

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER ENDED 31 MARCH 2019**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Continuing operations				
Revenue	5,943	5,534	5,943	5,534
Cost of sales	(3,495)	(3,420)	(3,495)	(3,420)
Gross profit	2,448	2,114	2,448	2,114
Other income	47	385	47	385
Operating and administration expenses	(9,535)	(7,874)	(9,535)	(7,874)
Loss from continuing operations	(7,040)	(5,375)	(7,040)	(5,375)
Finance cost	(778)	(907)	(778)	(907)
Loss before tax	(7,818)	(6,282)	(7,818)	(6,282)
Income tax expense	83	47	83	47
Loss net of tax, from continuing operations	(7,735)	(6,235)	(7,735)	(6,235)
Discontinued operation				
Loss from discontinued operation, net of tax	(979)	(1,577)	(979)	(1,577)
Loss net of tax, representing total comprehensive income for the period	(8,714)	(7,812)	(8,714)	(7,812)
Loss attributable to owners of the Company	(8,714)	(7,812)	(8,714)	(7,812)
Total comprehensive income attributable to owners of the Company	(8,714)	(7,812)	(8,714)	(7,812)
Loss per share attributable to owners of the Company - basic and diluted (sen)				
- continuing operations	(2.31)	(1.82)	(2.31)	(1.82)
- discontinued operation	(0.29)	(0.46)	(0.29)	(0.46)
	(2.60)	(2.28)	(2.60)	(2.28)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31.3.2019 RM'000	As at preceding financial year end 31.12.2018 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	552,183	554,844
Other investment	1,000	1,000
Goodwill on consolidation	8,927	8,927
Property development costs	<u>48,396</u>	<u>47,775</u>
	<u>610,506</u>	<u>612,546</u>
<b>Current Assets</b>		
Trade and other receivables	14,882	31,048
Inventories	10,316	10,275
Income tax recoverable	4,522	6,341
Deposits, bank and cash balances	<u>11,116</u>	<u>11,726</u>
	40,836	59,390
Asset held for sale	280	280
Assets classified as discontinued operation	<u>13,593</u>	<u>14,115</u>
	<u>54,709</u>	<u>73,785</u>
<b>TOTAL ASSETS</b>	<u>665,215</u>	<u>686,331</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	142,188	142,188
Treasury shares	(9,163)	(7,149)
Reserves	341,421	342,049
(Accumulated losses)/Retained earnings	<u>(5,705)</u>	<u>2,381</u>
<b>Total equity</b>	<u>468,741</u>	<u>479,469</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	86,197	86,280
Borrowings	30,228	31,743
Income tax payable	<u>5,397</u>	<u>5,397</u>
	<u>121,822</u>	<u>123,420</u>
<b>Current Liabilities</b>		
Borrowings	4,987	5,214
Bank overdraft	3,069	3,823
Trade and other payables	11,661	14,573
Income tax payable	<u>4,500</u>	<u>9,000</u>
	24,217	32,610
Liabilities classified as discontinued operation	<u>50,435</u>	<u>50,832</u>
	<u>74,652</u>	<u>83,442</u>
<b>Total liabilities</b>	196,474	206,862
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>665,215</u>	<u>686,331</u>
<b>Net Assets Per Share (RM)</b>	1.41	1.41

