

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 30.6.2013 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.6.2012 RM'000</b>	<b>Current Year Totale 30.6.2013 RM'000</b>	<b>Preceding Year Corresponding Period 30.6.2012 RM'000</b>
Revenue	34,057	34,279	73,217	61,161
Cost of sales	(24,570)	(25,344)	(52,823)	(42,917)
Gross profit	9,487	8,935	20,394	18,244
Other income	113	970	149	1,183
Operating and administration expenses	(8,490)	(9,098)	(17,341)	(19,959)
Profit/(loss) from operations	1,110	807	3,202	(532)
Finance cost	(1,384)	(1,037)	(2,690)	(2,032)
Share of result of an associate	-	-	-	-
(Loss)/Profit before tax	(274)	(230)	512	(2,564)
Income tax expense	(596)	(561)	(1,271)	(1,101)
Loss net of tax, representing total comprehensive income for the period	(870)	(791)	(759)	(3,665)
Total comprehensive income attributable to owners of the parent	(870)	(791)	(759)	(3,665)
Loss per share attributable to owners of the parent (sen) - basic and fully diluted	(0.25)	(0.23)	(0.22)	(1.07)

(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 30.6.2013 RM'000	(Audited) As At Preceding Financial Year End 31.12.2012 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	180,536	182,982
Development expenditure	13,645	8,536
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	81,562	80,288
	<u>285,722</u>	<u>281,785</u>
Current Assets		
Inventories	10,278	10,367
Amount due from customers for contract work	11,622	3,614
Receivables	54,830	61,695
Tax recoverable	712	1,213
Fixed deposits	3,829	3,829
Cash and bank balances	3,314	6,578
	<u>84,585</u>	<u>87,296</u>
<b>TOTAL ASSETS</b>	<u>370,307</u>	<u>369,081</u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(97,542)	(96,783)
<b>Total equity</b>	<u>264,200</u>	<u>264,959</u>
Non-Current Liabilities		
Deferred tax liabilities	10,797	10,846
Borrowings	48,566	48,218
	<u>59,363</u>	<u>59,064</u>
Current Liabilities		
Borrowings	12,587	6,865
Bank overdraft	714	859
Payables	26,252	26,978
Amount due to customers for contract work	6,182	9,347
Tax payable	1,009	1,009
	<u>46,744</u>	<u>45,058</u>
<b>Total liabilities</b>	<u>106,107</u>	<u>104,122</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>370,307</u>	<u>369,081</u>
<b>Net assets per share (sen)</b>	<b>77</b>	<b>77</b>

(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 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Operating activities		
Profit/(Loss) before tax	512	(2,564)
Adjustments for :-		
Non-cash items	3,753	2,650
Non-operating items	2,674	1,991
Operating cash flows before changes in working capital	6,939	2,077
Development expenditure	(5,109)	-
Inventories	89	135
Receivables	(2,417)	(12,325)
Payables	(3,932)	2,512
Income taxes paid	(819)	(1,264)
Net cash flows used in operating activities	(5,249)	(8,865)
Investing activities		
Purchase of property plant and equipment	(616)	(2,181)
Interest received	16	41
Net cash flows used in investing activities	(600)	(2,140)
Financing activities		
Net drawdown of term loan	3,123	4,945
Drawdown of bankers' acceptance	2,583	5,375
Net repayment of hire purchase payables	(329)	(31)
Interest paid	(2,647)	(1,956)
Net cash flows from financing activities	2,730	8,333
Net decrease in cash and cash equivalents	(3,119)	(2,672)
Cash and cash equivalents at beginning of period	9,048	4,883
Cash and cash equivalents at end of period	5,929	2,211
Cash and cash equivalents comprise :-		
Cash and bank balances	3,314	2,842
Fixed deposits	3,829	835
	7,143	3,677
Less : Bank overdraft	(714)	(966)
: Fixed deposits pledged	(500)	(500)
	5,929	2,211

(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	-	-	-	(3,665)	(3,665)
At 30 June 2012	361,742	45,490	21,455	(261,662)	167,025
At 1 January 2013	361,742	45,488	21,455	(163,726)	264,959
Total comprehensive income for the period	-	-	-	(759)	(759)
At 30 June 2013	361,742	45,488	21,455	(164,485)	264,200

(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 June 2013 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	2,090	57,771	13,356	-	-	73,217
Inter-segment	-	-	-	1,020	(1,020)	-
Total revenue	2,090	57,771	13,356	1,020	(1,020)	73,217
<b>Results</b>						
Segment results	744	4,933	1,893	(3,364)	(1,020)	3,186
Share of result of an associate						-
Finance cost						(2,690)
Interest income						16
Profit before tax						512
Income tax expense						(1,271)
Loss net of tax						(759)

