

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Period (Audited)	
	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year Todate 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Revenue	34,066	29,159	125,432	96,128
Cost of sales	(24,197)	(19,023)	(87,872)	(60,266)
Gross profit	9,869	10,136	37,560	35,862
Other income	96,382	(554)	102,456	1,646
Operating and administration expenses	(9,651)	(10,822)	(38,874)	(39,860)
Profit/(loss) from operations	96,600	(1,240)	101,142	(2,352)
Finance cost	(1,378)	(887)	(4,724)	(3,555)
Share of result of associate	-	(231)	-	(233)
Profit/(loss) before tax	95,222	(2,358)	96,418	(6,140)
Income tax expense	(120)	(736)	(2,146)	(1,955)
Profit/(Loss) net of tax	95,102	(3,094)	94,272	(8,095)
Other comprehensive income:				
Foreign currency translation, representing other comprehensive income for the period	(2)	(18)	(2)	(18)
Total comprehensive income for the period	95,100	(3,112)	94,270	(8,113)
Total comprehensive income attributable to owners of the parent	95,102	(3,094)	94,272	(8,095)
Earnings/(loss) per share attributable to owners of the parent (sen) - basic and fully diluted	27.73	(0.90)	27.49	(2.36)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At End Of Current Quarter 31.12.2012 RM'000	(Audited) As At Preceding Financial Year End 31.12.2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	182,982	187,100
Investment property	-	6,596
Development expenditure	8,536	-
Other investment	1,000	-
Goodwill on consolidation	8,979	8,979
Receivables	80,289	6,425
	<u>281,786</u>	<u>209,100</u>
Current Assets		
Inventories	10,367	14,547
Amount due from customers for contract work	3,614	1,717
Receivables	61,692	28,317
Other investments	-	8,440
Tax recoverable	1,213	1,261
Fixed deposits	3,829	1,052
Cash and bank balances	6,578	5,343
	<u>87,293</u>	<u>60,677</u>
<b>TOTAL ASSETS</b>	<u><b>369,079</b></u>	<u><b>269,777</b></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(96,782)	(191,052)
<b>Total equity</b>	<u><b>264,960</b></u>	<u><b>170,690</b></u>
Non-Current Liabilities		
Deferred tax liabilities	10,846	11,265
Borrowings	48,217	25,895
Payables	-	4,087
	<u>59,063</u>	<u>41,247</u>
Current Liabilities		
Borrowings	6,864	14,689
Bank overdraft	858	1,012
Payables	26,978	39,350
Amount due to customers for contract work	9,347	1,735
Tax payable	1,009	1,054
	<u>45,056</u>	<u>57,840</u>
<b>Total liabilities</b>	<u><b>104,119</b></u>	<u><b>99,087</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>369,079</b></u>	<u><b>269,777</b></u>
Net assets per share (sen)	77	50

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Audited)

	Current Year To date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Operating activities		
Profit/(Loss) before tax	96,418	(6,140)
Adjustments for :-		
Non-cash items	(94,449)	5,832
Non-operating items	4,617	3,374
Operating cash flows before changes in working capital	6,586	3,066
Development expenditure	(8,536)	-
Inventories	4,102	(71)
Receivables	(10,531)	(12,318)
Payables	(4,232)	17,014
Income taxes paid	(2,562)	(2,567)
Net cash flows used in operating activities	(15,173)	5,124
Investing activities		
Net proceeds from sale of property plant and equipment	7,042	1,127
Net proceeds from sale of other investment	11,291	-
Purchase of property plant and equipment	(8,096)	(15,791)
Interest received	107	181
Net cash flows from/(used in) investing activities	10,344	(14,483)
Financing activities		
Net drawdown of term loan	12,196	8,631
Drawdown of bankers' acceptance	2,616	-
Net repayment of hire purchase payables	(551)	(1,836)
Interest paid	(5,266)	(3,577)
Net cash flows from financing activities	8,995	3,218
Net increase/(decrease) in cash and cash equivalents	4,166	(6,141)
Cash and cash equivalents at beginning of period	4,883	11,024
Cash and cash equivalents at end of period	9,049	4,883
Cash and cash equivalents comprise :-		
Cash and bank balances	6,578	5,343
Fixed deposits	3,829	1,052
	10,407	6,395
Less : Bank overdraft	(858)	(1,012)
: Fixed deposits pledged	(500)	(500)
	9,049	4,883

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

#### 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 2011	361,742	45,508	21,455	(249,902)	178,803
Total comprehensive income for the period	-	(18)	-	(8,095)	(8,113)
At 31 December 2011	361,742	45,490	21,455	(257,997)	170,690
At 1 January 2012	361,742	45,490	21,455	(257,997)	170,690
Total comprehensive income for the period	-	(2)	-	94,272	94,270
At 31 December 2012	361,742	45,488	21,455	(163,725)	264,960

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

## 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 2011. 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 2011.