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31.3.2019 RM'000	3 months ended 31.3.2018 RM'000
<b>Operating activities</b>		
Loss before tax from:		
- continuing operations	(7,818)	(6,282)
- discontinued operation	(979)	(1,577)
Total loss before tax	<u>(8,797)</u>	<u>(7,859)</u>
Adjustments for:		
Non-cash items	3,090	2,955
Non-operating items	836	703
Operating cash before changes in working capital	<u>(4,871)</u>	<u>(4,201)</u>
Property development costs	(621)	(1,210)
Inventories	(41)	34
Receivables	15,956	18,735
Payables	(2,563)	(24,959)
Net income taxes paid	<u>(2,384)</u>	<u>(4,148)</u>
Net cash from/(used in) operating activities	<u>5,476</u>	<u>(15,749)</u>
<b>Investing activities</b>		
Interest received	46	391
Purchase of property, plant and equipment	(379)	(982)
Proceeds from disposal of property, plant and equipment	-	226
Net cash used in investing activities	<u>(333)</u>	<u>(365)</u>
<b>Financing activities</b>		
Repayment of term loan	(2,316)	(1,349)
Repayment of finance lease payables	(158)	(247)
Interest paid	(894)	(1,096)
Purchase of treasury shares	<u>(2,014)</u>	<u>(392)</u>
Net cash used in financing activities	<u>(5,382)</u>	<u>(3,084)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(239)</b>	<b>(19,198)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,400</b>	<b>60,358</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>5,161</u></b>	<b><u>41,160</u></b>
Cash and cash equivalents comprise:		
Cash and bank balances		
- continuing operations	11,116	48,205
- discontinued operation	332	-
Less : Bank overdrafts	(3,069)	(3,919)
: Fixed deposits pledged	<u>(3,218)</u>	<u>(3,126)</u>
	<u>5,161</u>	<u>41,160</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to owners of the Company ----->					
	<----- Non-distributable ----->			<----- Distributable ----->		
	Share capital RM'000	Treasury shares RM'000	Asset revaluation reserve RM'000	Capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
At 1 January 2018	142,188	(6,083)	326,895	21,455	35,257	519,712
Loss net of tax for the period, representing total comprehensive income for the period	-	-	-	-	(7,812)	(7,812)
Realisation of asset revaluation reserve	-	-	(665)	-	665	-
Transaction with owners of the Company: Purchase of treasury shares	-	(392)	-	-	-	(392)
At 31 March 2018	<u>142,188</u>	<u>(6,475)</u>	<u>326,230</u>	<u>21,455</u>	<u>28,110</u>	<u>511,508</u>
At 1 January 2019	142,188	(7,149)	320,594	21,455	2,381	479,469
Loss net of tax for the period, representing total comprehensive income for the period	-	-	-	-	(8,714)	(8,714)
Realisation of asset revaluation reserve	-	-	(628)	-	628	-
Transaction with owners of the Company: Purchase of treasury shares	-	(2,014)	-	-	-	(2,014)
At 31 March 2019	<u>142,188</u>	<u>(9,163)</u>	<u>319,966</u>	<u>21,455</u>	<u>(5,705)</u>	<u>468,741</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 2018.

## 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 MFRS 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 2018. 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 2018.

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 2018.

The Group has also adopted all new MFRSs, new Interpretations and amendments to MFRSs that are relevant and effective for accounting periods beginning on or after 1 January 2019, and the adoption of these new MFRSs, new Interpretations and amendments to MFRSs do not have any significant impact on the financial statements of the Group for the first quarter of 2019.

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

The auditors' report on the Group's financial statements for the year ended 31 December 2018 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 first quarter of 2019, 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**

In the first quarter of 2019, the Company purchased 6,990,900 of its issued ordinary shares from the open market for a total consideration of RM2.0 million. As at 31 March 2019, the number of treasury shares held were 29,271,700 ordinary shares.

Other than the above, there were no issuances, cancellations, repurchases and repayments of debt and equity securities in the first quarter of 2019.

### 7.) **Dividends Paid**

There were no payment of dividends in the first quarter of 2019.

### 8.) **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.

## 9.) Segment Information

The breakdown of segment revenue, results, assets and liabilities by business segment for the 3 months ended 31 March was as follows:

	<----- Continuing operations ----->						Discontinued operation		Adjustments and eliminations		Consolidated	
	Property		Hotel		Corporate		Construction					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>												
External customers	262	271	5,681	5,263	-	-	12	4,760	-	-	5,955	10,294
Inter-segment	-	-	-	-	690	690	-	-	(690)	(690)	-	-
<b>Total revenue</b>	<b>262</b>	<b>271</b>	<b>5,681</b>	<b>5,263</b>	<b>690</b>	<b>690</b>	<b>12</b>	<b>4,760</b>	<b>(690)</b>	<b>(690)</b>	<b>5,955</b>	<b>10,294</b>
<b>Results</b>												
Segment loss	(4,847)	(3,160)	(897)	(1,323)	(650)	(582)	(877)	(1,401)	(1,526)	(1,393)	(8,797)	(7,859)
<b>Segment assets</b>	<b>493,445</b>	<b>508,894</b>	<b>138,561</b>	<b>147,214</b>	<b>19,616</b>	<b>53,740</b>	<b>13,593</b>	<b>31,228</b>	<b>-</b>	<b>-</b>	<b>665,215</b>	<b>741,076</b>
<b>Segment liabilities</b>	<b>96,675</b>	<b>108,090</b>	<b>34,572</b>	<b>40,037</b>	<b>14,792</b>	<b>21,030</b>	<b>50,435</b>	<b>60,411</b>	<b>-</b>	<b>-</b>	<b>196,474</b>	<b>229,568</b>

## 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 first quarter of 2019, there were no changes in the composition of the Group.

