

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	Todate	Period
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	29,922	30,205	103,139	91,366
Cost of sales	(19,880)	(20,758)	(72,703)	(63,675)
Gross profit	10,042	9,447	30,436	27,691
Other income	195	4,891	344	6,074
Operating and administration expenses	(9,247)	(9,264)	(26,588)	(29,223)
Profit from operations	990	5,074	4,192	4,542
Finance cost	(1,473)	(1,314)	(4,163)	(3,346)
Share of result of an associate	-	-	-	-
(Loss)/Profit before tax	(483)	3,760	29	1,196
Income tax expense	(906)	(925)	(2,177)	(2,026)
(Loss)/Profit net of tax, representing total comprehensive income for the period	(1,389)	2,835	(2,148)	(830)
Total comprehensive income attributable to owners of the parent	(1,389)	2,835	(2,148)	(830)
(Loss)/Earnings per share attributable to owners of the parent (sen)				
- basic and fully diluted	(0.41)	0.83	(0.63)	(0.24)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 30.9.2013 RM'000	(Audited) As At Preceding Financial Year End 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	179,318	182,982
Development expenditure	15,563	8,536
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	61,998	80,288
	<u>266,858</u>	<u>281,785</u>
Current Assets		
Inventories	10,280	10,367
Amount due from customers for contract work	11,988	3,614
Receivables	65,426	61,695
Tax recoverable	886	1,213
Fixed deposits	4,836	3,829
Cash and bank balances	5,992	6,578
	<u>99,408</u>	<u>87,296</u>
TOTAL ASSETS	<u>366,266</u>	<u>369,081</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(98,931)	(96,783)
Total equity	<u>262,811</u>	<u>264,959</u>
Non-Current Liabilities		
Deferred tax liabilities	10,773	10,846
Borrowings	30,734	48,218
	<u>41,507</u>	<u>59,064</u>
Current Liabilities		
Borrowings	33,583	6,865
Bank overdraft	640	859
Payables	23,317	26,978
Amount due to customers for contract work	3,183	9,347
Tax payable	1,225	1,009
	<u>61,948</u>	<u>45,058</u>
Total liabilities	103,455	104,122
TOTAL EQUITY AND LIABILITIES	<u>366,266</u>	<u>369,081</u>
Net assets per share (sen)	77	77

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
Operating activities		
Profit before tax	29	1,196
Adjustments for :-		
Non-cash items	6,142	(344)
Non-operating items	4,056	3,286
Operating cash flows before changes in working capital	10,227	4,138
Development expenditure	(7,027)	-
Inventories	86	137
Receivables	6,185	(19,590)
Payables	(10,050)	2,902
Income taxes paid	(1,707)	(1,942)
Net cash flows used in operating activities	(2,286)	(14,355)
Investing activities		
Purchase of property plant and equipment	(2,162)	(3,608)
Proceeds from sale of other investment	-	11,291
Proceeds from sale of property plant and equipment	376	-
Interest received	107	60
Net cash flows (used in)/from investing activities	(1,679)	7,743
Financing activities		
Net drawdown of term loan	6,767	11,715
Drawdown of bankers' acceptance	2,287	4,227
Net repayment of hire purchase payables	(513)	(170)
Interest paid	(3,936)	(3,876)
Net cash flows from financing activities	4,605	11,896
Net increase in cash and cash equivalents	640	5,284
Cash and cash equivalents at beginning of period	9,048	4,883
Cash and cash equivalents at end of period	9,688	10,167
Cash and cash equivalents comprise :-		
Cash and bank balances	5,992	9,793
Fixed deposits	4,836	1,802
	10,828	11,595
Less : Bank overdraft	(640)	(928)
: Fixed deposits pledged	(500)	(500)
	9,688	10,167

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

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 2012	361,742	45,490	21,455	(257,997)	170,690
Total comprehensive income for the period	-	-	-	(830)	(830)
At 30 September 2012	361,742	45,490	21,455	(258,827)	169,860
At 1 January 2013	361,742	45,488	21,455	(163,726)	264,959
Total comprehensive income for the period	-	-	-	(2,148)	(2,148)
At 30 September 2013	361,742	45,488	21,455	(165,874)	262,811

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

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 2012. 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 2012.

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 2012 except for the adoption of the following:

Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income*

Amendments to FRS 1 *Government Loans*

Amendments to FRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*

Amendments to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangement and Disclosures of Interests in Other Entities: Transition Guidance*

FRS 10 *Consolidated Financial Statements*

FRS 11 *Joint Arrangements*

FRS 12 *Disclosures of Interests in Other Entities*

FRS 13 *Fair Value Measurement*

FRS 119 (2011) *Employee Benefits*

FRS 127 (2011) *Separate Financial Statements*

FRS 128 (2011) *Investments in Associates and Joint Ventures*

IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*

Improvements to FRSs (2012)

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.