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 2011 except for the adoption of the following:

IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*

Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

Amendments to FRS 7 *Disclosures - Transfers of Financial Assets*

Amendments to FRS 112 *Deferred Tax : Recovery of Underlying Assets*

FRS 124 *Related Party Disclosures (Revised)*

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.

It was disclosed in the audited financial statements for the year ended 31 December 2011 that the Group and the Company will adopt the Malaysian Financial Reporting Standards ('MFRS Framework') for the financial year ending 31 December 2012. However, subsequent to the issuance of the last audited financial statements, the Group decided to venture into real estate development in the financial year ending 31 December 2012. In light of the new venture into real estate development, the Group is subject to the application of IC Interpretation 15 *Agreements for the Construction of Real Estate* and hence fall within the scope of 'Transitioning Entities' and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company shall continue to apply the Financial Reporting Standards framework for the current financial year.

**2.) Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2011 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 December 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	3,277	92,014	30,141	-	-	125,432
Inter-segment	-	-	-	2,040	(2,040)	-
Total revenue	3,277	92,014	30,141	2,040	(2,040)	125,432
<b>Results</b>						
Segment results	(3,233)	6,367	3,014	96,927	(2,040)	101,035
Share of results of associates						-
Finance cost						(4,724)
Interest income						107
Profit before tax						96,418
Income tax expense						(2,146)
Profit net of tax						94,272

B.) The breakdown of revenue and results by business segment for the period ended 31 December 2011 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	3,375	62,496	30,257	-	-	96,128
Inter-segment	-	-	-	2,040	(2,040)	-
Total revenue	3,375	62,496	30,257	2,040	(2,040)	96,128
<b>Results</b>						
Segment results	2,391	3,517	4,641	(11,042)	(2,040)	(2,533)
Share of results of associates						(233)
Finance cost						(3,555)
Interest income						181
Loss before tax						(6,140)
Income tax expense						(1,955)
Loss net of tax						(8,095)

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

Fourth quarter revenue totaled RM34.1 million, up 16.8% from RM29.2 million in the 4th quarter of 2011. This is the fourth straight quarter of year-on-year growth in revenue, reflecting a continued expansion in the core business operations of the Group throughout the year. Net profit for the fourth quarter rose significantly to RM95.1 million compared with a loss of RM3.1 million in the prior-year quarter.

The increase in revenue was driven by the continued strong contribution from both the core business activities. The construction segment registered revenue of RM25.8 million, an increase of 29.6% from RM19.9 million in the prior-year period, comprising income from works done on five key projects involving the building of shop offices in Serdang, linked and semi-detached houses in Cyberjaya and linked houses in Cheras, all in the Klang Valley. These five projects have a combined contract value of RM167 million and were all at between 30% - 85% of completion as of the end of the fourth quarter. In tandem with the higher revenue, operating profit from the construction segment jumped to RM2.3 million in the fourth quarter versus RM0.8 million in the prior-year quarter.

Revenue from the hotel segment rose to RM7.3 million in this quarter, up 7.3% from RM6.8 million in the prior-year quarter. The strong momentum in revenue growth at Armada Petaling Jaya was maintained throughout the fourth quarter with business expanded in both room and food and beverage divisions. Room sales recorded a 2.0% year-on-year growth in the fourth quarter, led by increase in room rates and higher room inventories following the completion of the renovation of the executive floors. Sales from food and beverage increased by 13.5% from the prior-year quarter due largely to higher number of banqueting and seminar events. Overall the hotel posted an operating profit of RM3.0 million, up 7.1% from RM2.8 million in the prior-year period. There was a substantial decline in revenue from the golfing and leisure segment due to the termination of the membership scheme and the closure of food and beverage outlets at Christine Resort.

Besides the incremental profit contributions from the construction and hotel segments, the Group's net profit for the fourth quarter was materially bolstered by the recognition of net earnings of RM96.1 million in relation to the 5.43 acres of land in Tebrau, Johor Baru following the commencement of sales in the fourth quarter (more details of which could be found in the Company's announcement on 30 September 2011).

