

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 31.3.2015 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.3.2014 RM'000</b>	<b>Current Year Totdate 31.3.2015 RM'000</b>	<b>Preceding Year Corresponding Period 31.3.2014 RM'000</b>
Revenue	26,822	34,807	26,822	34,807
Cost of sales	(19,707)	(25,014)	(19,707)	(25,014)
Gross profit	7,115	9,793	7,115	9,793
Other income	203	126	203	126
Operating and administration expenses	(10,685)	(10,307)	(10,685)	(10,307)
Loss from operations	(3,367)	(388)	(3,367)	(388)
Finance cost	(1,254)	(1,323)	(1,254)	(1,323)
Share of result of an associate	-	-	-	-
Loss before tax	(4,621)	(1,711)	(4,621)	(1,711)
Income tax expense	(26)	(526)	(26)	(526)
Loss net of tax, representing total comprehensive income for the period	(4,647)	(2,237)	(4,647)	(2,237)
Total comprehensive income attributable to owners of the parent	(4,647)	(2,237)	(4,647)	(2,237)
Loss per share attributable to owners of the parent (sen) - basic and fully diluted	(1.36)	(0.65)	(1.36)	(0.65)

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At End Of Current Quarter 31.3.2015 RM'000	(Audited) As At Preceding Financial Year End 31.12.2014 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	178,457	179,538
Development expenditure	28,104	25,627
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	57,637	61,269
	<u>274,177</u>	<u>276,413</u>
Current Assets		
Inventories	10,439	10,421
Amount due from customers for contract work	15,071	14,674
Receivables	54,954	54,713
Tax recoverable	3,087	2,407
Fixed deposits	2,578	3,127
Cash and bank balances	3,642	11,390
	<u>89,771</u>	<u>96,732</u>
<b>TOTAL ASSETS</b>	<u>363,948</u>	<u>373,145</u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(108,608)	(103,961)
<b>Total equity</b>	<u>253,134</u>	<u>257,781</u>
Non-Current Liabilities		
Deferred tax liabilities	9,925	9,949
Borrowings	45,588	46,339
	<u>55,513</u>	<u>56,288</u>
Current Liabilities		
Borrowings	19,405	16,340
Bank overdrafts	2,258	2,672
Payables	31,836	36,119
Amount due to customers for contract work	793	2,936
Tax payable	1,009	1,009
	<u>55,301</u>	<u>59,076</u>
<b>Total liabilities</b>	<u>110,814</u>	<u>115,364</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>363,948</u>	<u>373,145</u>
Net assets per share (sen)	74	75

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 31.3.2015 RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Operating activities		
Loss before tax	(4,621)	(1,711)
Adjustments for :-		
Non-cash items	2,170	2,206
Non-operating items	1,242	1,275
Operating cash flows before changes in working capital	(1,209)	1,770
Development expenditure	(2,477)	(1,462)
Inventories	(18)	(200)
Receivables	2,994	5,658
Payables	(6,437)	(3,273)
Net income taxes paid	(731)	(201)
Net cash flows (used in)/from operating activities	(7,878)	2,292
Investing activities		
Purchase of property plant and equipment	(1,200)	(2,248)
Proceeds from disposal of property, plant and equipment	111	-
Interest received	12	48
Net cash flows used in investing activities	(1,077)	(2,200)
Financing activities		
Net repayment of term loan	(98)	(1,257)
Drawdown of bankers' acceptance	2,675	4
Net (repayment)/drawdown of hire purchase payables	(262)	1,003
Interest paid	(1,243)	(1,626)
Net cash flows from/(used in) financing activities	1,072	(1,876)
Net decrease in cash and cash equivalents	(7,883)	(1,784)
Cash and cash equivalents at beginning of period	9,418	8,694
Cash and cash equivalents at end of period	1,535	6,910
Cash and cash equivalents comprise :-		
Cash and bank balances	3,642	4,197
Fixed deposits	2,578	4,833
	6,220	9,030
Less : Bank overdrafts	(2,258)	(486)
: Fixed deposits pledged	(2,427)	(1,634)
	1,535	6,910

