

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012
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
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	26,882	19,751	26,882	19,751
Cost of sales	(17,573)	(12,196)	(17,573)	(12,196)
Gross profit	9,309	7,555	9,309	7,555
Other income	213	33	213	33
Operating and administration expenses	(10,861)	(10,125)	(10,861)	(10,125)
Loss from operations	(1,339)	(2,537)	(1,339)	(2,537)
Finance cost	(995)	(751)	(995)	(751)
Share of result of associate	-	(2)	-	(2)
Loss before tax	(2,334)	(3,290)	(2,334)	(3,290)
Income tax expense	(540)	(271)	(540)	(271)
Loss net of tax, representing total comprehensive loss for the period	(2,874)	(3,561)	(2,874)	(3,561)
Total comprehensive loss attributable to owners of the parent	(2,874)	(3,561)	(2,874)	(3,561)
Loss per share attributable to owners of the parent (sen)				
- basic and fully diluted	(0.84)	(1.04)	(0.84)	(1.04)

(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 31.3.2012 RM'000	(Audited) As At Preceding Financial Year End 31.12.2011 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	186,749	187,100
Land held for development	9,563	-
Investment property	6,596	6,596
Investment in associates	-	-
Goodwill on consolidation	8,979	8,979
Other receivables	6,177	6,425
	<u>218,064</u>	<u>209,100</u>
Current Assets		
Inventories	5,025	14,547
Amount due from customers for contract work	2,047	1,717
Receivables	31,823	28,317
Other investments	8,667	8,440
Tax recoverable	1,279	1,261
Fixed deposits	1,192	1,052
Cash and bank balances	1,980	5,343
	<u>52,013</u>	<u>60,677</u>
TOTAL ASSETS	<u>270,077</u>	<u>269,777</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(193,926)	(191,052)
Total equity	<u>167,816</u>	<u>170,690</u>
Non-Current Liabilities		
Deferred tax liabilities	11,241	11,265
Borrowings	30,757	25,895
Payables	4,087	4,087
	<u>46,085</u>	<u>41,247</u>
Current Liabilities		
Borrowings	14,689	14,689
Bank overdraft	974	1,012
Payables	38,150	39,350
Amount due to customers for contract work	1,355	1,735
Tax payable	1,008	1,054
	<u>56,176</u>	<u>57,840</u>
Total liabilities	<u>102,261</u>	<u>99,087</u>
TOTAL EQUITY AND LIABILITIES	<u>270,077</u>	<u>269,777</u>
Net assets per share (sen)	49	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 31.3.2012 RM'000	Preceding Year Corresponding Period 31.3.2011 RM'000
Operating activities		
Loss before tax	(2,334)	(3,290)
Adjustments for :-		
Non-cash items	1,538	1,495
Non-operating items	982	715
Operating cash flows before changes in working capital	186	(1,080)
Inventories	(41)	(92)
Receivables	(3,588)	(5,565)
Payables	(1,577)	283
Income taxes paid	(629)	(160)
Net cash flows used in operating activities	(5,649)	(6,614)
Investing activities		
Purchase of property plant and equipment	(1,413)	(3,956)
Interest received	13	36
Net cash flows used in investing activities	(1,400)	(3,920)
Financing activities		
Net drawdown of term loan	4,988	7,000
Repayment of hire purchase payables	(126)	(293)
Interest paid	(998)	(727)
Net cash flows from financing activities	3,864	5,980
Net decrease in cash and cash equivalents	(3,185)	(4,554)
Cash and cash equivalents at beginning of year	4,883	11,024
Cash and cash equivalents at end of year	1,698	6,470
Cash and cash equivalents comprise :-		
Cash and bank balances	1,980	3,351
Fixed deposits	1,192	4,764
	3,172	8,115
Less : Bank overdraft	(974)	(1,145)
: Fixed deposits pledged	(500)	(500)
	1,698	6,470

(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	-	-	-	(3,561)	(3,561)
At 31 March 2011	361,742	45,508	21,455	(253,463)	175,242
At 1 January 2012	361,742	45,490	21,455	(257,997)	170,690
Total comprehensive loss	-	-	-	(2,874)	(2,874)
At 31 March 2012	361,742	45,490	21,455	(260,871)	167,816

(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 31 March 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	871	18,464	7,547	-	-	26,882
Inter-segment	-	-	-	510	(510)	-
Total revenue	871	18,464	7,547	510	(510)	26,882
Results						
Segment results	(5)	1,079	119	(2,035)	(510)	(1,352)
Share of results of associates						-
Finance cost						(995)
Interest income						13
Loss before tax						(2,334)
Income tax expense						(540)
Loss net of tax						(2,874)

