

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2011

The figures have not been audited.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	RM'000	RM'000	RM'000	RM'000
Revenue	6,704	5,676	6,704	5,676
Cost of Sales	(4,035)	(4,341)	(4,035)	(4,341)
Gross Profit	<u>2,669</u>	<u>1,335</u>	<u>2,669</u>	<u>1,335</u>
Other Income / (Charge)	2,729	7,719	2,729	7,719
Administrative expenses	(1,273)	(2,680)	(1,273)	(2,680)
Operating expenses	(2,374)	(8,955)	(2,374)	(8,955)
Result from operating activities	<u>1,751</u>	<u>(2,581)</u>	<u>1,751</u>	<u>(2,581)</u>
Finance income	-	11	-	11
Finance cost	(1,741)	(1,707)	(1,741)	(1,707)
Net Finance Costs	<u>(1,741)</u>	<u>(1,696)</u>	<u>(1,741)</u>	<u>(1,696)</u>
Share of results of associates	-	-	-	-
Profit/ (loss) before tax	<u>10</u>	<u>(4,277)</u>	<u>10</u>	<u>(4,277)</u>
Income tax expense	-	-	-	-
Profit/(loss) for the period	<u>10</u>	<u>(4,277)</u>	<u>10</u>	<u>(4,277)</u>
Other Comprehensive Income/(loss), net of tax				
Foreign Currency Translation differences for foreign operations	-	329	-	329
Other Comprehensive Income/(loss) for the period, net of tax	<u>-</u>	<u>329</u>	<u>-</u>	<u>329</u>
Total Comprehensive Income/(loss) for the period, net of tax	<u>10</u>	<u>(3,948)</u>	<u>10</u>	<u>(3,948)</u>
Profit Attributable to:				
Owners of the Company	32	(4,258)	32	(4,258)
Minority interests	(22)	(19)	(22)	(19)
Profit/ (loss) for the period	<u>10</u>	<u>(4,277)</u>	<u>10</u>	<u>(4,277)</u>
Total Comprehensive Income/ (loss) attributable to:				
Owners of the Company	32	(3,929)	32	(3,929)
Minority interests	(22)	(19)	(22)	(19)
Total comprehensive Income/(loss) for the period	<u>10</u>	<u>(3,948)</u>	<u>10</u>	<u>(3,948)</u>
Basic earnings / (loss) per share attributable to owners of the Company (sen)	<u>0.01</u>	<u>(3.87)</u>	<u>0.01</u>	<u>(3.87)</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

The figures have not been audited.

	As at 31 March 2011 RM '000 (Unaudited)	As at 31 Dec. 2010 RM '000 (Audited)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	9,965	11,688
Land Held for Property Development	122,390	122,463
Prepaid Lease Payment	-	-
Investment in Associates	-	-
Deferred Tax Assets	-	-
	<u>132,355</u>	<u>134,152</u>
Current Assets		
Property Development costs	2,856	1,713
Inventories	219	194
Trade Receivables	24,993	22,656
Other Receivables	31,266	31,746
Fixed Deposits	1,850	710
Cash and Bank Balances	13,215	13,339
	<u>74,398</u>	<u>70,358</u>
Properties classified as Land held for Sales	7,022	7,022
TOTAL ASSETS	<u>213,774</u>	<u>211,531</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	102,000	102,000
Other Reserves	4,853	4,853
Retained Earnings	(135,933)	(135,965)
	<u>(29,079)</u>	<u>(29,112)</u>
Minority Interests	<u>1,132</u>	<u>1,154</u>
Total Equity	<u>(27,947)</u>	<u>(27,957)</u>
Non-Current Liabilities		
Long Term Borrowings		
Deferred Tax Liabilities	52	52
	<u>52</u>	<u>52</u>
Current Liabilities		
Provision for liquidated ascertained damages	16,910	16,923
Short Term Borrowings	84,034	84,570
Trade Payables	78,654	78,144
Other Payables	58,508	56,610
Hire Purchase Creditors	75	101
Tax payable	3,488	3,089
	<u>241,668</u>	<u>239,437</u>
Total Liabilities	<u>241,721</u>	<u>239,489</u>
TOTAL EQUITY AND LIABILITIES	<u>213,774</u>	<u>211,531</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>(0.29)</u>	<u>(0.29)</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the quarter ended 31 March 2011

The figures have not been audited.