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014)

# 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 2014	361,742	45,488	21,455	(161,544)	267,141
Total comprehensive income for the year	-	-	-	(2,237)	(2,237)
At 31 March 2014	361,742	45,488	21,455	(163,781)	264,904
At 1 January 2015	361,742	45,488	21,455	(170,904)	257,781
Total comprehensive income for the year	-	-	-	(4,647)	(4,647)
At 31 March 2015	361,742	45,488	21,455	(175,551)	253,134

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014)

## 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 2014. 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 2014.

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 2014 except for the adoption of the following:

Amendments to FRS 119 Defined Benefits Plans: Employee Contributions  
Annual Improvements to FRSs 2010 - 2012 Cycle  
Annual Improvements to FRSs 2011 - 2013 Cycle

The adoption of the abovementioned FRSs is not expected to have any significant financial impact on the Group in the first quarter of 2015.

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 will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

### 2.) **Auditors' Report**

The auditors' report on the Group's financial statements for the year ended 31 December 2014 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 this 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 first quarter of 2015.

7.) **Dividends Paid**

There were no payment of dividends in the first quarter of 2015.

8.) **Segment Information**

A.) The breakdown of revenue and results by business segment for the period ended 31 March 2015 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	939	19,840	6,043	-	-	26,822
Inter-segment	-	-	-	690	(690)	-
Total revenue	939	19,840	6,043	690	(690)	26,822
<b>Results</b>						
Segment results	(229)	(323)	(644)	(1,493)	(690)	(3,379)
Share of result of an associate						-
Finance cost						(1,254)
Interest income						12
Loss before tax						(4,621)
Income tax expense						(26)
Loss net of tax						(4,647)

B.) The breakdown of revenue and results by business segment for the period ended 31 March 2014 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	1,185	27,021	6,601	-	-	34,807
Inter-segment	-	-	-	690	(690)	-
Total revenue	1,185	27,021	6,601	690	(690)	34,807
<b>Results</b>						
Segment results	(112)	1,615	521	(1,770)	(690)	(436)
Share of result of an associate						-
Finance cost						(1,323)
Interest income						48
Loss before tax						(1,711)
Income tax expense						(526)
Loss net of tax						(2,237)

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 this 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 first quarter of 2015.

**13.) Capital Commitments**

There were no material capital commitments as at the end of the first quarter of 2015.

**14.) Significant Related Party Transactions**

The Group has no significant related party transactions in the first quarter of 2015.

**ADDITIONAL INFORMATION REQUIRED  
BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**I.) Review of Performance - 2015 First Quarter compared to 2014 First Quarter**

First quarter 2015 revenue declined to RM26.8 million from RM34.8 million in the prior year quarter, a drop of 23% on the back of lower progress billing of contract works for the construction segment. Net loss for this quarter came to RM4.6 million versus loss of RM2.2 million last year same quarter. Higher loss is mainly due to weaker profit contributions from both the construction and hotel segments. The overall financial results for the first quarter 2015 reflected the difficult operating condition and weak business environment for the market in which the Group operates.

In the first quarter of 2015, the construction division carried out jobs valued at RM19.8 million, a drop of 27% from RM27.0 million in prior year period. The revenue was derived from on-going jobs namely the 6-level car park at Arcoris in Mont'Kiara, the 86 linked houses at Alam Impian in Shah Alam, the 31 linked houses at Bukit Hartamas in Cheras, the 76 shop offices at Setia Alam in Shah Alam and the 22 shop offices at Kota Seriemas in Nilai, and new jobs namely the 86 linked houses at Eco Majestic in Semenyih and the 94 linked houses at Eco Majestic in Semenyih. These jobs have a combined contract value of RM193.8 million, of which outstanding works amount to RM86.1 million. Operating result came to a loss of RM0.2 million this quarter compared to profit of RM1.7 million in prior year period, mainly due to lower billings of works and slip in profit margin.