B.) The breakdown of revenue and results by business segment for the period ended 31 March 2011 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	909	12,492	6,350	-	-	19,751
Inter-segment	-	-	-	510	(510)	-
Total revenue	909	12,492	6,350	510	(510)	19,751
Results						
Segment results	267	547	(233)	(2,644)	(510)	(2,573)
Share of results of associates						(2)
Finance cost						(751)
Interest income						36
Loss before tax						(3,290)
Income tax expense						(271)
Loss net of tax						(3,561)

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**

For the current quarter the Group recorded revenue of RM26.9 million. This represents an increase of RM7.2 million or 36.5% as compared to RM19.7 million recorded in the corresponding quarter last year. Positive revenue growth recorded in the current quarter was driven by stronger performance from the construction segment and stable growth in sales from the hotel and leisure segment.

For the current quarter, the construction segment carried out jobs valued at RM18.5 million, an increase of RM6.0 million from prior-year period. The revenue was derived mainly from projects involving the construction of houses, apartments and shops at various stages of completion, for a total contract value of RM214 million.

Revenue from the hotel and leisure segment grew by 19.0% to RM7.5 million in this quarter, primarily through increase in revenue from the newly refurbished banquet and convention facilities at Armada Petaling Jaya and the recently refurbished food and beverage outlets at Christine Resort.

In tandem with the higher revenue recorded, the Group's loss before tax showed a drop of 30.3% to RM2.3 million as compared to a loss of RM3.3 million in the corresponding quarter last year.

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

There was a drop in the Group's revenue from RM28.6 million recorded in the preceding quarter to RM26.9 million in the current quarter, largely due to the decrease in contribution from the construction and the hotel and leisure business units. On-going projects which were at their tail-end accounted for the lower revenue from the construction business unit, whilst room renovation works currently being carried out on four levels of the hotel accounted for the lower revenue from the hotel business unit.

Comparing to a loss before tax of RM1.8 million in the preceding quarter, the current quarter's loss before tax of RM2.3 million was principally due to the absence of waiver of debt.

III.) **Prospects**

In the current quarter, a new construction project worth RM32 million was secured by the Group and this addition has boosted the unbilled order books of the construction unit to RM163 million. Coupled with the positive outlook for the hospitality segment, the Board expects both the construction and hotel segments to continue the growth in revenue and operating profitability for the financial year 2012.

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	Preceding Year Corresponding
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	Quarter 31.3.2012 RM'000	Quarter 31.3.2011 RM'000
The loss from operations is stated after charging/(crediting):-		
Accrual of interest on litigation claims	99	-
Depreciation and amortisation	1,764	1,450
Forfeiture of performance security fund	-	(295)
(Gain)/Loss from fair value adjustment on other investments	(227)	340
Interest income	(13)	(36)

VI.) Taxation

	Current Year Quarter 31.3.2012 RM'000	Preceding Year Corresponding Quarter 31.3.2011 RM'000
Income tax		
- provision for current period	(564)	(295)
Deferred tax	24	24
	(540)	(271)

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 2012 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	974	-
- bankers' acceptances	2,179	-
- term loans	12,000	29,907
- hire purchase	510	850
	15,663	30,757

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	As At Preceding Financial
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	Quarter 31.3.2012 RM'000	Year End 31.12.2011 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(474,520)	(471,719)
- Unrealised losses	(5,438)	(5,438)
	(479,958)	(477,157)
Total share of retained loss from associate - realised	(233)	(233)
	(480,191)	(477,390)
Less: Consolidation adjustments	219,320	219,393
	(260,871)	(257,997)

XII.) 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 RM5.0 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.

The suit went for trial and the matters were concluded on 18 November 2011. The High Court of Shah Alam subsequently awarded judgement in favour of the two plaintiffs while dismissing the Company's counterclaim. As at the end of the current quarter, interest accrued based on the judgement sum awarded by the High Court amounted to RM2.0 million.

On 9 March 2012, the Company entered into a settlement agreement with the two plaintiffs and appropriate adjustment will only be made upon full settlement.

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 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 31.3.2012	Preceding Year Corresponding Quarter 31.3.2011	Current Year Totodate 31.3.2012	Preceding Year Corresponding Period 31.3.2011
Loss net of tax attributable to owners of the parent (RM'000)	(2,874)	(3,561)	(2,874)	(3,561)
Weighted average number of shares ('000)	342,946	342,946	342,946	342,946
Basic and diluted earnings per share (sen)	(0.84)	(1.04)	(0.84)	(1.04)