<-----Attributable to Equity Holders of the Parent----->

	<u>Share Capital</u> (RM'000)	<u>Non-Distributable Other Reserves</u> (RM'000)	<u>Distributable Retained Earnings</u> (RM'000)	<u>Total</u> (RM'000)	<u>Minority Interest</u> (RM'000)	<u>Total Equity</u> (RM'000)
At 1 January 2011	102,000	4,853	(135,965)	(29,112)	1,154	(27,958)
Net profit/(loss) for the period	-	-	32	32	(22)	10
Foreign currency translation	-	-	-	-	-	-
At 31 March 2011	<u>102,000</u>	<u>4,853</u>	<u>(135,933)</u>	<u>(29,080)</u>	<u>1,132</u>	<u>(27,948)</u>

<-----Attributable to Equity Holders of the Parent----->

	<u>Share Capital</u> (RM'000)	<u>Non-Distributable Other Reserves</u> (RM'000)	<u>Distributable Retained Earnings</u> (RM'000)	<u>Total</u> (RM'000)	<u>Minority Interest</u> (RM'000)	<u>Total Equity</u> (RM'000)
At 1 January 2010	102,000	4,680	(122,359)	(15,679)	1,093	(14,586)
Net profit/(loss) for the period	-	-	(3,928)	(3,928)	(19)	(3,947)
Foreign currency translation	-	(20)	-	(20)	-	(20)
At 31 March 2010	<u>102,000</u>	<u>4,660</u>	<u>(126,287)</u>	<u>(19,627)</u>	<u>1,074</u>	<u>(18,553)</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2011

The figures have not been audited

	3 months ended	
	31 March 2011	31 Dec 2010
	RM'000	RM'000
Net cash flows generated from / (used in) operating activities	(1,168)	(13,671)
Net cash flows generated from / (used in) investing activities	2,729	25,950
Net cash flows generated from / (used) in financing activities	(535)	(15,116)
Net increase / (decrease) in cash and cash equivalents	<u>1,025</u>	<u>(2,837)</u>
Effects of exchange rate changes	-	173
Cash and cash equivalents at beginning of financial period	8,798	11,462
Cash and cash equivalents at end of financial period	<u><u>9,823</u></u>	<u><u>8,798</u></u>

Cash and cash equivalents at the end of the financial period comprise the following components:-

	As at	As at
	31 March 2011	31 Dec 2010
	RM '000	RM '000
Fixed Deposits	1,850	710
Cash and Bank Balances	13,215	13,339
Bank Overdrafts	(5,242)	(5,251)
	<u><u>9,823</u></u>	<u><u>8,798</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

NOTES TO THE INTERIM FINANCIAL REPORT 31 MARCH 2011

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with 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. These 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 year ended 31 December 2010.

2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2010 except for the following new Financial Reporting Standards (“FRS”), revised FRSs and Issues Committee (“IC”) Interpretations and will be effective for the financial periods as stated below:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to	1 July 2010

Owners

Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"		1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures	1 January 2012

The initial applications of the above applicable new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

3. Audit report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2010 was subjected to qualifications. The auditors reported that because of the matters described below in the Basis for Disclaimer of Opinion section, they were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion in the auditors' report for the previous financial year ended 31 December 2010 was disclaimed and reproduced as follows:-

- (i) The Group and the Company incurred a net loss of RM13.64 million and RM10.18 million respectively during the financial year ended 31 December 2010. As at 31 December 2010, the Group's current liabilities exceeded its current assets by RM162.06 million. The Group's shareholders' deficit as at 31 December 2010 amounted to RM29.11 million.

