

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2016**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Period (Audited)	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Revenue	39,225	50,710	123,772	147,452
Cost of sales	(35,442)	(41,723)	(106,506)	(117,019)
Gross profit	3,783	8,987	17,266	30,433
Other income	486	954	960	1,238
Operating and administration expenses	(12,417)	(12,007)	(41,500)	(43,840)
Loss from operations	(8,148)	(2,066)	(23,274)	(12,169)
Finance cost	(1,273)	(1,268)	(5,165)	(5,087)
Loss before tax	(9,421)	(3,334)	(28,439)	(17,256)
Income tax expense	790	444	(20,567)	(460)
Loss net of tax	(8,631)	(2,890)	(49,006)	(17,716)
Other comprehensive income				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	-	-	330,888	-
Total comprehensive income for the period	(8,631)	(2,890)	281,882	(17,716)
Loss attributable to owners of the parent	(8,631)	(2,890)	(49,006)	(17,716)
Total comprehensive income attributable to owners of the parent	(8,631)	(2,890)	281,882	(17,716)
Loss per share attributable to owners of the parent (sen)				
- basic and fully diluted	(2.52)	(0.84)	(14.29)	(5.17)

(The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31.12.2016 RM'000	(Audited) As At Preceding Financial Year End 31.12.2015 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	560,302	173,962
Investment in an associate	-	-
Other investment	1,000	1,000
Goodwill on consolidation	8,979	8,979
Development expenditure	32,626	28,658
Trade and other receivables	51,396	54,242
	<u>654,303</u>	<u>266,841</u>
Current Assets		
Inventories	10,335	10,483
Trade and other receivables	64,496	65,001
Amount due from customers for contract work	19,206	19,860
Income tax recoverable	3,281	2,372
Cash and bank balances	6,805	7,709
	<u>104,123</u>	<u>105,425</u>
Assets held for sale	16,780	-
	<u>120,903</u>	<u>105,425</u>
<b>TOTAL ASSETS</b>	<u>775,206</u>	<u>372,266</u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Owners of the Parent		
Share capital	90,435	361,742
Share premium	51,056	51,056
Treasury shares	(5,568)	(5,568)
Reserves	351,012	21,455
Retained earnings/(accumulated losses)	35,012	(188,620)
Total equity	<u>521,947</u>	<u>240,065</u>
Non-Current Liabilities		
Deferred tax liabilities	81,281	9,392
Borrowings	41,310	42,934
Trade and other payables	3,220	4,153
Income tax payable	15,597	-
	<u>141,408</u>	<u>56,479</u>
Current Liabilities		
Borrowings	19,022	17,249
Bank overdrafts	6,243	8,399
Trade and other payables	72,772	47,880
Amount due to customers for contract work	7,306	1,185
Income tax payable	6,508	1,009
	<u>111,851</u>	<u>75,722</u>
Total liabilities	253,259	132,201
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>775,206</u>	<u>372,266</u>
Net assets per share (RM)	1.52	0.70

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Operating activities		
Loss before tax	(28,439)	(17,256)
Adjustments for :-		
Non-cash items	10,014	10,552
Non-operating items	4,980	4,955
Operating cash before changes in working capital	(13,445)	(1,749)
Development expenditure	(3,968)	(3,031)
Inventories	148	(62)
Receivables	4,215	(9,849)
Payables	30,240	14,114
Net income taxes paid	(1,251)	(982)
Cash from/(used in) operating activities	15,939	(1,559)
Investing activities		
Purchase of property plant and equipment	(8,903)	(3,688)
Proceeds from disposal of property, plant and equipment	206	205
Interest received	186	132
Cash used in investing activities	(8,511)	(3,351)
Financing activities		
Fixed deposits pledged for banking facilities	(81)	(71)
Net repayment of term loan	(673)	(4,112)
Net drawdown of bankers' acceptance	676	2,456
Net repayment of finance lease payables	(855)	(931)
Interest paid	(5,324)	(5,038)
Cash used in financing activities	(6,257)	(7,696)
Net increase/(decrease) in cash and cash equivalents	1,171	(12,606)
Cash and cash equivalents at beginning of period	(3,188)	9,418
Cash and cash equivalents at end of period	(2,017)	(3,188)
Cash and cash equivalents comprise :-		
Cash and bank balances	6,805	7,709
Less : Bank overdrafts	(6,243)	(8,399)
: Fixed deposits pledged	(2,579)	(2,498)
	(2,017)	(3,188)

