

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period (Audited)	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year Todate 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Revenue	43,818	34,066	146,957	125,432
Cost of sales	(33,731)	(24,197)	(106,434)	(87,872)
Gross profit	10,087	9,869	40,523	37,560
Other income	4,107	96,383	4,451	102,457
Operating and administration expenses	(9,269)	(9,652)	(35,857)	(38,875)
Profit from operations	4,925	96,600	9,117	101,142
Finance cost	(95)	(1,378)	(4,258)	(4,724)
Share of result of an associate	-	-	-	-
Profit before tax	4,830	95,222	4,859	96,418
Income tax expense	(500)	(121)	(2,677)	(2,147)
Profit net of tax	4,330	95,101	2,182	94,271
Other comprehensive income:				
Foreign currency translation, representing other comprehensive income for the year	-	(2)	-	(2)
Total comprehensive income for the year	4,330	95,099	2,182	94,269
Profit attributable to owners of the parent	4,330	95,101	2,182	94,271
Total comprehensive income attributable to owners of the parent	4,330	95,099	2,182	94,269
Earnings per share attributable to owners of the parent (sen)				
- basic and fully diluted	1.26	27.73	0.64	27.49

(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 31.12.2013 RM'000	(Audited) As At Preceding Financial Year End 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	179,097	182,982
Development expenditure	19,290	8,536
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	51,862	80,288
	<u>260,228</u>	<u>281,785</u>
Current Assets		
Inventories	10,340	10,367
Amount due from customers for contract work	14,941	3,614
Receivables	76,939	61,695
Tax recoverable	1,491	1,213
Fixed deposits	5,009	3,829
Cash and bank balances	5,883	6,578
	<u>114,603</u>	<u>87,296</u>
TOTAL ASSETS	<u>374,831</u>	<u>369,081</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(94,601)	(96,783)
Total equity	<u>267,141</u>	<u>264,959</u>
Non-Current Liabilities		
Deferred tax liabilities	10,449	10,846
Borrowings	29,161	48,218
	<u>39,610</u>	<u>59,064</u>
Current Liabilities		
Borrowings	32,442	6,865
Bank overdraft	564	859
Payables	31,298	26,978
Amount due to customers for contract work	2,767	9,347
Tax payable	1,009	1,009
	<u>68,080</u>	<u>45,058</u>
Total liabilities	107,690	104,122
TOTAL EQUITY AND LIABILITIES	<u>374,831</u>	<u>369,081</u>
Net assets per share (sen)	78	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 31.12.2013 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2012 RM'000
Operating activities		
Profit before tax	4,859	96,418
Adjustments for :-		
Non-cash items	4,368	(94,431)
Non-operating items	4,042	4,617
Operating cash flows before changes in working capital	13,269	6,604
Development expenditure	(10,754)	(8,536)
Inventories	27	4,102
Receivables	3,622	(10,545)
Payables	(1,108)	(1,334)
Income taxes paid	(3,354)	(2,563)
Net cash flows from/(used in) operating activities	1,702	(12,272)
Investing activities		
Purchase of property plant and equipment	(4,180)	(8,096)
Proceeds from sale of other investment	-	11,290
Proceeds from sale of property plant and equipment	443	7,044
Refund of performance security fund	-	(2,904)
Interest received	216	107
Net cash flows (used in)/from investing activities	(3,521)	7,441
Financing activities		
Drawdown of bankers' acceptance	3,468	2,616
Fixed deposits pledged for banking facilities	(1,134)	-
Net drawdown of term loan	5,235	12,197
Net repayment of hire purchase payables	(696)	(551)
Interest paid	(5,408)	(5,266)
Net cash flows from financing activities	1,465	8,996
Net increase in cash and cash equivalents	(354)	4,165
Cash and cash equivalents at beginning of period	9,048	4,883
Cash and cash equivalents at end of period	8,694	9,048
Cash and cash equivalents comprise :-		
Cash and bank balances	5,883	6,499
Fixed deposits	5,009	3,908
	10,892	10,407
Less : Bank overdraft	(564)	(859)
: Fixed deposits pledged	(1,634)	(500)
	8,694	9,048

(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 year	-	(2)	-	94,271	94,269
At 31 December 2012	361,742	45,488	21,455	(163,726)	264,959
At 1 January 2013	361,742	45,488	21,455	(163,726)	264,959
Total comprehensive income for the year	-		-	2,182	2,182
At 31 December 2013	361,742	45,488	21,455	(161,544)	267,141

(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').

On 30 June 2012, the MASB announced that the mandatory effective date for the adoption of the new MFRS by the Transitioning Entities is deferred from 1 January 2013 to 1 January 2014.

On 7 August 2013, the MASB has decided to allow agriculture and real estate companies, including their parents, significant investors and venturer ('Transitioning Entities') to defer the adoption of the MFRS Framework for an additional year.

The Group is subject to the application of IC Interpretation 15 *Agreements for Construction of Real Estate* and hence fall 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 2015. 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 2015.