- (ii) On 16 March 2010, the subsidiary company, Bukit Jalil Development Sdn Bhd (“BJD”) entered into a Joint Development Agreement (“JDA”) with Pioneer Haven Sdn Bhd (“PHSB”) to develop a parcel of land measuring approximately 60 acres (“the 60 acre land”) belonging to BJD into a mixed development project. The present Board of Directors appointed on 17 March 2010, has filed a suit to declare the JDA void. Consequently, the economic benefits from the development of the 60 acre land may not accrue to the Group and BJD until determination of the said legal action.

During the period from December 2009 to January 2010, BJD had collected booking fees/deposits of approximately RM9.33 million from potential purchasers of shop offices to be developed on the 60 acre land. Certain purchasers have requested for refund of their booking fees/deposits. As at the date of this report, BJD has not made any refund of these booking fees/deposits.

- (iii) The Group and the Company have defaulted in the repayment of certain bank borrowings as at 31 December 2010 and 31 December 2009 and certain creditors have also filed Section 218 Notices against the Company and certain of its subsidiary companies during the current and previous years ended 31 December 2010 and 2009.
- (iv) The Company has been an affected listed issuer under PN17 of Bursa Malaysia Securities Berhad Main Market Listing Requirements since 31 July 2008.
- (v) On 20 October 2010, the Company and two of its subsidiary companies, namely BJD and Tru-mix Concrete Sdn Bhd (“TCSB”), collectively referred to as the Applicants had obtained an order from the High Court of Malaya at Kuala Lumpur pursuant to Section 176 of the Companies Act, 1965 which inter alia granted the Company leave to convene a Scheme Creditors meeting to consider and/or approve the Proposed Restructuring Scheme and Creditor Scheme of Arrangement and ordered that all further proceedings and/or action against the Company including but not limited to winding up, execution and/or arbitration proceedings be restrained for a period of 90 days from the date of the order. The restraining order has been further extended to 23 April 2011.

On 26 April 2011, the High Court of Malaya at Kuala Lumpur had extended the restraining order in respect of the Company and BJD for a further period of 90 days from the date of this order on its unsecured creditors and a further 60 days on its secured creditor.

- (2) (i) The audited financial statements for the financial year ended 31 December 2010 of certain subsidiary companies were not available and accordingly, the unaudited management financial information of these entities were used for the preparation of the consolidated financial

statements of the Group for the financial year ended 31 December 2010.

The Company's Directors are of the opinion that the accounts of these subsidiary companies were consolidated based on the unaudited management accounts are immaterial to the Group for the financial year ended 31 December 2010.

- (ii) The audited financial statements of the Madagascar branch operations for the financial year ended 31 December 2010 were made available to us for consolidation in the current financial year. As disclosed in the audited report of the Madagascar branch includes the following qualifications:
 - (a) The branch ceased operations since the termination of the contract with the Malagasy government. Due to the equipment rental contract with Madagascar Malaysia Equipment Rental ("MMER"), which is valid till 31 December 2014, the branch has no control over its own equipment. These circumstances indicate a material uncertainty that may cast significant doubt on the Branch's ability to continue as a going concern.
 - (b) We are unable to perform physical observation procedures over equipments where they are being held in the custody of MMER, which did not allow entry of representatives of auditors to the Branch. We are therefore not in a position to assess whether any impairment needs to be imposed on the equipments.
- (iii) On 21 May 2009, the Company had signed a settlement agreement with the State of Madagascar whereby the State of Madagascar had released USD 4 million to Ho Hup's bank account in Madagascar.

The Company had appointed Brilliant Profession Holdings Limited for their services to settle all the issues as set out in the settlement agreement. However, we are unable to ascertain the validity and authenticity of the transaction and payment made in January 2010 to Brilliant Profession Holdings Limited that amounted to USD 0.2 million (2009: USD 2.3 million).

- (iv) As at the date of this report, replies relating to certain debtors and creditors confirmation requests are outstanding. We are unable to confirm or verify by alternative means as to whether the carrying amounts of the debtors and creditors balances for the financial year ended 31 December 2010 were appropriate.
- (v) BJD had appointed an agent on 22 December 2009 to promote and sell the shop offices within One Jalil Project where the agency fees amounted to RM1.605 million were paid during the financial year ended 31 December 2010. We were unable to ascertain the validity and authenticity of the transactions and payments made to the agent.

