	25	24	25	24
	(675)	(540)	(675)	(540)

In the current year quarter and current year todate, 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 profits made by other companies within the Group due to insufficient tax relief.

#### VII.) 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.

#### VIII. Group Borrowings/Debt Securities

Group borrowings/debt securities as at 31 March 2013 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	788	-
- bankers' acceptances	6,142	-
- term loans	3,000	47,570
- hire purchase	570	698
	10,500	48,268

#### IX.) Disclosure of Derivatives

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

#### X.) 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.

**XI.) Realised and Unrealised Profits/(Losses)**

	<b>As At End Of Current Quarter 31.3.2013 RM'000</b>	<b>As At Preceding Financial Year End 31.12.2012 RM'000</b>
Total accumulated losses of the Group:		
- Realised losses	(381,455)	(379,818)
- Unrealised losses	(5,116)	(5,116)
	<u>(386,571)</u>	<u>(384,934)</u>
Total share of retained loss from associate - realised	(233)	(233)
	<u>(386,804)</u>	<u>(385,167)</u>
Less: Consolidation adjustments	223,189	221,441
	<u>(163,615)</u>	<u>(163,726)</u>

**XII.) Material Litigation**

There were no material litigation as at the end of the current quarter.

**XIII. Dividends**

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

**XIV Earnings/(Loss) Per Share**

The basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) net of tax attributable to owners of the parent by the weighted average number of shares in issue. The computation of diluted earnings per share is not affected by any other factors.

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 31.3.2013</b>	<b>Preceding Year Corresponding Quarter 31.3.2012</b>	<b>Current Year To date 31.3.2013</b>	<b>Preceding Year Corresponding Period 31.3.2012</b>
Profit/(Loss) net of tax attributable to owners of the parent (RM'000)	<u>111</u>	<u>(2,874)</u>	<u>111</u>	<u>(2,874)</u>
Weighted average number of shares ('000)	<u>342,946</u>	<u>342,946</u>	<u>342,946</u>	<u>342,946</u>
Basic and diluted earnings/(loss) per share (sen)	<u>0.03</u>	<u>(0.84)</u>	<u>0.03</u>	<u>(0.84)</u>













