

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

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Period (Audited)	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year Todate 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Revenue	50,710	26,924	147,452	123,916
Cost of sales	(41,722)	(19,658)	(117,018)	(88,974)
Gross profit	8,988	7,266	30,434	34,942
Other income	954	881	1,238	1,379
Operating and administration expenses	(12,008)	(9,436)	(43,841)	(39,040)
Loss from operations	(2,066)	(1,289)	(12,169)	(2,719)
Finance cost	(1,268)	(1,323)	(5,087)	(5,445)
Share of result of an associate	-	-	-	-
Loss before tax	(3,334)	(2,612)	(17,256)	(8,164)
Income tax expense	444	315	(460)	(1,196)
Loss net of tax, representing total comprehensive income for the period	(2,890)	(2,297)	(17,716)	(9,360)
Total comprehensive income attributable to owners of the parent	(2,890)	(2,297)	(17,716)	(9,360)
Loss per share attributable to owners of the parent (sen) - basic and fully diluted	(0.84)	(0.67)	(5.17)	(2.73)

(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 31.12.2015 RM'000	(Audited) As At Preceding Financial Year End 31.12.2014 RM'000
<b>ASSETS</b>		
Non-Current Assets		
Property, plant and equipment	173,961	179,538
Development expenditure	28,658	25,627
Other investment	1,000	1,000
Investment in an associate	-	-
Goodwill on consolidation	8,979	8,979
Receivables	54,242	61,269
	<u>266,840</u>	<u>276,413</u>
Current Assets		
Inventories	10,483	10,421
Amount due from customers for contract work	19,860	14,674
Receivables	65,002	54,713
Tax recoverable	2,372	2,407
Fixed deposits	2,651	3,127
Cash and bank balances	5,023	11,390
	<u>105,391</u>	<u>96,732</u>
<b>TOTAL ASSETS</b>	<u><b>372,231</b></u>	<u><b>373,145</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity Attributable to Equity Holders of the Parent		
Share capital	361,742	361,742
Reserves	(121,677)	(103,961)
<b>Total equity</b>	<u><b>240,065</b></u>	<u><b>257,781</b></u>
Non-Current Liabilities		
Deferred tax liabilities	9,392	9,949
Borrowings	42,934	46,339
	<u>52,326</u>	<u>56,288</u>
Current Liabilities		
Borrowings	17,249	16,340
Bank overdrafts	8,399	2,672
Payables	51,998	36,119
Amount due to customers for contract work	1,185	2,936
Tax payable	1,009	1,009
	<u>79,840</u>	<u>59,076</u>
<b>Total liabilities</b>	<b>132,166</b>	<b>115,364</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>372,231</b></u>	<u><b>373,145</b></u>
Net assets per share (sen)	70	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 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Operating activities		
Loss before tax	(17,256)	(8,164)
Adjustments for :-		
Non-cash items	10,552	8,569
Non-operating items	4,955	5,142
Operating cash flows before changes in working capital	(1,749)	5,547
Development expenditure	(3,031)	(6,337)
Inventories	(62)	(81)
Receivables	(9,850)	13,629
Payables	14,080	5,017
Net income taxes paid	(982)	(2,612)
Net cash flows from operating activities	(1,594)	15,163
Investing activities		
Purchase of property plant and equipment	(3,689)	(6,480)
Proceeds from disposal of property, plant and equipment	205	190
Interest received	132	303
Net cash flows used in investing activities	(3,352)	(5,987)
Financing activities		
Fixed deposits pledged for banking facilities	-	(793)
Net repayment of term loan	(4,111)	(2,578)
Net drawdown of bankers' acceptance	2,456	1,459
Net repayment of hire purchase payables	(931)	(1,067)
Interest paid	(5,038)	(5,473)
Net cash flows used in financing activities	(7,624)	(8,452)
Net decrease in cash and cash equivalents	(12,570)	724
Cash and cash equivalents at beginning of period	9,418	8,694
Cash and cash equivalents at end of period	(3,152)	9,418
Cash and cash equivalents comprise :-		
Cash and bank balances	5,023	11,390
Fixed deposits	2,651	3,127
	7,674	14,517
Less : Bank overdrafts	(8,399)	(2,672)
: Fixed deposits pledged	(2,427)	(2,427)
	(3,152)	9,418