Revenue from the hotel segment in the first quarter of 2015 was RM6.0 million, down 9% from prior year quarter of RM6.6 million. Room sales declined by 25% to RM2.7 million this quarter from RM3.6 million in the prior year quarter, largely due to drop in occupancy rate. This was offset by the strong growth in food and beverages sale, up 14% to RM3.3 million this quarter from RM2.9 million in prior year quarter, driven by the high demand for the hotel's banquet and conference facilities. Operating profit for this quarter is RM1.3 million, down 48% from RM2.5 million last year, mainly due to weak room sales and rising operating costs.

**II.) Review of 2015 First Quarter against 2014 Fourth Quarter**

There is no material difference in the Group's revenue for the first quarter of 2015 compared with fourth quarter of 2014. Against a loss of RM2.3 million in the preceding quarter, the first quarter 2015 loss of RM4.6 million was mainly due to lower other income and lower profit contribution from the hotel segment as first quarter is usually a seasonally weaker period.

**III.) Prospects**

In the first quarter of 2015, the Group has clinched two new jobs worth RM58.4 million to boost its order book to RM252.2 million, of which outstanding works amount to RM144.5 million. The new jobs are for the building of 121 linked houses at Serene Heights in Bangi and 70 linked houses at Kota Seriemas in Nilai, and works on these jobs commenced at the end of the first quarter of 2015.

Given the tough operating and subdued business environment, the Directors are of the opinion that the outlook of the Group in the financial year 2015 remains challenging.

**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 31.3.2015 RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year Todate 31.3.2015 RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Loss from operations is stated after charging/(crediting):-				
Depreciation and amortisation	2,280	2,206	2,280	2,206
Interest income	(12)	(48)	(12)	(48)

**VI.) Taxation**

	Current Year Quarter 31.3.2015 RM'000	Preceding Year Corresponding Quarter 31.3.2014 RM'000	Current Year Todate 31.3.2015 RM'000	Preceding Year Corresponding Period 31.3.2014 RM'000
Income tax				
- provision for current period	(50)	(550)	(50)	(550)
Deferred tax	24	24	24	24
	(26)	(526)	(26)	(526)

For the current year, 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.

**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 March 2015 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	2,258	-
- bankers' acceptances	10,218	-
- term loans	8,230	43,443
- hire purchase	957	2,145
	<u>21,663</u>	<u>45,588</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 first quarter of 2015.



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

	As At End Of Current Quarter 31.3.2015 RM'000	As At Preceding Financial Year End 31.12.2014 RM'000
Total accumulated losses of the Group:		
- Realised losses	(390,472)	(386,248)
- Unrealised losses	<u>(4,414)</u>	<u>(4,414)</u>
	(394,886)	(390,662)
Total share of retained loss from associate - realised	<u>(233)</u>	<u>(233)</u>
	(395,119)	(390,895)
Less: Consolidation adjustments	<u>219,568</u>	<u>219,991</u>
	<u>(175,551)</u>	<u>(170,904)</u>

# **XII.) Material Litigation**

There were no material litigation as at the end of the first quarter of 2015.

# **XIII. Dividends**

The Board of Directors did not recommend or paid any dividend for the first quarter of 2015.

# **XIV Loss Per Share**

The basic loss per share amounts are calculated by dividing the loss net of tax attributable to owners of the parent by the weighted average number of shares in issue. The computation of diluted loss per share is not affected by any other factors.

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.3.2015	Preceding Year Corresponding Quarter 31.3.2014	Current Year Totodate 31.3.2015	Preceding Year Corresponding Period 31.3.2014
Loss net of tax attributable to owners of the parent (RM'000)	<u>(4,647)</u>	<u>(2,237)</u>	<u>(4,647)</u>	<u>(2,237)</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 per share (sen)	<u>(1.36)</u>	<u>(0.65)</u>	<u>(1.36)</u>	<u>(0.65)</u>













