

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Period (Audited)	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year Todate 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Revenue	28,614	17,955	95,583	70,637
Cost of sales	(19,024)	(10,150)	(60,267)	(40,249)
Gross profit	9,590	7,805	35,316	30,388
Other (expenses)/income	(1,492)	3,474	708	7,000
Operating and administration expenses	(9,352)	(9,433)	(38,390)	(33,012)
(Loss)/Profit from operations	(1,254)	1,846	(2,366)	4,376
Finance cost	(300)	(755)	(2,968)	(3,108)
Share of result of associate	(231)	-	(233)	637
(Loss)/Profit before tax	(1,785)	1,091	(5,567)	1,905
Income tax expense	(749)	(746)	(1,968)	(795)
(Loss)/Profit net of tax	(2,534)	345	(7,535)	1,110
Other comprehensive income, net of tax - foreign currency translation	(18)	-	(18)	-
Total comprehensive (loss)/income for the period, net of tax	(2,552)	345	(7,553)	1,110
(Loss)/Profit attributable to owners of the parent	(2,534)	345	(7,535)	1,110
Total comprehensive (loss)/income attributable to owners of the parent	(2,552)	345	(7,553)	1,110
(Loss)/Earnings per share attributable to owners of the parent (sen) - basic and fully diluted	(0.74)	0.10	(2.20)	0.31

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements)

for the year ended 31 December 2010)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At End Of Current Quarter 31.12.2011 RM'000</b>	<b>(Audited) As At Preceding Financial Year End 31.12.2010 RM'000</b>
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	187,099	179,261
Investment property	6,596	6,596
Investment in associates	-	233
Goodwill on consolidation	8,979	8,979
Other receivables	3,734	1,063
	<u>206,408</u>	<u>196,132</u>
Current Assets		
Inventories	14,547	14,476
Amount due from customers for contract work	1,717	464
Receivables	30,996	23,848
Other investments	8,440	9,743
Tax recoverable	1,261	1,995
Fixed deposits	1,052	7,462
Cash and bank balances	5,342	5,272
	<u>63,355</u>	<u>63,260</u>
<b>TOTAL ASSETS</b>	<u><b>269,763</b></u>	<u><b>259,392</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(190,492)	(182,939)
<b>Total equity</b>	<u><b>171,250</b></u>	<u><b>178,803</b></u>
Non-Current Liabilities		
Deferred tax liabilities	11,279	11,265
Borrowings	25,923	19,197
Payables	4,087	6,169
	<u>41,289</u>	<u>36,631</u>
Current Liabilities		
Borrowings	14,661	14,441
Bank overdraft	1,012	1,210
Payables	38,762	25,846
Amount due to customers for contract work	1,735	61
Tax payable	1,054	2,400
	<u>57,224</u>	<u>43,958</u>
<b>Total liabilities</b>	<u><b>98,513</b></u>	<u><b>80,589</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>269,763</b></u>	<u><b>259,392</b></u>
Net assets per share (sen)	50	52

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year Todate 31.12.2011 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2010 RM'000
Operating activities		
(Loss)/Profit before tax	(5,567)	1,905
Adjustments for :-		
Non-cash items	7,124	(1,566)
Non-operating items	2,787	2,893
Operating cash flows before changes in working capital	4,344	3,232
Inventories	(71)	852
Receivables	(10,096)	(1,470)
Payables	13,512	(6,592)
Income taxes paid	(2,567)	(1,299)
Net cash flows from/(used in) operating activities	5,122	(5,277)
Investing activities		
Purchase of property plant and equipment	(15,791)	(6,020)
Net proceeds from disposal of property plant and equipment	1,127	463
Net cash inflow from disposal of subsidiaries	-	18,259
Net proceeds from disposal of investment in an associate	-	25,907
Net cash outflow from acquisition of a subsidiary	-	(11,108)
Interest received	181	215
Net cash flows (used in)/from investing activities	(14,483)	27,716
Financing activities		
Net drawdown/(repayment) of term loan	8,632	(13,952)
Repayment of hire purchase payables	(1,836)	(735)
Purchase of treasury shares	-	(5,568)
Interest paid	(3,577)	(2,967)
Net cash flows from/(used in) financing activities	3,219	(23,222)
Net decrease in cash and cash equivalents	(6,142)	(783)
Cash and cash equivalents at beginning of year	11,024	11,807
Cash and cash equivalents at end of year	4,882	11,024
Cash and cash equivalents comprise :-		
Cash and bank balances	5,342	5,272
Fixed deposits	1,052	7,462
	6,394	12,734
Less : Bank overdraft	(1,012)	(1,210)
: Fixed deposits pledged	(500)	(500)
	4,882	11,024

