

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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>30.9.2011</b>	<b>30.9.2010</b>	<b>30.9.2011</b>	<b>30.9.2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	24,665	20,703	66,969	52,682
Cost of sales	(16,064)	(13,414)	(41,243)	(30,099)
Gross profit	8,601	7,289	25,726	22,583
Other (expenses)/income	90	(113)	2,200	3,528
Operating and administration expenses	(9,587)	(8,505)	(29,038)	(23,473)
(Loss)/Profit from operations	(896)	(1,329)	(1,112)	2,638
Finance cost	(998)	(709)	(2,668)	(2,353)
Share of result of associate	-	-	(2)	529
(Loss)/Profit before tax	(1,894)	(2,038)	(3,782)	814
Income tax expense	(634)	(354)	(1,219)	(49)
(Loss)/Profit net of tax, representing total comprehensive (loss)/income for the period	(2,528)	(2,392)	(5,001)	765
Total comprehensive (loss)/income attributable to owners of the parent	(2,528)	(2,392)	(5,001)	765
Earnings per share attributable to owners of the parent (sen)				
- basic and fully diluted	(0.74)	(0.67)	(1.46)	0.22

(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 30.9.2011 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	189,547	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>206,429</u>	<u>196,132</u>
Current Assets		
Inventories	14,625	14,476
Amount due from customers for contract work	2,179	464
Receivables	27,052	23,848
Other investments	9,347	9,743
Tax recoverable	1,566	1,995
Fixed deposits	5,385	7,462
Cash and bank balances	4,732	5,272
	<u>64,886</u>	<u>63,260</u>
<b>TOTAL ASSETS</b>	<u><b>271,315</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	(187,940)	(182,939)
<b>Total equity</b>	<u><b>173,802</b></u>	<u><b>178,803</b></u>
Non-Current Liabilities		
Deferred tax liabilities	11,192	11,265
Borrowings	30,827	19,197
Payables	4,296	6,169
	<u>46,315</u>	<u>36,631</u>
Current Liabilities		
Borrowings	14,941	14,441
Bank overdraft	1,040	1,210
Payables	31,479	25,846
Amount due to customers for contract work	1,633	61
Tax payable	2,105	2,400
	<u>51,198</u>	<u>43,958</u>
<b>Total liabilities</b>	<u><b>97,513</b></u>	<u><b>80,589</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>271,315</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**

	Current Year Todate 30.9.2011 RM'000	Preceding Year Corresponding Period 30.9.2010 RM'000
Operating activities		
(Loss)/profit before tax	(3,782)	814
Adjustments for :-		
Non-cash items	3,893	551
Non-operating items	2,550	2,246
Operating cash flows before changes in working capital	2,661	3,611
Inventories	(149)	946
Receivables	(3,347)	(4,593)
Payables	5,541	(5,434)
Income taxes paid	(1,157)	(1,039)
Net cash flows from/(used in) operating activities	3,549	(6,509)
Investing activities		
Purchase of property plant and equipment	(15,655)	(1,965)
Proceeds from disposal of property plant and equipment	-	77
Net cash inflow from disposal of subsidiaries	-	18,258
Net proceeds from disposal of investment in an associate	-	25,907
Net cash outflow from acquisition of a subsidiary	-	(11,110)
Interest received	118	107
Net cash flows (used in)/from investing activities	(15,537)	31,274
Financing activities		
Net drawdown/(repayment) of term loan	12,632	(10,452)
Repayment of hire purchase payables	(500)	(213)
Purchase of treasury shares	-	(5,147)
Interest paid	(2,591)	(2,264)
Net cash flows from/(used in) financing activities	9,541	(18,076)
Net (decrease)/increase in cash and cash equivalents	(2,447)	6,689
Cash and cash equivalents at beginning of period	11,024	11,807
Cash and cash equivalents at end of period	8,577	18,496
Cash and cash equivalents comprise :-		
Cash and bank balances	4,732	12,657
Fixed deposits	5,385	7,600
	10,117	20,257
Less : Bank overdraft	(1,040)	(1,261)
: Fixed deposits pledged	(500)	(500)
	8,577	18,496

(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
Purchase of treasury shares	-	(5,147)	-	-	(5,147)
Total comprehensive income for the period	-	-	-	765	765
At 30 September 2010	361,742	45,929	21,455	(250,247)	178,879
At 1 January 2011	361,742	45,508	21,455	(249,902)	178,803
Total comprehensive loss for the period	-	-	-	(5,001)	(5,001)
At 30 September 2011	361,742	45,508	21,455	(254,903)	173,802

(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**

A.) The breakdown of revenue and results by business segment for the nine months ended 30 September 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	2,640	42,592	21,737	-	-	66,969
Inter-segment	-	-	-	1,530	(1,530)	-
Total revenue	2,640	42,592	21,737	1,530	(1,530)	66,969
<b>Result</b>						
Segment results	2,063	2,929	3,062	(7,754)	(1,530)	(1,230)
Share of result of associate				(2)		(2)
Finance cost						(2,668)
Interest income						118
Loss before tax						(3,782)
Income tax expense						(1,219)
Loss net of tax						(5,001)

B.) The breakdown of revenue and results by business segment for the nine months ended 30 September 2010 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	4,211	30,204	18,267	-	-	52,682
Inter-segment	-	-	-	1,530	(1,530)	-
Total revenue	4,211	30,204	18,267	1,530	(1,530)	52,682
<b>Result</b>						
Segment results	1,456	2,274	3,754	(3,423)	(1,530)	2,531
Share of result of associate				529		529
Finance cost						(2,353)
Interest income						107
Profit before tax						814
Income tax expense						(49)
Profit net of tax						765

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**

Revenue for this quarter stands at RM24.67 million, up 19.2% as compared with third quarter of 2010. This quarter's higher revenue was driven by strong performance from the construction segment and continued growth in sales at the hotel and leisure segment.