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 31 December 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	4,415	115,212	27,330	-	-	146,957
Inter-segment	-	-	-	2,760	(2,760)	-
Total revenue	4,415	115,212	27,330	2,760	(2,760)	146,957
Results						
Segment results	1,272	11,564	4,014	(5,189)	(2,760)	8,901
Share of result of an associate						-
Finance cost						(4,258)
Interest income						216
Profit before tax						4,859
Income tax expense						(2,677)
Profit net of tax						2,182

B.) The breakdown of revenue and results by business segment for the period ended 31 December 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	3,277	92,014	30,141	-	-	125,432
Inter-segment	-	-	-	2,040	(2,040)	-
Total revenue	3,277	92,014	30,141	2,040	(2,040)	125,432
Results						
Segment results	(3,234)	6,367	3,014	96,928	(2,040)	101,035
Share of result of an associate						-
Finance cost						(4,724)
Interest income						107
Profit before tax						96,418
Income tax expense						(2,147)
Profit net of tax						94,271

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 Fourth Quarter compared to 2012 Fourth Quarter

Fourth quarter revenue totaled RM43.8 million, up 28% from RM34.1 million in the fourth quarter of 2012. The 2013 fourth quarter revenue was boosted by the continued strong contribution from the construction segment. The Group posted a net profit of RM4.3 million this quarter versus a net profit of RM95.1 million in the same quarter last year. The significant dip in profit was due mainly to the recognition of net earnings of RM96.1 million arising from the sale of land in Johor Bahru last year.

In the current quarter, the construction segment carried out jobs valued at RM35.7 million, an increase of RM9.9 million from prior year period. The revenue was mainly derived from seven on-going 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 Arcoris 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 RM274.0 million. Operating profit was the same as last year period at RM2.3 million.

Revenue from the hotel segment was down by 5% to RM6.9 million in this quarter from the prior year quarter of RM7.3 million. Room sales was RM3.7 million, essentially unchanged from the prior year quarter. Income from food and beverage dropped by 11% to RM3.1 million this quarter from RM3.5 million last year, largely due to the closing down of one outlet. Despite the drop in revenue, the hotel division managed to maintain last year's operating profit of RM3.0 million.

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

The fourth quarter revenue of RM43.8 million was 46% higher than the RM29.9 million achieved in the preceding quarter. The increase was mainly due to higher value of work carried out by the construction segment on the projects followed through from the previous quarter.

Against a net loss of RM1.4 million in the preceding quarter, the fourth quarter net profit of RM4.3 million was mainly owing to increase in other income.

III.) Prospects

The Board anticipates that the business environment in which the Group operates will be challenging for the financial year 2014 with intense market competition, rising operating costs and tightening of credit. The Group will strive to remain competitive and to capture more market share in the two core business segments. The Board is optimistic that the construction segment will be able to win more new jobs to strengthen its order book. Currently the order book of the construction segment stands at RM274.0 million, of which outstanding works on hand is RM75.9 million. With the addition of new seminar rooms, the hotel segment is projected to generate higher revenue and earnings from banqueting and seminar events. Moreover, the Board is working on plans to redevelop some of its land bank in Johor Bahru, and this is expected to contribute significantly to the earnings of the Group in the medium term.

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 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year Todate 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
The profit from operations is stated after charging/(crediting):-				
Depreciation and amortisation	2,172	2,414	8,396	7,807
Fair value adjustment on receivables	(1,728)	7,743	(1,728)	7,743
Forfeiture of performance security fund	-	(1,183)	-	(1,183)
Gain from sale of other investment	-	-	-	(2,850)
Gain from sale of property plant and equipment	(82)	(105,757)	(82)	(105,757)
Interest income	(109)	(46)	(216)	(107)
Property plant and equipment written off	-	3,031	-	3,031
Waiver of debts	(2,179)	-	(2,179)	(2,886)

VI.) Taxation

	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year Todate 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Income tax				
- provision for current period	(1,570)	(708)	(3,820)	(2,808)
- Over provision in prior year	746	242	746	242
Deferred tax	324	345	397	419
	(500)	(121)	(2,677)	(2,147)

In the current year quarter, the Group's effective tax rate is lower than the statutory tax rate mainly due to overprovision of tax in prior year and reversal of deferred tax liability. However for the current year totdate, 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 31 December 2013 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	564	-
- bankers' acceptances	6,084	-
- term loans	25,770	28,579
- hire purchase	588	582
	<u>33,006</u>	<u>29,161</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 31.12.2013 RM'000	As At Preceding Financial Year End 31.12.2012 RM'000
Total accumulated losses of the Group:		
- Realised losses	(376,924)	(379,818)
- Unrealised losses	<u>(4,719)</u>	<u>(5,116)</u>
	(381,643)	(384,934)
Total share of retained loss from associate - realised	<u>(233)</u>	<u>(233)</u>
	(381,876)	(385,167)
Less: Consolidation adjustments	<u>220,332</u>	<u>221,441</u>
	<u>(161,544)</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 Earnings Per Share

The basic earnings per share amounts are calculated by dividing the 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 31.12.2013	Preceding Year Corresponding Quarter 31.12.2012	Current Year Todate 31.12.2013	Preceding Year Corresponding Period 31.12.2012
Profit net of tax attributable to owners of the parent (RM'000)	<u>4,330</u>	<u>95,101</u>	<u>2,182</u>	<u>94,271</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 earnings per share (sen)	<u>1.26</u>	<u>27.73</u>	<u>0.64</u>	<u>27.49</u>