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

# **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 2010	361,742	51,076	21,455	(251,012)	183,261
Purchase of treasury shares	-	(5,568)	-	-	(5,568)
Total comprehensive income	-	-	-	1,110	1,110
At 31 December 2010	<u>361,742</u>	<u>45,508</u>	<u>21,455</u>	<u>(249,902)</u>	<u>178,803</u>
At 1 January 2011	361,742	45,508	21,455	(249,902)	178,803
Total comprehensive loss	-	(18)	-	(7,535)	(7,553)
At 31 December 2011	<u>361,742</u>	<u>45,490</u>	<u>21,455</u>	<u>(257,437)</u>	<u>171,250</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010)

## 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 2010. 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 2010.

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 2010 except for the adoption of the following new Financial Reporting Standards ('FRSs'), Amendments to FRSs and IC Interpretations with effect from 1 January 2011:

FRS 1 *First Time Adoption of Financial Reporting Standards*  
FRS 3 *Business Combinations (revised)*  
Amendments to FRS 1 *Limited Exemption from Comparatives* FRS 7 *Disclosures for First-Time Adopters*  
Amendments to FRS 1 *Additional Exemptions for First-Time Adopters*  
Amendments to FRS 2 *Share-based Payment*  
Amendments to FRS 2 *Share-based Payments - Group Cash Settled Share-based Payment Transactions*  
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*  
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*  
Amendments to FRS 127 *Consolidated and Separate Financial Statements*  
Amendments to FRS 132 *Financial Instruments: Presentation - Classification of Rights Issue*  
Amendments to FRS 138 *Intangible Assets*  
Amendments to FRSs 'Improvements to FRSs (2010)'  
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*  
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*  
IC Interpretation 12 *Service Concession Arrangements*  
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*  
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*  
IC Interpretation 18 *Transfers of Assets from Customers*

The adoption of the above Standards and Interpretations did not have any significant impact on the financial position and results of the Group in the current quarter.

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

The auditors' report on the Group's financial statements for the year ended 31 December 2010 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 year ended 31 December 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	3,376	61,950	30,257	-	-	95,583
Inter-segment	-	-	-	2,040	(2,040)	-
Total revenue	3,376	61,950	30,257	2,040	(2,040)	95,583
<b>Results</b>						
Segment results	2,391	3,485	4,641	(11,024)	(2,040)	(2,547)
Share of results of associates						(233)
Finance cost						(2,968)
Interest income						181
Loss before tax						(5,567)
Income tax expense						(1,968)
Loss net of tax						(7,535)

B.) The breakdown of revenue and results by business segment for the year ended 31 December 2010 was as follows:-

	Property RM'000	Construction RM'000	Hotel and leisure RM'000	Corporate RM'000	Adjustments and eliminations RM'000	Total RM'000
<b>Revenue</b>						
External customers	5,113	40,532	24,992	-	-	70,637
Inter-segment	-	-	-	2,312	(2,312)	-
Total revenue	5,113	40,532	24,992	2,312	(2,312)	70,637
<b>Results</b>						
Segment results	443	2,574	8,623	(5,167)	(2,312)	4,161
Share of results of associates						637
Finance cost						(3,108)
Interest income						215
Profit before tax						1,905
Income tax expense						(795)
Profit net of tax						1,110

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**

There were no changes in contingent liabilities/assets since the preceding financial year ended 31 December 2010.

**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**

Revenue for this quarter stands at RM28.6 million, up 59.8% as compared with fourth quarter of 2010. This quarter's higher revenue was driven by strong 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 RM19.3 million, an increase of RM9.0 million from prior-year period. The revenue was derived mainly from projects involving the construction of houses, high-rise apartments and shops at various stages of completion. These projects have a total contract value of RM156 million.

Revenue from the hotel and leisure segment grew by 26.7% to RM8.5 million in this quarter. This was achieved primarily through higher room occupancy as well as increased revenue per available room. The improved hospitality market condition in the Klang Valley which drove up the room rate benefited enormously the business of Hotel Armada. The recently refurbished banquet facility and the new food and beverage outlets in Christine Resort also contributed to the increased revenue of the hotel and leisure operations.