- (3) The financial statements of the Group and of the Company for the financial year ended 31 December 2009 which are presented for comparative purposes were examined and reported on by another firm of auditors who have rendered a disclaimer opinion on those financial statements in their report dated 3 May 2010 and the matters which gave rise to the modification includes matters as explained in the following paragraph (i) to (vi) in so far as it relates to the financial statements for the financial year ended 31 December 2009. These matters remained unresolved in the current financial year.
- (i) For the financial statements for the financial year ended 31 December 2009, the previous auditors were not able to obtain confirmations from the respective solicitors of the Group and of the Company on the status of the litigations as disclosed in the financial statements and accordingly they were unable to satisfy themselves as to the nature, quantum, and completeness of the said litigations.
 - (ii) For the financial statements for the financial year ended 31 December 2009, the replies relating to certain debtors, creditors and bank confirmation requests to confirm the balances of the Group and of the Company as at 31 December 2009 were outstanding. The previous auditors were unable to confirm or verify by alternative means as to the completeness of the recorded bank balances and the appropriateness of the carrying amounts of the debtors and creditors of the Group and of the Company for the financial year ended 31 December 2009.
 - (iii) As required by Malaysian Approved Standards on Auditing, ISA 560 Subsequent Events, the previous auditors were required to perform audit procedures to obtain sufficient appropriate audit evidence that all events up to the date of the auditor's report that may require adjustment of, or disclosure in, the financial statements have been identified. However, the previous auditor had not been able to complete the performance of such procedures as certain minutes of the Board of Directors' meetings of BJD for the period subsequent to financial year end were not available.

During the financial year ended 31 December 2010, we were unable to complete the performance of such procedures as certain minutes of Board of Directors' meetings of BJD for the period from 1 January 2010 to 28 March 2010 were not made available to us.

- (iv) During the financial year ended 31 December 2009, the Company incurred cost of materials and services amounting to RM1.025 million for rectification works undertaken for developments which were previously abandoned but completed during the year. The previous auditors were not able to sight certain original copies of the purchase orders issued and were unable to obtain confirmations or explanations from the sub-contractors. As such, the previous auditors were not able to satisfy themselves on the quantum and the costs incurred in respect of those rectification works.

- (v) For the financial statements for the financial year ended 31 December 2009, the previous auditors did not received approved budgets in respect of the construction works for certain on-going construction projects of the Company. These budgets were not approved by the previous Board of Directors prior to their removal on 17 March 2010. In the absence of a budget approved by the Board of Directors, the previous auditors were unable to ascertain the appropriateness of the profits or losses recognised in the statements of comprehensive income of the Group and of the Company for the financial year ended 31 December 2009 using the percentage of completion method and the amounts recognised as due from/to customers in the reporting of the Group and of the Company for the financial year ended 31 December 2009.
- (vi) Included in other receivables as at 31 December 2009 of the Group and of the Company was an amount of approximately RM14.79 million which represent amounts due from various sub-contractor debtors. These debts arose from back charges of materials purchased on behalf of the sub-contractor by the Company for its projects. The amount outstanding is to be matched against the delivery orders (“DO”) and invoices for materials purchased on behalf and subsequently reversed to the work in progress account as it is part of project related costs.

4. Segment information

By industry segment:

	Revenue		Results	
	31.3.2011 RM'000	31.3.2010 RM'000	31.3.2011 RM'000	31.3.2010 RM'000
Construction	-	6	(256)	685
Property development	4,228	463	1,137	(3,791)
Ready mixed concrete	2,476	5,413	(215)	(190)
Others	-	-	5	(10)
Total revenue including inter-segment	6,704	5,882	671	(3,306)
Eliminations	-	(206)	(661)	(642)
Associates	-	-	-	-
Total	6,704	5,676	10	(3,948)

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cashflow during the financial period ended 31 March 2011.