On 19 November 2011, 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 are allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, on 30 June 2012, MASB decided to extend the aforementioned transitional period for another one year. Thus, the MFRS Framework will be mandatory for Transitioning Entities for application for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. The Group is currently assessing the implications and financial impact of transition to the MFRS Framework and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

2.) Auditors' Report

The auditors' report on the Group's financial statements for the year ended 31 December 2012 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 2013 was as follows:-

	Property RM'000	Construction RM'000	Hotel and leisure RM'000	Corporate RM'000	Eliminations RM'000	Total RM'000
Revenue						
External customers	3,264	79,468	20,407	-	-	103,139
Inter-segment	-	-	-	2,070	(2,070)	-
Total revenue	3,264	79,468	20,407	2,070	(2,070)	103,139
Results						
Segment results	1,016	7,027	2,996	(4,884)	(2,070)	4,085
Share of result of an associate						-
Finance cost						(4,163)
Interest income						107
Profit before tax						29
Income tax expense						(2,177)
Loss net of tax						(2,148)

B.) 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
Revenue						
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
Results						
Segment results	(115)	4,091	1,369	666	(1,530)	4,481
Share of result of an associate						-
Finance cost						(3,346)
Interest income						61
Profit before tax						1,196
Income tax expense						(2,026)
Loss net of tax						(830)

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 - 2013 Third Quarter compared to 2012 Third Quarter

There is no material changes in the Group's revenue for the third quarter of 2013 compared with the same quarter in 2012. The 2013 third quarter revenue of RM29.9 million was backed by continued strong contribution from both the construction and hotel segments. The Group posted a net loss of RM1.4 million this quarter versus a net profit of RM2.8 million in the same quarter last year. The drop in profit was due mainly to the absence of other income in the current quarter.

Revenue from the construction segment was in the region of RM21 million for both the current year and last year quarter. The revenue was derived from seven on-going and new jobs, namely the 86 linked houses at Symphony Hill in Cyberjaya, the 74 shop offices at Olive Hill (Phase 1) in Serdang, the 42 semi-detached houses at Symphony Hill in Cyberjaya, the 69 terraced houses at Alam Damai in Cheras, the 6-level carpark at MK20 in Mont'Kiara, the 86 linked houses at Alam Impian in Shah Alam and the 37 linked houses at Alam Sari in Bangi. These projects have a combined contract value of RM273.6 million, of which outstanding works amount to RM109.0 million. Operating profit increased marginally to RM2.2 million this quarter from RM2.1 million in the period a year earlier.

Revenue from the hotel segment grew by 6% to RM7.0 million in this quarter from the prior year quarter of RM6.6 million. Room sales improved by 13% to RM3.8 million, achieved primarily through higher room inventories as well as higher occupancy rate. Income from food and beverage was RM3.1 million, essentially unchanged from the prior year quarter despite the closing down of one of the outlets for renovation works. In tandem with the increase in revenue, the hotel segment's operating profit rose by 18% to RM3.2 million from RM2.7 million in the prior year period.

II.) Review of 2013 Third Quarter against 2013 Second Quarter

The Group's revenue of RM29.9 million in this quarter is down 12% from the preceding quarter of RM34.1 million, largely due to decline in the value of contract works carried out by the construction business. On-going jobs which were at their tail-end and new jobs that were still at early stage accounted for the drop in revenue from the construction segment. However, the hotel segment achieved stronger results in the quarter compared to the prior quarter, reflected by an increase of 8% in revenue and an increase of 18% in operating profit.

In line with the lower revenue, the Group posted a net loss of RM1.4 million in this quarter against preceding quarter's net loss of RM0.9 million.

III.) Prospects

The Board expects, for the remainder of the year, both the construction and hotel segments to deliver performance consistent with the trend established in the first nine months of this 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 30.9.2013 RM'000	Preceding Year Corresponding Quarter 30.9.2012 RM'000	Current Year Todate 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
The profit from operations is stated after charging/(crediting):-				
Depreciation and amortisation	2,471	1,781	6,224	5,393
Fair value adjustment on other investment	-	963	-	-
Gain from sale of other investment	-	(2,850)	-	(2,850)
Interest income	(91)	(20)	(107)	(61)
Waiver of debts	-	(2,886)	-	(2,886)

VI.) Taxation

	Current Year Quarter 30.9.2013 RM'000	Preceding Year Corresponding Quarter 30.9.2012 RM'000	Current Year Todate 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
Income tax				
- provision for current period	(930)	(950)	(2,250)	(2,100)
Deferred tax	24	25	73	74
	<u>(906)</u>	<u>(925)</u>	<u>(2,177)</u>	<u>(2,026)</u>

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 2013 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	640	-
- bankers' acceptances	7,082	-
- term loans	25,803	30,079
- hire purchase	698	655
	<u>34,223</u>	<u>30,734</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 30.9.2013 RM'000	As At Preceding Financial Year End 31.12.2012 RM'000
Total accumulated losses of the Group:		
- Realised losses	(382,517)	(379,818)
- Unrealised losses	(5,116)	(5,116)
	<u>(387,633)</u>	<u>(384,934)</u>
Total share of retained loss from associate - realised	(233)	(233)
	<u>(387,866)</u>	<u>(385,167)</u>
Less: Consolidation adjustments	221,992	221,441
	<u>(165,874)</u>	<u>(163,726)</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 (Loss)/Earnings Per Share

The basic (loss)/earnings per share amounts are calculated by dividing the (loss)/profit 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 30.9.2013	Preceding Year Corresponding Quarter 30.9.2012	Current Year To date 30.9.2013	Preceding Year Corresponding Period 30.9.2012
(Loss)/Profit net of tax attributable to owners of the parent (RM'000)	<u>(1,389)</u>	<u>2,835</u>	<u>(2,148)</u>	<u>(830)</u>
Weighted average number of shares ('000)	<u>342,946</u>	<u>342,946</u>	<u>342,946</u>	<u>342,946</u>
Basic and diluted (loss)/earnings per share (sen)	<u>(0.41)</u>	<u>0.83</u>	<u>(0.63)</u>	<u>(0.24)</u>