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the parent ----->						
	<----- Non-distributable----->			Distributable			
	Share capital	Share premium	Treasury shares	Asset revaluation reserve	Capital reserve	(Accumulated losses)/ Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	361,742	51,056	(5,568)	-	21,455	(170,904)	257,781
Loss net of tax for the year, representing total comprehensive income for the year	-	-	-	-	-	(17,716)	(17,716)
At 31 December 2015	361,742	51,056	(5,568)	-	21,455	(188,620)	240,065
At 1 January 2016	361,742	51,056	(5,568)	-	21,455	(188,620)	240,065
Loss net of tax for the year	-	-	-	-	-	(49,006)	(49,006)
Other comprehensive income for the year	-	-	-	330,888	-	-	330,888
Total comprehensive income for the year	-	-	-	330,888	-	(49,006)	281,882
Realisation of asset revaluation reserve	-	-	-	(1,331)	-	1,331	-
Transaction with owners: Share par value reduction	(271,307)	-	-	-	-	271,307	-
At 31 December 2016	90,435	51,056	(5,568)	329,557	21,455	35,012	521,947

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015)

## 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 2015. 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 2015.

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 2015 except for the adoption of the following:

FRS 14 Regulatory Deferral Accounts

Amendments to FRS 11 Accounting for Acquisition of Interests in Joint Operations

Amendments to FRS 101 Disclosure Initiative

Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127 Equity Method in Separate Financial Statements

Annual Improvements to FRSs 2012 - 2014 Cycle

Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception

Adoption of the abovementioned FRSs did not have any significant impact on the financial statements of the Group in the fourth quarter of 2016.

On 19 November 2011, the 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 will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

### 2.) Auditors' Report

The auditors' report on the Group's financial statements for the year ended 31 December 2015 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 fourth quarter of 2016, 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 fourth quarter of 2016.

7.) **Dividends Paid**

There were no payment of dividends in the fourth quarter of 2016.

8.) **Segment Information**

A.) The breakdown of revenue and results by business segment for the year ended 31 December 2016 was as follows:-

	Property RM'000	Construction RM'000	Hotel RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>						
External customers	2,779	96,610	24,383	-	-	123,772
Inter-segment	-	-	-	2,760	(2,760)	-
Total revenue	2,779	96,610	24,383	2,760	(2,760)	123,772
<b>Results</b>						
Segment results	(4,718)	(10,466)	(488)	(5,028)	(2,760)	(23,460)
Finance cost						(5,165)
Interest income						186
Loss before tax						(28,439)
Income tax expense						(20,567)
Loss net of tax						(49,006)

B.) The breakdown of revenue and results by business segment for the year ended 31 December 2015 was as follows:-

	Property RM'000	Construction RM'000	Hotel RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
<b>Revenue</b>						
External customers	3,274	118,101	26,077	-	-	147,452
Inter-segment	-	-	-	2,760	(2,760)	-
Total revenue	3,274	118,101	26,077	2,760	(2,760)	147,452
<b>Results</b>						
Segment results	(4,869)	(914)	1,923	(5,681)	(2,760)	(12,301)
Finance cost						(5,087)
Interest income						132
Loss before tax						(17,256)
Income tax expense						(460)
Loss net of tax						(17,716)

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

The Group has adopted the revaluation policy to review the carrying value of its land and buildings every five years. In the second quarter 2016, the Group's land and buildings which were categorised under property, plant and equipment were revalued by independent professional valuers.

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 fourth quarter 2016, there were no changes in the composition of the Group.

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

A subsidiary company had received a certificate of non completion for one of its construction projects, which may result in liquidated damages being claimed by the developer. As the subsidiary company is currently engaging the developer to resolve this issue, the chances of liquidated damages being invoked is unclear as at the end of fourth quarter 2016.

#### 13.) Capital Commitments

There were no material capital commitments as at the end of the fourth quarter 2016.

#### 14.) Significant Related Party Transactions

The Group has no significant related party transactions in the fourth quarter 2016.

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

#### I.) Review of Performance - 2016 Fourth Quarter compared to 2015 Fourth Quarter

The Group's revenue for the fourth quarter 2016 fell 22.7% to RM39.2 million from RM50.7 million in the previous year same quarter on lower construction billings. Net loss widened to RM8.6 million from RM2.9 million last year same period due to lower profit margin amidst cost increases in both the construction and hotel segments coupled with rising competition in the hotel segment.