## 12.) Changes in Contingent Liabilities/Assets

In the first quarter of 2019, there were no changes in contingent liabilities of the Group.

## 13.) Capital Commitments

There were no material capital commitments as at the end of the first quarter of 2019.

## 14.) Significant Related Party Transactions

The Group has no significant related party transactions in the first quarter of 2019.

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

**I.) Review of Performance - 2019 First Quarter (Q1 2019) compared to 2018 First Quarter (Q1 2018)**

	Individual quarter			
	3 months ended		Changes	
	31.3.2019 RM'000	31.3.2018 RM'000	RM'000	%
Revenue				
- Continuing operations	5,943	5,534	409	7%
- Discontinued operation	12	4,760	(4,748)	(100%)
	<u>5,955</u>	<u>10,294</u>	<u>(4,339)</u>	<u>(42%)</u>
Loss before interest and tax				
- Continuing operations	(7,040)	(5,375)	(1,665)	(31%)
- Discontinued operation	(876)	(1,390)	514	37%
	<u>(7,916)</u>	<u>(6,765)</u>	<u>(1,151)</u>	<u>(17%)</u>
Loss before tax				
- Continuing operations	(7,818)	(6,282)	(1,536)	(24%)
- Discontinued operation	(979)	(1,577)	598	38%
	<u>(8,797)</u>	<u>(7,859)</u>	<u>(938)</u>	<u>(12%)</u>
Loss after tax				
- Continuing operations	(7,735)	(6,235)	(1,500)	(24%)
- Discontinued operation	(979)	(1,577)	598	38%
	<u>(8,714)</u>	<u>(7,812)</u>	<u>(902)</u>	<u>(12%)</u>
Loss attributable to owners of the Company				
- Continuing operations	(7,735)	(6,235)	(1,500)	(24%)
- Discontinued operation	(979)	(1,577)	598	38%
	<u>(8,714)</u>	<u>(7,812)</u>	<u>(902)</u>	<u>(12%)</u>

During the three months to 31 March 2019, revenue from the continuing operations grew by 7% to RM5.9 million from RM5.5 million in the same quarter of the previous year on higher room occupancy coupled with improved revenue per available room. Net loss for the quarter increased to RM8.7 million from RM7.8 million in Q1 2018 due largely to higher operating and administration expenses.

II.) Review of 2019 First Quarter (Q1 2019) against 2018 Fourth Quarter (Q4 2018)

	Individual quarter			
	3 months ended		Changes	
	31.3.2019 RM'000	31.12.2018 RM'000	RM'000	%
Revenue				
- Continuing operations	5,943	6,776	(833)	(12%)
- Discontinued operation	12	850	(838)	(99%)
	<u>5,955</u>	<u>7,626</u>	<u>(1,671)</u>	<u>(22%)</u>
Loss before interest and tax				
- Continuing operations	(7,040)	(5,187)	(1,853)	(36%)
- Discontinued operation	(876)	(7,190)	6,314	88%
	<u>(7,916)</u>	<u>(12,377)</u>	<u>4,461</u>	<u>36%</u>
Loss before tax				
- Continuing operations	(7,818)	(6,037)	(1,781)	(30%)
- Discontinued operation	(979)	(7,316)	6,337	87%
	<u>(8,797)</u>	<u>(13,353)</u>	<u>4,556</u>	<u>34%</u>
Loss after tax				
- Continuing operations	(7,735)	(1,558)	(6,177)	(396%)
- Discontinued operation	(979)	(7,293)	6,314	87%
	<u>(8,714)</u>	<u>(8,851)</u>	<u>137</u>	<u>2%</u>
Loss attributable to owners of the Company				
- Continuing operations	(7,735)	(1,558)	(6,177)	(396%)
- Discontinued operation	(979)	(7,293)	6,314	87%
	<u>(8,714)</u>	<u>(8,851)</u>	<u>137</u>	<u>2%</u>

The Group's revenue from continuing operations for Q1 2019 was RM5.9 million, down 12% compared to the preceding quarter of RM6.8 million. The performance was consistent with the seasonality of business travels and corporate activities which generally slow down in the first two months of the year. The higher net loss from continuing operations in Q1 2019 against Q4 2018 was mainly due to the inclusion of an adjustment for over provision of tax in Q4 2018.