(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	-	-	-	(9,360)	(9,360)
At 31 December 2014	<u>361,742</u>	<u>45,488</u>	<u>21,455</u>	<u>(170,904)</u>	<u>257,781</u>
At 1 January 2015	361,742	45,488	21,455	(170,904)	257,781
Total comprehensive income for the year	-		-	(17,716)	(17,716)
At 31 December 2015	<u>361,742</u>	<u>45,488</u>	<u>21,455</u>	<u>(188,620)</u>	<u>240,065</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 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 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 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 2018.

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 2018. 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 the fourth quarter of 2015, 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 fourth quarter of 2015.

### 7.) Dividends Paid

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

## 8.) Segment Information

A.) The breakdown of revenue and results by business segment for the period ended 31 December 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	3,274	118,101	26,077	-	-	147,452
Inter-segment	-	-	-	2,760	(2,760)	-
Total revenue	3,274	118,101	26,077	2,760	(2,760)	147,452
<b>Results</b>						
Segment results	(476)	(914)	(2,470)	(5,681)	(2,760)	(12,301)
Share of result of an associate						-
Finance cost						(5,087)
Interest income						132
Loss before tax						(17,256)
Income tax expense						(460)
Loss net of tax						(17,716)

B.) The breakdown of revenue and results by business segment for the period ended 31 December 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	4,564	91,681	27,671	-	-	123,916
Inter-segment	-	-	-	2,760	(2,760)	-
Total revenue	4,564	91,681	27,671	2,760	(2,760)	123,916
<b>Results</b>						
Segment results	(275)	3,086	2,349	(5,422)	(2,760)	(3,022)
Share of result of an associate						-
Finance cost						(5,445)
Interest income						303
Loss before tax						(8,164)
Income tax expense						(1,196)
Loss net of tax						(9,360)

## 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 fourth quarter of 2015, 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 fourth quarter of 2015.

**13.) Capital Commitments**

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

**14.) Significant Related Party Transactions**

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

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

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

The revenue for the fourth quarter of 2015 was RM50.7 million, up 88% from RM26.9 million in the fourth quarter of 2014. The increase in 2015 fourth quarter revenue was the result of higher billing of works by the construction segment. Despite the increase in revenue, the Group recognised a higher net loss of RM2.9 million for the current quarter compared to a net loss of RM2.3 million in last year same quarter, owing mainly to higher impairment loss on receivables in 2015.

In the fourth quarter of 2015, the construction segment carried out jobs amounted to RM43.2 million, an increase of RM24.4 million over the prior year's quarter of RM18.8 million. Revenue was derived from the progress billings of ongoing projects, namely the 31 linked houses at Bukit Hartamas in Cheras, the 76 shop offices at Setia Alam in Shah Alam, the 22 shop offices at Kota Seriemas in Nilai, the 86 linked houses at Eco Majestic in Semenyih, the 94 linked houses at Eco Majestic in Semenyih, the 121 linked houses at Serene Heights in Bangi, the 70 linked houses at Kota Seriemas in Nilai, the 117 linked houses at Taman Sari in Rawang, and also from a new job, that is the 155 linked houses at Bandar Country Homes in Rawang. These jobs have a combined contract value of RM269.2 million, of which works amounting to RM147.8 million have yet to be completed. In tandem with the increase in revenue, operating profit for the fourth quarter of 2015 was RM1.9 million compared to a loss of RM0.5 million in the fourth quarter of 2014.

