

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**  
**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>30.9.2012</b>	<b>30.9.2011</b>	<b>30.9.2012</b>	<b>30.9.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	30,205	24,665	91,366	66,969
Cost of sales	(20,758)	(16,064)	(63,675)	(41,243)
Gross profit	9,447	8,601	27,691	25,726
Other income	4,891	90	6,074	2,200
Operating and administration expenses	(9,264)	(9,587)	(29,223)	(29,038)
Profit/(loss) from operations	5,074	(896)	4,542	(1,112)
Finance cost	(1,314)	(998)	(3,346)	(2,668)
Share of result of associate	-	-	-	(2)
Profit/(loss) before tax	3,760	(1,894)	1,196	(3,782)
Income tax expense	(925)	(634)	(2,026)	(1,219)
Profit/(Loss) net of tax, representing total comprehensive profit/(loss) for the period	2,835	(2,528)	(830)	(5,001)
Total comprehensive profit/(loss) attributable to owners of the parent	2,835	(2,528)	(830)	(5,001)
Profit/(loss) per share attributable to owners of the parent (sen)				
- basic and fully diluted	0.83	(0.74)	(0.24)	(1.46)

(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 30.9.2012 RM'000	(Audited) As At Preceding Financial Year End 31.12.2011 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	185,314	187,100
Land held for development	9,563	-
Investment property	6,596	6,596
Goodwill on consolidation	8,979	8,979
Receivables	10,746	6,425
	<u>221,198</u>	<u>209,100</u>
Current Assets		
Inventories	4,847	14,547
Amount due from customers for contract work	2,811	1,717
Receivables	42,492	28,317
Other investments	-	8,440
Tax recoverable	1,057	1,261
Fixed deposits	1,802	1,052
Cash and bank balances	9,793	5,343
	<u>62,802</u>	<u>60,677</u>
<b>TOTAL ASSETS</b>	<u><b>284,000</b></u>	<u><b>269,777</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(191,882)	(191,052)
<b>Total equity</b>	<u><b>169,860</b></u>	<u><b>170,690</b></u>
Non-Current Liabilities		
Deferred tax liabilities	11,191	11,265
Borrowings	49,448	25,895
Payables	4,087	4,087
	<u>64,726</u>	<u>41,247</u>
Current Liabilities		
Borrowings	6,909	14,689
Bank overdraft	928	1,012
Payables	34,631	39,350
Amount due to customers for contract work	5,937	1,735
Tax payable	1,009	1,054
	<u>49,414</u>	<u>57,840</u>
<b>Total liabilities</b>	<b>114,140</b>	<b>99,087</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>284,000</b></u>	<u><b>269,777</b></u>
Net assets per share (sen)	50	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**

	Current Year Todate 30.9.2012 RM'000	Preceding Year Corresponding Period 30.9.2011 RM'000
Operating activities		
Loss before tax	1,196	(3,782)
Adjustments for :-		
Non-cash items	(344)	3,893
Non-operating items	3,286	2,550
Operating cash flows before changes in working capital	4,138	2,661
Inventories	137	(149)
Receivables	(19,590)	(3,347)
Payables	2,902	5,541
Income taxes paid	(1,942)	(1,157)
Net cash flows used in operating activities	(14,355)	3,549
Investing activities		
Purchase of property plant and equipment	(3,608)	(15,655)
Proceeds from sale of other investment	11,291	-
Interest received	60	118
Net cash flows from/(used in) investing activities	7,743	(15,537)
Financing activities		
Net drawdown of term loan	11,715	12,632
Drawdown of bankers' acceptance	4,227	-
Net repayment of hire purchase payables	(170)	(500)
Interest paid	(3,876)	(2,591)
Net cash flows from financing activities	11,896	9,541
Net decrease in cash and cash equivalents	5,284	(2,447)
Cash and cash equivalents at beginning of period	4,883	11,024
Cash and cash equivalents at end of period	10,167	8,577
Cash and cash equivalents comprise :-		
Cash and bank balances	9,793	4,732
Fixed deposits	1,802	5,385
	11,595	10,117
Less : Bank overdraft	(928)	(1,040)
: Fixed deposits pledged	(500)	(500)
	10,167	8,577

(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 loss for the period	-	-	-	(5,001)	(5,001)
At 30 September 2011	361,742	45,508	21,455	(254,903)	173,802
At 1 January 2012	361,742	45,490	21,455	(257,997)	170,690
Total comprehensive loss for the period	-	-	-	(830)	(830)
At 30 September 2012	361,742	45,490	21,455	(258,827)	169,860

(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 30 September 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	2,607	66,174	22,585	-	-	91,366
Inter-segment	-	-	-	1,530	(1,530)	-
Total revenue	2,607	66,174	22,585	1,530	(1,530)	91,366
<b>Results</b>						
Segment results	(115)	4,091	1,369	666	(1,530)	4,481
Share of results of associates						-
Finance cost						(3,346)
Interest income						61
Profit before tax						1,196
Income tax expense						(2,026)
Loss net of tax						(830)

B.) The breakdown of revenue and results by business segment for the period 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>Results</b>						
Segment results	2,063	2,929	3,062	(7,754)	(1,530)	(1,230)
Share of results of associates						(2)
Finance cost						(2,668)
Interest income						118
Loss before tax						(3,782)
Income tax expense						(1,219)
Loss net of tax						(5,001)

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**

The Group's revenue of RM30.2 million for the 2012 third quarter was up 22% from RM24.7 million in 2011 third quarter, making it the third straight quarter of growth in revenue when compared to previous year quarters. Reversing from a loss of RM2.5 million in the prior year quarter, the Group reported a profit of RM2.8 million in this quarter.