6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter result.

7. Seasonal or cyclical factors

The Group's performance was not materially affected by any seasonal or cyclical factors save for unfavorable weather conditions, shortage of construction and increase in the cost of construction materials.

8. Dividends paid

No dividends have been paid since the beginning of the current financial period.

9. Carrying amount of revalued assets

The valuations of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. No valuations have been undertaken in prior year.

10. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period to date.

11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter.

12. Changes in contingent liabilities or contingent assets

On 24 May 2005, the Company was appointed as a sub-contractor for a construction of a highway project known as "Trans Kedah" project with a contract sum of RM230 million. The main contractor had subsequently awarded portions of the contract to third parties (Third Parties Works) due to the delays in the progress of the construction works and the inability of the Company to complete the whole of the construction works within the stipulated time frame.

However, Certificate of Completion was obtained for Segment 1 on 22 November 2010 and Certificate of Partial Completion for segment 2 and 3 was obtained on 1 July 2010. As such, no liquidated damages are expected for the project as the work was completed within the stipulated time frame.

We are unable to ascertain whether The Third Parties' Works has incurred any losses accruing to the Company until a final account is certified by 'Jabatan Kerja Raya' (JKR) representing the Employer which is expected to be finalised in the third quarter 2011.

There were no changes in contingent liabilities (other than the material litigation disclosed in Note 11 on Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad) since the last annual balance sheet date as at 31 December 2010.

13. Subsequent events

Save and except for the announcements made by the Company on 13 April, 21 April, 26 April, 3 May, 5 May, 9 May, 19 May, 20 May and 25 May and the material litigation as disclosed herein from page 18 to page 20 and matters as set out herein, in the opinion of the Directors, the financial statements for the interim period have not been affected by any material event that has occurred between the end of the interim period and the date of this report.

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

31 March 2011

1. Performance review

For the current quarter ended 31 March 2011, the Group recorded a marginal profit of RM10,000 as opposed to the pretax loss of RM4.3 million for the corresponding quarter on revenue of RM6.7 million in current quarter against revenue of RM5.7 million registered in the corresponding quarter last year. The improvement between the two quarters is mainly due to reduction in administrative cost by RM1.4 million and operating cost by RM6.6 million.

Gross profit for current quarter improved to RM2.7 million due to recognition of profit for current project as compared to last quarter of RM1.3 million.

The **Construction Division** registered after tax loss of RM0.2 million for the first quarter as compared to after tax profit of RM0.7 million for the corresponding period last year due to higher other income in the preceding quarter from the disposal of plant and machineries of RM7.7 million.

The **Property Development Division** registered an after tax profit of RM1.1 million on the back of RM4.2 million revenue generated for the current period compared to an after tax loss of RM3.8 million on revenue of RM0.5 million registered in the corresponding period last year.

The **Ready Mixed Concrete Division** recorded a turnover of RM2.5 million compared to RM5.4 million for the corresponding period last year. Despite the revenue declining by about 50%, pretax loss is maintained at RM 0.2 million primarily due to effective cost control measures.

2. Explanatory comments on any material change in the profit before taxation for the quarter reported as compared with the immediate preceding quarter

The Group registered a marginal profit of RM10,000 in this quarter as compared to loss of RM5.8 million in the preceding quarter due to provision of RM5.8 million made resulting from potential liabilities ascertained from claims submitted by creditors.

3. Prospects for the forthcoming financial period

On 3 November 2010, the Company entered into a conditional Share Sale Agreement (SSA) with Plenitude Frontier Sdn Bhd (Plenitude) for the acquisition of 100% equity interest in Fivestar Development (Puchong) Sdn Bhd and Kolektra Recreation Sdn Bhd (collectively referred to as the Target Companies). Plenitude is a special purpose vehicle incorporated to act as the holding company of the Target Companies. The acquisitions are part of the Company's initiative to restore Ho Hup onto stronger financial footing via, amongst others, the injection of new viable businesses.