III.) **Prospects**

The outlook for the Group's hotel business should improve in the course of the year when business and corporate activities pick up. For the property development segment, the Group continues to adopt a prudent stance in moving forward which is in line with the Group's risk management strategies.

IV.) **Profit Forecast or Profit Guarantee**

Not applicable as the Group did not publish any profit forecast or profit guarantee.

V.) **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.

VI.) **Disclosure of Derivatives**

There are no derivatives as at the date of this announcement.



**VII.) Gains/Losses Arising from Fair Value Changes of Financial Liabilities**

There were no material gains/losses arising from fair value changes of financial liabilities in the first quarter of 2019.

**VIII.) Loss from operations**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loss from operations is stated after charging/(crediting):-				
Continuing operations:				
Depreciation of property, plant and equipment	3,041	3,108	3,041	3,108
Interest income	(44)	(380)	(44)	(380)
Discontinued operation:				
Depreciation of property, plant and equipment	49	59	49	59
Gain from disposal of property, plant and equipment	-	(214)	-	(214)
Interest income	(2)	(11)	(2)	(11)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**IX.) Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Continuing operations				
Deferred tax relating to net surplus on revaluation of land and buildings	83	47	83	47
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**X.) Material Litigation**

There were no material litigation as at the end of the first quarter of 2019.

**XI.) Significant Event**

On 5 November 2018, Macro Resources Sdn Bhd ("Macro"), a wholly owned subsidiary company, lodged an application pursuant to Section 404 of the Companies Act 2016 for the company to be placed under judicial management of a judicial manager.

On 23 January 2019, the court ordered that Macro be placed under the judicial management of a judicial manager under Section 405 of the Companies Act 2016, and that Mr Ng Choon Jin be appointed as the judicial manager of Macro who will thenceforth handle all the affairs of the company.

On 8 April 2019, Macro had undertaken its first creditors meeting pursuant to Section 421 of the Companies Act 2016. The proposal prepared by the judicial manager was put forward to all the creditors and was approved by a majority vote of 94%.

**XII.) Group Borrowings/Debt Securities**

A.) Group borrowings/debt securities as at 31 March 2019 were :-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total borrowings RM'000</b>
<b>Secured</b>			
Continuing operations			
- bank overdraft	3,069	-	3,069
- term loans	4,513	29,104	33,617
- finance lease payables	474	1,124	1,598
	<u>8,056</u>	<u>30,228</u>	<u>38,284</u>
Discontinued operation			
- term loan	4,403	-	4,403
- finance lease payables	18	2	20
	<u>4,421</u>	<u>2</u>	<u>4,423</u>
<b>Total borrowings</b>	<u>12,477</u>	<u>30,230</u>	<u>42,707</u>

B.) Group borrowings/debt securities as at 31 March 2018 were :-

	<b>Current RM'000</b>	<b>Non-current RM'000</b>	<b>Total borrowings RM'000</b>
<b>Secured</b>			
- bank overdrafts	3,919	-	3,919
- term loans	14,937	34,377	49,314
- finance lease payables	982	1,285	2,267
<b>Total borrowings</b>	<u>19,838</u>	<u>35,662</u>	<u>55,500</u>

**XIII.) Dividends**

The Board of Directors did not recommend or paid any dividend for the first quarter of 2019.

**XIV.) Loss Per Share**

The basic loss per share amounts are calculated by dividing the loss net of tax attributable to owners of the Company 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 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
Loss net of tax attributable to owners of the parent (RM'000)				
- Continuing operations	(7,735)	(6,235)	(7,735)	(6,235)
- Discontinued operation	(979)	(1,577)	(979)	(1,577)
	<u>(8,714)</u>	<u>(7,812)</u>	<u>(8,714)</u>	<u>(7,812)</u>
Weighted average number of shares ('000)	<u>335,174</u>	<u>341,964</u>	<u>335,174</u>	<u>341,964</u>
Basic and diluted loss per share (sen)				
- Continuing operations	(2.31)	(1.82)	(2.31)	(1.82)
- Discontinued operation	(0.29)	(0.46)	(0.29)	(0.46)
	<u>(2.60)</u>	<u>(2.28)</u>	<u>(2.60)</u>	<u>(2.28)</u>