

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2011**  
**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>30.6.2011</b>	<b>30.6.2010</b>	<b>30.6.2011</b>	<b>30.6.2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	22,553	19,043	42,304	31,979
Cost of sales	(12,983)	(11,155)	(25,179)	(16,685)
Gross profit	9,570	7,888	17,125	15,294
Other income	2,077	3,807	2,110	3,641
Operating and administration expenses	(9,326)	(7,580)	(19,451)	(14,968)
Finance cost	(919)	(718)	(1,670)	(1,644)
Share of result of associate	-	821	(2)	529
Profit/(loss) before tax	1,402	4,218	(1,888)	2,852
Income tax expense	(314)	492	(585)	305
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the period	1,088	4,710	(2,473)	3,157
Total comprehensive income/(loss) attributable to owners of the parent	1,088	4,710	(2,473)	3,157
Earnings per share attributable to owners of the parent (sen)				
- basic and fully diluted	0.32	1.30	(0.72)	0.87

(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**

	<b>As At End Of Current Quarter 30.6.2011 RM'000</b>	<b>(Audited) As At Preceding Financial Year End 31.12.2010 RM'000</b>
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	183,948	179,261
Investment property	6,596	6,596
Investment in associates	231	233
Goodwill on consolidation	8,992	8,979
Other receivables	1,063	1,063
	<u>200,830</u>	<u>196,132</u>
Current Assets		
Inventories	14,630	14,476
Amount due from customers for contract work	1,830	464
Receivables	30,100	23,848
Other investments	8,214	9,743
Tax recoverable	1,775	1,995
Fixed deposits	3,553	7,462
Cash and bank balances	4,403	5,272
	<u>64,505</u>	<u>63,260</u>
<b>TOTAL ASSETS</b>	<u><b>265,335</b></u>	<u><b>259,392</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(185,412)	(182,939)
<b>Total equity</b>	<u><b>176,330</b></u>	<u><b>178,803</b></u>
Non-Current Liabilities		
Deferred tax liabilities	11,216	11,265
Borrowings	27,019	19,197
Payables	4,749	6,169
	<u>42,984</u>	<u>36,631</u>
Current Liabilities		
Borrowings	14,941	14,441
Bank overdraft	1,076	1,210
Payables	26,009	25,846
Amount due to customers for contract work	2,119	61
Tax payable	1,876	2,400
	<u>46,021</u>	<u>43,958</u>
<b>Total liabilities</b>	<u><b>89,005</b></u>	<u><b>80,589</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>265,335</b></u>	<u><b>259,392</b></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**

	<b>Current Year Todate 30.6.2011 RM'000</b>	<b>Preceding Year Corresponding Period 30.6.2010 RM'000</b>
Operating activities		
(Loss)/profit before tax	(1,888)	2,852
Adjustments for :-		
Non-cash items	3,123	(1,261)
Non-operating items	1,592	1,564
Operating cash flows before changes in working capital	2,827	3,155
Net change in current assets	(5,716)	(1,012)
Net change in current liabilities	71	(7,915)
Taxes paid	(936)	(628)
Net cash flows used in operating activities	(3,754)	(6,400)
Investing activities		
Purchase of property plant and equipment	(7,703)	(1,193)
Proceeds from disposal of property plant and equipment	-	77
Proceeds from disposal of a subsidiary	-	17,958
Proceeds from disposal of investment in an associate	-	25,907
Acquisition of a subsidiary	-	(11,104)
Interest received	78	80
Net cash flows (used in)/from investing activities	(7,625)	31,725
Financing activities		
Net drawdown/(repayment) of term loan	8,782	(13,452)
Repayment of hire purchase payables	(459)	(242)
Interest paid	(1,588)	(1,602)
Net cash flows from/(used in) financing activities	6,735	(15,296)
Net (decrease)/increase in cash and cash equivalents	(4,644)	10,029
Cash and cash equivalents at beginning of period	11,024	11,807
Cash and cash equivalents at end of period	6,380	21,836
Cash and cash equivalents comprise :-		
Cash and bank balances	4,403	16,542
Fixed deposits	3,553	7,057
	7,956	23,599
Less : Bank overdraft	(1,076)	(1,263)
: Fixed deposits pledged	(500)	(500)
	6,380	21,836