Revenue from the hotel segment fell by 6% to RM6.7 million this quarter compared to RM7.1 million in prior year quarter. The drop in room occupancy on the back of weak business conditions led to 19% decline in room sales to RM2.9 million this quarter from RM3.6 million in the prior year period. There was growth in the sales of food and beverage, up 12% to RM3.8 million over the same period last year of RM3.4 million, driven largely by the continued high demand for the hotel's banquet and conference facilities and the improvement in sales from the recently renovated outlets. Operating profit of the hotel segment for this quarter was down by 34% to RM1.9 million compared to RM2.9 million in same period last year, reflecting the decrease in room sales and higher cost of operations.

**II.) Review of 2015 Fourth Quarter against 2015 Third Quarter**

The fourth quarter 2015 revenue of RM50.7 million was 42% higher than the RM35.7 million recorded in the third quarter of 2015. The increase was mainly due to higher value of contract works carried out by the construction business on the contracts followed through from the previous quarter. The fourth quarter loss of RM2.9 million was narrower than the RM6.0 million recognised in the third quarter of 2015 on the back of higher profit contribution from the construction segment and higher other income.

**III.) Prospects**

The Board anticipates that economic weakness and soft business conditions will continue to impact the Group's businesses in 2016. On the back of such challenging time, the Group will strive to remain competitive and focused. The Board is confident that the construction segment will be able to win some new jobs to replenish its order book. The hotel segment is expected to face weak demand trend in both business and leisure travel in 2016.

**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 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year Todate 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Loss from operations is stated after charging/(crediting):-				
Additional tax charges*	-	-	1,350	-
Depreciation and amortisation	2,242	2,295	9,170	9,044
Fair value adjustment on receivables	680	235	680	235
Finance income on receivables	(1,553)	(1,874)	(1,553)	(1,874)
Gain from sale of property plant and equipment	(20)	(190)	(20)	(190)
Impairment loss on receivables	2,275	896	2,275	1,096
Interest income	(88)	(164)	(132)	(303)
Property plant and equipment written off	-	258	-	258

\*The Group has lodged a formal appeal to the Inland Revenue Board on this additional tax charges.

#### VI.) Income Tax Expense

	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year Todate 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Income tax				
- provision for current period	(40)	(575)	(160)	(2,160)
- overprovision in prior year	-	464	493	464
- additional tax in prior year*	-	-	(1,350)	-
Deferred tax	484	426	557	500
	444	315	(460)	(1,196)

For the current year todate, although the Group recorded a loss, income tax was incurred principally owing to additional tax charges for prior year.

\*The Group has lodged a formal appeal to the Inland Revenue Board on the additional tax charges.

#### 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 2015 were :-

	Short term RM'000	Long term RM'000
Secured		
- bank overdrafts	8,399	-
- bankers' acceptances	9,999	-
- term loans	6,424	41,236
- hire purchase	826	1,698
	25,648	42,934



**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 fourth quarter of 2015.

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

	<b>As At End Of Current Quarter 31.12.2015 RM'000</b>	<b>As At Preceding Financial Year End 31.12.2014 RM'000</b>
Total accumulated losses of the Group:		
- Realised losses	(402,758)	(386,248)
- Unrealised losses	<u>(3,955)</u>	<u>(4,414)</u>
	(406,713)	(390,662)
Total share of retained loss from associate - realised	<u>(233)</u>	<u>(233)</u>
	(406,946)	(390,895)
Less: Consolidation adjustments	<u>218,326</u>	<u>219,991</u>
	<u><u>(188,620)</u></u>	<u><u>(170,904)</u></u>

**XII.) Material Litigation**

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

**XIII. Dividends**

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

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 31.12.2015</b>	<b>Preceding Year Corresponding Quarter 31.12.2014</b>	<b>Current Year Totdate 31.12.2015</b>	<b>Preceding Year Corresponding Period 31.12.2014</b>
Loss net of tax attributable to owners of the parent (RM'000)	<u>(2,890)</u>	<u>(2,297)</u>	<u>(17,716)</u>	<u>(9,360)</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>(0.84)</u>	<u>(0.67)</u>	<u>(5.17)</u>	<u>(2.73)</u>