In the fourth quarter 2016, the construction segment carried out jobs amounted to RM32.1 million, down by RM11.1 million from prior year's quarter of RM43.2 million. The revenue was recognised from the progress billings of on-going jobs such as the 121 linked houses at Serene Heights in Bangi, the 117 linked houses at Tamansari in Rawang and the 155 linked houses at Bandar Country Homes in Rawang. Additionally, the start of a new job for the foundation works of 2 apartment blocks at Bukit Hartamas in Cheras also contributed to the income for the period. Operating result for the construction segment came to a loss of RM4.3 million for the quarter compared to a profit of RM1.9 million in prior year period, due mainly to two projects that needed much higher cost to complete and the provisioning of liquidated ascertained damages for a project.

Revenue from the hotel segment in the fourth quarter 2016 was marginally lower at RM6.5 million compared to RM6.7 million in prior year quarter. Room sales increased to RM3.2 million from RM2.9 million in the prior year on improved occupancy level. This was however diluted by the decline in the sales of food and beverage to RM3.2 million from RM3.8 million in same period last year due to lower booking for seminar and banquet events. Operating profit of the hotel segment for this quarter was lower at RM1.7 million compared to RM1.9 million last year, due mainly to rising food cost.

#### II.) Review of 2016 Fourth Quarter against 2016 Third Quarter

The Group's revenue of RM39.2 million for the fourth quarter 2016 was higher than the preceding quarter of RM25.1 million, due largely to higher billing of construction works from on-going jobs and contribution from a new job.

The Group's fourth quarter 2016 loss was lower at RM8.6 million compared to RM29.3 million in the third quarter 2016 due to the absence of RM21.6 million additional income tax expense which was booked in the third quarter.

#### III.) Prospects

In the fourth quarter 2016, the Group added a new construction job worth RM16.1 million to its order book, making the unbilled orders in hand brought forward to financial year 2017 amounted to RM80.0 million.

The Board anticipates that the business environment in which the Group operates will continue to be challenging for the financial year 2017. However, after taking into account the additional measures implemented to control cost and improve productivity in the construction division and the new marketing initiatives introduced in the hotel division, the Board is confident of a better operating performance and results in the financial year 2017.

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

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

**V.) Statement of Profit or Loss and Other Comprehensive Income**

	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year Todate 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation and amortisation	3,221	2,242	10,580	9,170
Fair value adjustment on receivables	39	680	39	680
Finance expense on receivables	286	-	286	-
Finance income on receivables	(511)	(1,553)	(511)	(1,553)
Gain from disposal of property plant and equipment	(132)	(20)	(203)	(20)
Impairment loss on receivables	-	2,275	-	2,275
Interest income	(106)	(88)	(186)	(132)
Reversal of impairment loss on:				
- property plant and equipment	-	-	(152)	-
- receivables	(24)	-	(24)	-

**VI.) Taxation**

	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year Todate 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Income tax expense	790	444	(20,567)	(460)

For the current year, although the Group recorded a loss, income tax was incurred principally owing to the provision of RM21.6 million for additional income tax expense in respect of year of assessment 2013.

**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 December 2016 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	6,243	-
- bankers' acceptances	792	-
- term loans	17,245	39,626
- hire purchase	985	1,684
	<u>25,265</u>	<u>41,310</u>



**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 fourth quarter 2016.

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

	As At End Of Current Quarter 31.12.2016 RM'000	As At Preceding Financial Year End 31.12.2015 RM'000
Total retained earnings/(accumulated losses) of the Group:		
- Realised	(178,307)	(402,757)
- Unrealised	(3,370)	(3,955)
	(181,677)	(406,712)
Total share of retained loss from associate - realised	(233)	(233)
	(181,910)	(406,945)
Less: Consolidation adjustments	216,922	218,325
	35,012	(188,620)

**XII.) Material Litigation**

There were no material litigation as at the end of the fourth quarter 2016.

**XIII. Dividends**

The Board of Directors did not recommend or paid any dividend for the fourth quarter 2016.

**XIV. Loss Per Share**

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2016	Preceding Year Corresponding Quarter 31.12.2015	Current Year To date 31.12.2016	Preceding Year Corresponding Period 31.12.2015
Loss net of tax attributable to owners of the parent (RM'000)	(8,631)	(2,890)	(49,006)	(17,716)
Weighted average number of shares ('000)	342,946	342,946	342,946	342,946
Basic and diluted loss per share (sen)	(2.52)	(0.84)	(14.29)	(5.17)