The Group recorded a loss before tax of RM1.8 million for this quarter as compared to a profit before tax of RM1.1 million in the prior year quarter principally due to higher depreciation charges and lower other income.

For the current financial year as a whole, the Group recorded revenue of RM95.6 million as compared to previous year of RM70.6 million. The construction segment contributed RM61.9 million, an increase of RM21.4 million and the hotel and leisure segment contributed RM30.2 million, an increase of RM5.2 million while the property segment recorded a decrease of RM1.7 million from last year. The increase in revenue from both the construction and hotel and leisure segments is mainly attributable to factors mentioned above whilst the decrease in revenue from the property segment is mainly due to the absence of revenue from sale of land.

The Group recorded a loss before tax of RM5.6 million for the whole of the current financial year compared to a profit before tax of RM1.9 million in the preceding year. Higher depreciation charges, the accrual of interest on litigation claims, fair value loss adjustment on other investment and receivables and lower other income accounted for the loss in the current financial year.

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

Revenue for this quarter was higher compared with preceding quarter by RM3.9 million or 15.8% due largely to the increase in contribution from the construction segment. The increase in job starts and work done accounted primarily for the higher revenue generated by the construction segment.

There is no material changes in the Group's results for the current and preceding quarter. The Group posted a loss of RM1.8 million for the current quarter whilst loss for the preceding quarter was RM1.9 million.

**III.) Prospects**

In the current quarter, a new construction project with a contract value of RM29 million was secured and this addition has boosted the unbilled order books of the construction segment to RM148 million. Coupled with the positive outlook for the hospitality segment, the Board expects both the construction and hotel segment to continue the growth in revenue and operating profitability for the financial year

2012

The outlook for the Group's property segment is expected to improve following the joint development agreement entered into by a subsidiary with a developer to construct and sell 656 units of residential serviced apartments on a 5.43 acres of land in Johor Bahru owned by the Group.

**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**

	<b>Current Year Quarter 31.12.2011 RM'000</b>	<b>Cumulative Period Todate 31.12.2011 RM'000</b>
The (loss)/profit from operations is stated after charging/(crediting):-		
Accrual of interest on litigation claims	70	1,886
Depreciation and amortisation	1,787	6,526
Forfeiture of performance security fund	(208)	(2,083)
Gain from sale of subsidiary	-	(624)
Loss from fair value adjustment on other investments and receivables	1,603	2,000
Impairment loss on trade receivables	47	47
Impairment loss on property plant and equipment	181	181
Interest income	(63)	(181)

**VI.) Taxation**

	<b>Current Year Quarter 31.12.2011 RM'000</b>	<b>Cumulative Period Todate 31.12.2011 RM'000</b>
Income tax		
- provision for current period	(383)	(1,969)
- (under)/overprovision in prior years	(280)	14
Deferred tax	(86)	(13)
	<u>(749)</u>	<u>(1,968)</u>

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 December 2011 were :-

	<b>Short term RM'000</b>	<b>Long term RM'000</b>
Secured		
- bank overdrafts	1,012	-
- bankers' acceptances	2,179	-
- term loans	12,000	24,918
- hire purchase	482	1,005
	<u>15,673</u>	<u>25,923</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)**

	<b>As At End Of Current Quarter 31.12.2011 RM'000</b>	<b>As At Preceding Financial Year End 31.12.2010 RM'000</b>
Total accumulated losses of the Company and its subsidiaries:		
- Realised losses	(486,206)	(517,620)
- Unrealised losses	(5,451)	(4,091)
	(491,657)	(521,711)
Total share of retained (loss)/profit from associate - realised	(233)	1
	(491,890)	(521,710)
Less: Consolidation adjustments	234,453	271,808
	(257,437)	(249,902)

**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 RM5.00 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.

On 18 November 2011, the Court had dismissed the Company's counterclaim and ordered the Company to refund the sum of RM5.00 million plus interest to the third parties.

The Board of Directors has sought legal advise and will appeal against the Court's decision. The Court's decision has no impact on the financial position of the Company as the sum of RM5.00 million to be refunded to the plaintiffs have been provided for by the Company.

**XIII.) Dividends**

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

**XIV.) Earnings Per Share**

The calculation of earnings per share is based on profit/(loss) attributable to owners of the parent and the weighted average number of shares in issue during the period of 342,946,000 (2010 : 354,759,000)