The proposed acquisition involves the acquisition by the Company of the entire equity interest in the Target Companies from the vendor for an indicative purchase consideration of RM46,803,900 to be satisfied by the allotment and issuance of new ordinary shares of RM1.00 each in Ho Hup at an issue price of RM1.00 per share.

On 19 May, Bursa Securities granted the Company an extension to 19 June 2011 to submit the regularisation plan under Practice Note 17 of Bursa Malaysia Securities Berhad Main Market Listing Requirement to the regulatory authorities.

The development of 20 units of 2 ½ storey Semi Detached units under phase 7B in Jalil Sutera has progressed up to 87.5% of completion as at Quarter 1 2011. Barring any unforeseen circumstances, the Certificate of Fitness is expected by end of Quarter 2, 2011.

The Company also expects to record a gain from the disposal of land held under Geran 55265 Lot 38472 in 3rd quarter of 2011 .

The ready mixed concrete division is expected to show a turnaround in the 2nd quarter of 2011.

4. Variance of actual profit from forecast profit and shortfall in profit guarantee

This is not applicable.

5. Taxation

There is no tax charge for the current quarter due to sufficient accumulated tax losses brought forward from previous years to cover current tax liabilities.

6. Profits/ (losses) on the sale of unquoted investment and/or properties

No profits/losses from sale of unquoted investment and/ or properties was recorded in the current quarter.

7. Quoted securities

There were no purchases and disposal of quoted securities for the current quarter and financial period to-date.

8. Status of corporate proposals

There were no other corporate proposals announced but not completed as at the date of this announcement, being the latest practicable date from the date of the issue of this quarterly report, other than the followings:

1. On 29 October 2010, BJD entered into a Conditional Sales & Purchase Agreement with Bayu Melati Sdn Bhd for the disposal of a parcel of freehold land held under the Master Title under geran 55265 with Lot No 38472, Mukim Petaling, District of Kuala Lumpur, state of Wilayah Persekutuan Kuala Lumpur for a cash consideration of RM9.55 million. The disposal is expected to generate gain of RM2.4 million by 3rd quarter of 2011. The sale was approved by shareholders on 10 February 2011.
2. With the aim to regularise the Company's financial position, AmInvestment Bank Berhad, on behalf of the Board of Directors of the Company, announced on 30 October 2009 the following which constitutes the Initial Proposed Regularisation Plan:
 - (a) Proposed Capital Reduction;
 - (b) Proposed Consolidation;
 - (c) Proposed Restricted Issue;
 - (d) Proposed Rights Issue; and
 - (e) Proposed Amendments.

However, following the objections to the Initial Proposed Regularisation Plan by certain substantial shareholders, new directors were appointed to Company's Board on 17 March 2010 by the shareholders. On the same date, Ho Hup had announced the entering of a Joint Development Agreement (JDA) with Pioneer Haven Sdn Bhd, a wholly owned subsidiary of Malton Berhad. AmInvestment Bank Berhad and Newfield Advisors Sdn Bhd resigned as the Company's principal adviser & financial adviser respectively with effect from 17 March 2010. These events had resulted in a setback in the development of the Regularisation Plan and consequently the submission of the same to Bursa Securities.

On 19 May, we have received reply from Bursa for an extension to 19 June 2011 to submit the regularisation plan under Practice Note 17 of Bursa Malaysia Securities Berhad Main Market Listing Requirement to the regulatory authorities.

3. On 16 March 2010, BJD entered into a Joint Development Agreement ("JDA") with Pioneer Haven Sdn Bhd, a wholly-owned subsidiary of Malton Berhad, to develop a piece of freehold land held under individual title Geran 42277, Lot No. 36101, Mukim of Petaling, Daerah Kuala

Lumpur, Negeri Wilayah Persekutuan measuring in land area of approximately 243,000 square meter ("Land") into mixed commercial and residential development comprising inter alia of but not limited to shopping complex, shop offices, office tower, service apartment and hotel subject to the terms and conditions as stipulated in the JDA. Ho Hup filed a suit on 27 April 2010 seeking that the court declares the JDA null and void. Proceedings of the trial pertaining to the suit have been on-going and the witnesses for the Plaintiff as well as for the Defendants have given them evidence in Court since then. The Court is expected to give its decision and judgement on 7 June 2011.