(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 ----->				
	Non -				
	Share capital	distributable	Distributable	Accumulated	Total
	RM'000	reserves	reserves	losses	RM'000
	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 income for the period	-	-	-	3,157	3,157
At 30 June 2010	361,742	51,076	21,455	(247,855)	186,418
At 1 January 2011	361,742	45,508	21,455	(249,902)	178,803
Total comprehensive loss for the period	-	-	-	(2,473)	(2,473)
At 30 June 2011	361,742	45,508	21,455	(252,375)	176,330

(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:

*FRS 1 First Time Adoption of Financial Reporting Standards*

*FRS 3 Business Combinations (revised)*

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

*Amendments to FRS 1 Additional Exemptions for First-Time Adopters*

*Amendments to FRS 2 Share-based Payment*

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

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

*Amendments to FRS 7 Improving Disclosures about Financial Instruments*

*Amendments to FRS 127 Consolidated and Separate Financial Statements*

*Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issue*

*Amendments to FRS 138 Intangible Assets*

*Amendments to FRSs 'Improvements to FRSs (2010)'*

*Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives*

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

*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*

*IC Interpretation 18 Transfers of Assets from Customers*

The adoption of the above Standards and Interpretations did not have any 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
<b>Revenue</b>						
External customers	1,777	26,321	14,206	-	-	42,304
Inter-segment	-	-	-	1,020	(1,020)	-
Total revenue	1,777	26,321	14,206	1,020	(1,020)	42,304
<b>Result</b>						
Segment results	1,826	2,073	2,067	(5,240)	(1,020)	(294)
Share of result of associate				(2)		(2)
Finance cost						(1,670)
Interest income						78
Loss before tax						(1,888)
Income tax expense						(585)
Loss net of tax						(2,473)

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, the Group

- (a) disposed of 100% equity interest in Atria Properties Sdn Bhd for a cash consideration of RM1; and
- (b) acquired 100% equity interest in Pro-Meridian Sdn Bhd for a cash consideration of RM1.

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 RM22.5 million in the current quarter from building construction, hotel and leisure operations and property investment. Compared to RM19.0 million revenue in the corresponding quarter of 2010, the increase in revenue was achieved through higher amount of construction works carried out on the two housing projects in Shah Alam and the growth in the sale of hotel rooms and banquet during the period.

Despite the higher revenue, the Group posted a lower profit of RM1.4 million this quarter as compared to a profit of RM4.2 million in the corresponding quarter of 2010. The lower profit is mainly due to fair value loss from investment in quoted securities and lower non-recurring income.

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

In the current quarter, the Group recorded an increase in revenue to RM22.5 million from RM19.7 million in the preceding quarter. The improved sales of hotel rooms and banquet revenue coupled with the higher pace of construction activities contributed to the higher revenue.

Comparing to a loss of RM3.3 million in the preceding quarter, the Group's current profit of RM1.4 million was mainly due to higher profit contribution from both the construction and hotel and leisure business units which is in line with the higher revenue achieved by these units.

### III.) **Prospects**

The outlook for the Group for the rest of this financial year remain positive given the better performance shown by the Group's construction and the hotel and leisure business units. Furthermore, the Group is expecting to obtain the approval for the development order for a residential development in Johor Bahru in the later part of 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**

	<b>Current Year Quarter 30.6.2011 RM'000</b>	<b>Cumulative Period Totdate 30.6.2011 RM'000</b>
Income tax		
- provision for current period	(549)	(844)
- overprovision in prior year	210	210
Deferred tax	25	49
	<u>(314)</u>	<u>(585)</u>

In the current quarter, the Group's effective tax rate is lower than the statutory tax rate mainly due to overprovision of tax in prior year written back in this quarter. However, for the cumulative period todate, although the Group recorded a loss, taxation was incurred principally owing 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.

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

In the current quarter, there was a gain of RM0.6 million arising from the sale of a subsidiary.

### 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 30 June 2011 were:-

	RM'000
At cost	9,756
At book/market value	<u>8,214</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 30 June 2011 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	1,076	-
- bankers' acceptances	2,179	-
- term loans	11,500	25,569
- hire purchase	1,262	1,450
	<u>16,017</u>	<u>27,019</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 30.6.2011 RM'000	As At Preceding Financial Year End 31.12.2010 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(481,011)	(517,620)
- Unrealised losses	<u>(4,104)</u>	<u>(4,091)</u>
	(485,115)	(521,711)
Total share of retained (loss)/profit from associate - realised	<u>(2)</u>	<u>1</u>
	(485,117)	(521,710)
Less: Consolidation adjustments	<u>232,742</u>	<u>271,808</u>
	<u>(252,375)</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 profit/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)