For the current quarter, the construction segment carried out jobs valued at RM16.27 million, an increase of RM2.90 million from prior-year period. The revenue was derived mainly from five projects involving the construction of houses, high-rise apartments and shops at various stages of completion for a total contract sum of RM136 million. Two of these projects, with contract value of RM68 million, were new jobs starting works in this quarter.

Revenue from the hotel and leisure segment grew by 17.3% to RM7.53 million in this quarter. This was achieved primarily through higher room occupancy as well as increased revenue per available room. The improved hospitality market condition in the Klang Valley which drove up the room rate benefited enormously the business of Hotel Armada. The recently refurbished banquet facility also contributed to the increased revenue of the hotel operations.

The Group recorded a loss of RM1.89 million for this quarter due to operating loss at the golf business, higher depreciation charges and higher finance cost arising from the expansion and renovation of the clubhouse facilities in Christine Resort. The loss also included RM1.82 million accrued interest in connection with the litigation claims, the details of which are disclosed in Note XIV below.

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

Revenue for this quarter was higher compared with preceding quarter by RM2.12 million or 9.4% due largely to the increase in contribution from the construction segment. The start of two new projects in this quarter accounted primarily for the higher income generated by the construction segment.

The Group posted a loss of RM1.89 million for this quarter versus RM1.40 million profit in the preceding quarter due mainly to operating loss at the golf business, higher depreciation charge and accrued interest in connection with the litigation claims as disclosed in Note XIV below. The preceding quarter profit included a pre-tax gain of RM1.42 million on the sale of investment property.

**III.) Prospects**

The Board expects both the construction and hotel segments to continue the strong performance for the remaining period of this financial year on the basis of unbilled works in-hand for the construction unit and the year-end festive season activities for the hotel business.

The Group's outlook for the near future is also improving following the joint development agreement entered into by a subsidiary with a developer to build and sell 656 units of residential serviced apartments on a 5.43 acres of land in Johor Bahru owned by the Group. The positive outlook is also underpinned by the growth in the order book of the construction unit. With the addition of another contract from UEM Land Holdings Berhad valued at RM44 million secured in this quarter, the outstanding order book stood at RM140 million at the end of this quarter.

**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**

	<b>Current Year Quarter 30.9.2011 RM'000</b>	<b>Cumulative Period Totdate 30.9.2011 RM'000</b>
The (loss)/profit from operations is stated after charging/(crediting):-		
Interest income	(40)	(118)
Forfeiture of performance security fund	(455)	(1,875)
Accrual of interest on litigation claims (Note XIV)	1,816	-
Gain from sale of subsidiary	-	(617)
Depreciation and amortisation	<u>1,723</u>	<u>4,739</u>

**VI.) Taxation**

	<b>Current Year Quarter 30.9.2011 RM'000</b>	<b>Cumulative Period Totdate 30.9.2011 RM'000</b>
Income tax		
- provision for current period	(742)	(1,586)
- overprovision in prior year	84	294
Deferred tax	<u>24</u>	<u>73</u>
	<u>(634)</u>	<u>(1,219)</u>

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 taxable profits made by other companies within the Group due to insufficient tax relief.

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

In the current quarter, there was no sale of unquoted investments and/or properties.

**VIII.) 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 September 2011 were:-

	<b>RM'000</b>
At cost	9,756
At book/market value	<u>9,347</u>

**IX.) 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.



**X.) Group Borrowings/Debt Securities**

Group borrowings/debt securities as at 30 September 2011 were :-

	<b>Short term RM'000</b>	<b>Long term RM'000</b>
Secured		
- bank overdrafts	1,040	-
- bankers' acceptances	2,179	-
- term loans	11,500	29,417
- hire purchase	1,262	1,410
	<u>15,981</u>	<u>30,827</u>

**XI.) Disclosure of Derivatives**

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

**XII.) 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.

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

	<b>As At End Of Current Quarter 30.9.2011 RM'000</b>	<b>As At Preceding Financial Year End 31.12.2010 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(483,073)	(517,620)
- Unrealised losses	<u>(4,104)</u>	<u>(4,091)</u>
	(487,177)	(521,711)
Total share of retained (loss)/profit from associate - realised	<u>(2)</u>	<u>1</u>
	(487,179)	(521,710)
Less: Consolidation adjustments	<u>232,276</u>	<u>271,808</u>
	<u>(254,903)</u>	<u>(249,902)</u>

**XIV.) Material Litigation**

On 19 November 2002, the Company was served with a writ of summon by two third parties claiming the refund of a sum of RM5.00 million which was paid in relation to the sale and purchase agreement between them and the Company on 3 March 1997. The said sale and purchase agreement had since lapsed due to non-fulfillment of the terms therein by the third parties.

On 18 November 2011, the Court had dismissed the Company's counterclaim and ordered the Company to refund the sum of RM5.00 million plus interest to the plaintiffs.

The Board of Directors has sought legal advice and will appeal against the Court's decision. The Court's decision has no impact on the financial position of the Company as the sum of RM5.00 million to be refunded to the plaintiffs have been provided for by the Company.

**XV.) Dividends**

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

**XVI.) 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 : 354,972,000)