4. On 3 November 2010, the Company entered into a conditional Share Sale Agreement (SSA) with Plenitude Frontier Sdn Bhd (Plenitude) for the acquisition of 100% equity interest in Fivestar and Kolektra (collectively referred to as the Target Companies). Plenitude is a special purpose vehicle incorporated to act as the holding company of the Target Companies. The acquisitions are part of the Company's initiative to restore Ho Hup onto stronger financial footing via, amongst others, the injection of new viable business.

On 1 March 2011, the Company entered into a conditional definitive agreement ("Definitive Agreement") with Plenitude which sets out the series of proposals to regularize the financial condition of the Company. On the same date, the Company and the Vendor also entered into an amended and restated conditional share sale agreement ("Restated SSA") to vary certain terms of the Principal SSA.

Pursuant to the restated SSA, the Company proposed to acquire the entire equity interest in Fivestar and Kolektra from Plenitude for a purchase consideration of up to of RM46,803,900 to be satisfied by the allotment and issuance of up to 93,607,800 new Ho Hup Shares to the Vendor on terms as set out in the Principal SSA and as varied by the Restated SSA.

5. The Company and two of its subsidiaries namely BJD and Tru-mix Concrete Sdn Bhd (Tru-mix) had on 20 October 2010 obtained an order from High Court of Malaya at Kuala Lumpur pursuant to Section 176 of the Companies Act 1965 which inter alia, granted the Company leave to convene a Scheme Creditors meeting to consider and/or approve the Proposed Restructuring Scheme and Creditors Scheme of Arrangement and order that all further proceedings and/or action against Ho Hup including but not limited to winding up, execution and/ or arbitration proceedings be restrained for a period of 90 days from the date of the order. The restraining order has been further extended to 23 April 2011.

On 26 April 2011, the High Court of Malaya has further granted an extension of 90 days for Ho Hup and BJD for the unsecured creditors and the restraining order of 60 days be extended to the secured creditor.

6. On 13 April 2011, the Company has announced that it has entered into an Agreement with Gerhana Prestij Sdn Bhd (Gerhana Prestij) to dispose of the shares held in the subsidiaries and associate companies of Ho hup for a total consideration of RM8.00. Following the disposals, the companies shall cease to be the subsidiaries and associates companies of Ho Hup.

Company	Company No.	No. of issued and paid-up shares	Par value per share	Percent age of holding (%)
Mekarani Heights Sdn. Bhd.	336168-X	2	RM1.00	100
Intermax Resources Sdn. Bhd.	334545-M	2	RM1.00	100
Ho Hup Geotechnics Sdn. Bhd.	255523-M	2	RM1.00	100
Hupcon Antarabangsa Sdn. Bhd.	81792-M	2	RM1.00	50
Timeless Element Sdn. Bhd.	516318-U	2	RM1.00	100
Semenyih Brickmakers Sdn. Bhd.	132138-A	5,000,000	RM1.00	49
Ho Hup Corporation (Mauritius) Ltd.	N/A	50,000	USD0.50	100
Ho Hup Corporation (South Africa) Pty. Ltd.	2006/00150 6/07	100	Rand 1.00	100

9. Group borrowings and debt securities

	31.3.2011 RM'000	31.3.2010 RM'000
(a) Short Term Borrowings:		
Secured	73,628	82,246
Unsecured	10,406	5,184
	<u>84,034</u>	<u>87,430</u>
(b) Long Term Borrowings:		
Unsecured	-	5,037
Total Borrowings	<u>84,034</u>	<u>92,467</u>

10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at as at the date of this announcement, being the latest practicable date from the date of the issue of this quarterly report.