B.) The breakdown of revenue and results by business segment for the period ended 30 June 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	1,740	44,262	15,159	-	-	61,161
Inter-segment	-	-	-	1,020	(1,020)	-
Total revenue	1,740	44,262	15,159	1,020	(1,020)	61,161
<b>Results</b>						
Segment results	224	2,114	525	(2,416)	(1,020)	(573)
Share of result of an associate						-
Finance cost						(2,032)
Interest income						41
Loss before tax						(2,564)
Income tax expense						(1,101)
Loss net of tax						(3,665)

**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 Second Quarter compared to 2012 Second Quarter**

There is no material changes in the Group's revenue for the second quarter of 2013 compared with the same quarter in 2012. The 2013 second quarter revenue of RM34.1 million was backed by continued strong contribution from both the construction and hotel divisions. The Group posted a net loss of RM0.9 million for the quarter against net loss of RM0.8 million in the year-ago quarter.

For the current quarter the construction division carried out jobs valued at RM26.4 million, an increase of RM0.6 million from prior-year period. The revenue was mainly derived from on-going and near completion 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 and the 69 terraced-houses at Alam Damai in Cheras, and new jobs namely the basement carpark at Mont'Kiara and 86 linked houses at Alam Impian in Shah Alam. These projects have a combined contract value of RM256.0 million. Operating profit for the current quarter is RM2.1 million versus RM1.1 million in the prior year period. The increase in profit included a variation order of RM0.4 million for a completed project.

Revenue from the hotel operation grew by 3% to RM6.5 million in this quarter from the prior year quarter. Room sales improved by 2%, achieved primarily through higher room inventories as well as increased revenue per available room. Food and beverage sales recorded an increase of 5%, mainly attributable to higher demand for the hotel's banquet facility. In tandem with the increase in revenue, the hotel division's operating profit rose by 8% from RM2.5 million in the prior year period to RM2.7 million this quarter.

**II.) Review of 2013 Second Quarter against 2013 First Quarter**

The Group's revenue of RM34.1 million this quarter is down by 13% from the preceding quarter of RM39.2 million, largely due to decrease in contribution from the construction division. On-going jobs which were at their tail-end largely accounted for the lower revenue from the construction division.

In line with the lower revenue, the Group posted a net loss of RM0.9 million this quarter against preceding quarter's net profit of RM0.1 million.

### III.) Prospects

In the current quarter, a new construction contract worth RM16.4 million was secured from a repeat client. The contract was for the building of 37 linked houses at Alam Sari, Bangi and this addition has boosted the construction order book to RM272.4 million, of which outstanding works on hand amount to RM129.5 million. Coupled with the promising growth in the hotel business, the Board expects both the construction and hotel divisions to continue the growth in revenue and operating profitability for the remaining quarters in the financial year 2013.

### 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 30.6.2013 RM'000	Preceding Year Corresponding Quarter 30.6.2012 RM'000	Current Year Totdate 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
The profit/(loss) from operations is stated after charging/(crediting):-				
Depreciation and amortisation	2,068	1,849	3,753	3,613
Fair value adjustment on other investment	-	(736)	-	(963)
Interest income	(8)	(28)	(16)	(41)

### VI.) Taxation

	Current Year Quarter 30.6.2013 RM'000	Preceding Year Corresponding Quarter 30.6.2012 RM'000	Current Year Totdate 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Income tax				
- provision for current period	(620)	(586)	(1,320)	(1,150)
Deferred tax	24	25	49	49
	(596)	(561)	(1,271)	(1,101)

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 June 2013 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	714	-
- bankers' acceptances	7,377	-
- term loans	4,500	47,739
- hire purchase	710	827
	13,301	48,566



**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)**

	<b>As At End Of Current Quarter 30.6.2013 RM'000</b>	<b>As At Preceding Financial Year End 31.12.2012 RM'000</b>
Total accumulated losses of the Group:		
- Realised losses	(382,252)	(379,818)
- Unrealised losses	(5,116)	(5,116)
	(387,368)	(384,934)
Total share of retained loss from associate - realised	(233)	(233)
	(387,601)	(385,167)
Less: Consolidation adjustments	223,116	221,441
	(164,485)	(163,726)

**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 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 earnings per share is not affected by any other factors.

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 30.6.2013</b>	<b>Preceding Year Corresponding Quarter 30.6.2012</b>	<b>Current Year Totodate 30.6.2013</b>	<b>Preceding Year Corresponding Period 30.6.2012</b>
Loss net of tax attributable to owners of the parent (RM'000)	(870)	(791)	(759)	(3,665)
Weighted average number of shares ('000)	342,946	342,946	342,946	342,946
Basic and diluted loss per share (sen)	(0.25)	(0.23)	(0.22)	(1.07)

