The construction segment recorded revenue growth of 34% from RM16.3 million in prior year to RM21.9 million in this quarter, mainly driven by strong income contribution from three on-going projects. These three projects, involving the building of shop offices in Serdang and houses in Cyberjaya for a combined contract value of RM104 million, were well into the active construction phase. The start of a new job to build 69 units of 2-storey linked houses in Cheras for a contract value of RM33 million further accounted for the increase in revenue from the construction segment. In tandem with the increased revenue, operating profit for this quarter jumped to RM2.1 million versus the prior year of RM0.9 million.

Revenue from the hotel and leisure segment in this quarter was RM7.4 million, essentially unchanged from the prior year quarter. Armada Petaling Jaya was able to maintain its revenue despite the closing down of the executive floors for major renovation works through most of the first three quarters of the year. Consequently, occupancy rate was down from 78% in prior year quarter to 71% in this quarter but this was more than offset by higher room yield achieved. The hotel's operating profit rose marginally to RM2.7 million in this quarter from the prior year quarter of RM2.6 million.

Besides improvement in profit contributions from the construction and hotel and leisure segments, the Group's net profit for the third quarter was bolstered by increase in other income comprising gain from sale of investment and debt waiver arising from settlement of litigation claims.

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

The Group's revenue of RM30.2 million is down by 12% from the preceding quarter of RM34.3 million. The decline in revenue versus last quarter is due to lower contribution from both the construction and hotel and leisure segments. The completion of the jobs to build 63 units of double-storey houses and 270 units of apartments in Shah Alam mainly accounted for the lower revenue contribution from the construction segment. The drop in revenue from the hotel and leisure segment is primarily due to slow down in sales at Christine Resort partially offset by higher sales at Armada Petaling Jaya.

Comparing to a net loss of RM0.8 million in the previous quarter, the Group's current quarter net profit of RM2.8 million was mainly due to increase in other income. Included in other income are gain from the sale of investment and debt waiver arising from settlement of litigation claims.

**III.) Prospects**

Barring any foreseen circumstances and underpinned by the outstanding construction contracts on-hand, stable contribution from the hotel operations and the real estate development in the pipe-line, the Board of Directors is optimistic about the Group's ability to achieve satisfactory results for the remaining period 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.) **Statement of Comprehensive Income**

	Current Year Quarter 30.9.2012 RM'000	Preceding Year Corresponding Quarter 30.9.2011 RM'000	Current Year Todate 30.9.2012 RM'000	Preceding Year Corresponding Period 30.9.2011 RM'000
The profit/(loss) from operations is stated after charging/(crediting):-				
Accrual of interest on litigation claims	-	1,816	-	1,816
Depreciation and amortisation	1,781	1,724	5,393	4,739
Forfeiture of performance security fund	-	(455)	-	(1,875)
Gain from sale of other investments	(2,850)	-	(2,850)	-
Gain from sale of subsidiary	-	-	-	(617)
Loss/(gain) from fair value adjustment on other investments	963	(1,132)	-	397
Interest income	(20)	(40)	(61)	(118)
Waiver of debts	(2,886)	-	(2,886)	-

VI.) **Taxation**

	Current Year Quarter 30.9.2012 RM'000	Preceding Year Corresponding Quarter 30.9.2011 RM'000	Current Year Todate 30.9.2012 RM'000	Preceding Year Corresponding Period 30.9.2011 RM'000
Income tax				
- provision for current period	(950)	(742)	(2,100)	(1,586)
- overprovision in prior year	-	84	-	294
Deferred tax	25	24	74	73
	(925)	(634)	(2,026)	(1,219)

For the cumulative period 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 30 September 2012 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	928	-
- bankers' acceptances	6,406	-
- term loans	-	48,634
- hire purchase	503	814
	<u>7,837</u>	<u>49,448</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 30.9.2012 RM'000	As At Preceding Financial Year End 31.12.2011 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(472,330)	(471,719)
- Unrealised losses	(5,438)	(5,438)
	(477,768)	(477,157)
Total share of retained loss from associate - realised	(233)	(233)
	(478,001)	(477,390)
Less: Consolidation adjustments	219,174	219,393
	(258,827)	(257,997)

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 Year Quarter 30.9.2012	Preceding Year Corresponding Quarter 30.9.2011	Current Year Totdate 30.9.2012	Preceding Year Corresponding Period 30.9.2011
Profit/(loss) net of tax attributable to owners of the parent (RM'000)	2,835	(2,528)	(830)	(5,001)
Weighted average number of shares ('000)	342,946	342,946	342,946	342,946
Basic and diluted earnings per share (sen)	0.83	(0.74)	(0.24)	(1.46)