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

The fourth quarter revenue of RM34.1 million was 12.9% higher than the RM30.2 million recorded in the preceding quarter. The increase was driven by the revenue growth in both the construction and hotel segments. Revenue from the construction segment was up 17.8% against RM21.9 million from the preceding quarter due mainly to higher value of work carried out on the five key projects followed through from the previous quarter. Revenue from the hotel segment was up 10.6% versus RM6.6 million from the preceding quarter on the back of stronger room and food and beverage sales which was due to the increase in room rates and robust business in seminar, banquet, restaurant and pub.

Against a net profit of RM2.8 million in the preceding quarter, the increase in the fourth quarter net profit to RM95.1 million was mainly owing to the recognition of net earnings of RM96.1 million in relation to the 5.43 acres of land in Tebrau, Johor Baru following the commencement of sales in the fourth quarter.

### III.) Prospects

The Board of Directors is optimistic that the Group's two core business activities will continue its growth momentum into the financial year 2103. The construction segment is poised to win more new jobs to strengthen its order book, having recently secured a repeat award from a client to construct 6 floors of basement carpark in Mont'Kiara for a contract worth RM45 million. Total contracts in hand now stand at a

total of RM212 million of which RM127 million value of works are currently outstanding. The hotel segment is projected to generate higher yield in room and stronger income from sale of food and beverage under a marginally better industry outlook in year 2013. However, projected earnings from the hotel segment is subject to higher uncertainty due to the on-going extensive refurbishment and face-lift works at Armada Petaling Jaya. On the development of the Group's land, the Directors are currently working on the planning and design of the 4.14 acres of land in Tebrau, Johor Baru, which is adjoining to the current development project. This new development will contribute significantly to the earnings of the Group in the near term.

#### 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 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year Totdate 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
The profit/(loss) from operations is stated after charging/(crediting):-				
Accrual of interest on litigation claims	-	70	-	1,886
Depreciation and amortisation	2,414	1,787	7,807	6,526
Forfeiture of performance security fund	(1,183)	(207)	(1,183)	(2,082)
Gain from sale of other investments	-	-	(2,850)	-
(Gain)/Loss from sale of property, plant and equipment	(105,757) *	222	(105,757)	222
Gain from sale of subsidiary	-	-	-	(624)
Impairment loss on property plant and equipment	-	181	-	181
Impairment loss on receivables	-	197	-	197
Interest income	(46)	(63)	(107)	(181)
Loss from fair value adjustment on other investment	-	906	-	1,303
Loss from fair value adjustment on receivables	7,743	769	7,743	769
Property, plant and equipment written off	3,031	-	3,031	-
Waiver of debt	-	(1,205)	(2,886)	(1,205)

\*The Company has filed a Form CKHT 1A in accordance with the Real Property Gains Tax Act 1976 with the Inland Revenue Board which is currently pending.

#### VI.) Taxation

	Current Year Quarter 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Year Totdate 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
Income tax				
- provision for current period	(708)	(383)	(2,808)	(1,969)
- over/(under)provision in prior year	243	(280)	243	14
Deferred tax	345	(73)	419	-
	(120)	(736)	(2,146)	(1,955)

In the current year quarter and current year totdate, the Group's effective tax rate is lower than the statutory tax rate mainly due to certain income which is not subject to tax.

#### 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 2012 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	858	-
- bankers' acceptances	4,794	-
- term loans	1,500	47,614
- hire purchase	570	603
	<u>7,722</u>	<u>48,217</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 current quarter.

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

	As At End Of Current Quarter 31.12.2012 RM'000	As At Preceding Financial Year End 31.12.2011 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(379,817)	(471,719)
- Unrealised losses	<u>(5,116)</u>	<u>(5,438)</u>
	(384,933)	(477,157)
Total share of retained loss from associate - realised	<u>(233)</u>	<u>(233)</u>
	(385,166)	(477,390)
Less: Consolidation adjustments	<u>221,441</u>	<u>219,393</u>
	<u>(163,725)</u>	<u>(257,997)</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 Per Share

The basic earnings 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.

Individual Quarter		Cumulative Period	
Current	Preceding Year	Current	Preceding Year

	Year Quarter 31.12.2012	Corresponding Quarter 31.12.2011	Year Todate 31.12.2012	Corresponding Period 31.12.2011
Profit/(loss) net of tax attributable to owners of the parent (RM'000)	95,102	(3,094)	94,272	(8,095)
Weighted average number of shares ('000)	342,946	342,946	342,946	342,946
Basic and diluted earnings per share (sen)	27.73	(0.90)	27.49	(2.36)