11. Changes in material litigation

- (a) Ho Hup brought a suit against KM Quarry Sdn Bhd (“KMQ”) for the amount of RM3,433,335.75 for the incomplete joint measurements and RM2,439,294.47 for overlapping claims in suit NO.22-3-2005. KMQ filed a counter claim against the Company for a total sum of RM3,774,876 for works done in respect of progress claims No 19, 20 & 21 plus a retention sum of RM862,019. The Court has appointed an external quantity surveyor, JUB Ikatan Sepakat Sdn Bhd to submit a report in respect of the case and subsequently on 29 March 2011, the report was recorded as a court judgment whereby Ho Hup is to pay KMQ the sum of RM3,609,655.11 together with interest and costs of RM233,454.50. Ho Hup has filed a Notice of Appeal before the Court of Appeal on 8 April 2011 and stay of execution application on 3 May 2011.
- (b) On 2 May 2005, Ho Hup commenced an arbitration for damages amounting to Rs2,544,512,230 (RM190,965,642) being the unlawful termination of the Development Agreement dated 9 March 2005 by the Andhra Pradesh Housing Board (“APH”) in respect of the development of a township in India by APH.

The award in Ho Hup’s favour has been published in May 2008 as follows:-

- (i) APH shall pay Ho Hup the sum of Rs16,796,250 (RM1,260,558) together with simple interest at the rate of 12% per annum from 1 February 2006 to the date of payment;
- (ii) APH shall pay compensation of Rs.6 lakhs (RM45,030) together with simple interest at the rate of 9% per annum from 6 January 2006 to the date of payment.

An appeal was submitted in the Hyderabad High Court to set aside the award. Ho Hup’s appeal was dismissed and its lawyers in India are exploring the possibility of setting aside the decision of the court in dismissing the said appeal.

- (c) On 31st July 2009, Ho Hup and 9 others was served by Dato’ Low Tuck Choy (DLTC) with a Writ of Summons Civil Suit No.S-22-525-2009 dated 24th July 2009, seeking damages and an injunction to prevent the International Chamber of Commerce from awarding its arbitral award. Ho Hup has engaged solicitors to defend this matter. Statement of Defence was filed on 26 October 2009. This matter has been fixed for further case management on 25 July 2011. Ho Hup is the 10th Defendant who is named as the nominal Defendant in this matter.

- (d) Ho Hup has filed Suit No. 22NCC-792-2010 in the Kuala Lumpur High Court against Bukit Jalil Development Sdn Bhd (“BJD”) and 10 others in respect of the Joint Development Agreement (“JDA”) dated 16 March 2010 between Bukit Jalil Development Sdn Bhd and Pioneer Haven Sdn Bhd (“PHSB”) to develop the 60 acres freehold land held under individual title Geran 42277, Lot No. 36101, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan into a mixed commercial and residential development comprising inter alia of but not limited to shopping complex, shop offices, office tower, service apartments and hotel subject to the terms and conditions as stipulated in the JDA.

The Company claimed, inter alia, in the Statement of Claim for a declaration that the JDA, the Power of Attorney and the Endorsement and Undertaking is void.

Ho Hup filed a suit on 26 April 2010 seeking that the court declare the JDA null and void. Proceedings of the trial pertaining to the suit have been on-going and the witnesses for the Plaintiff as well as for the Defendants have give evidence in Court since then. The Court is expected to give its decision and judgement on 7 June 2011.

- (e) On 27 January 2010, Extreme System Sdn Bhd (“ESSB”) vide Kuala Lumpur High Court Suit No: D-22NCC-146-2010 has filed an application for an injunction to restrain DLTC (2nd Defendant”) and 27 others from holding or proceeding with the EGM of Ho Hup on 4 February 2010 for the removal of the directors of Ho Hup then. Ho Hup is a nominal Defendant in the aforesaid suit. On 3 February 2010, the Court has granted the order in favor of ESSB.

Subsequently, another EGM was called to be held on 17 March 2010 for the removal of the same Directors of Ho Hup. ESSB filed a further application to restrain the holding of the EGM on 17 March 2010 wherein the learned judge dismissed the application.

The trial is still ongoing but there is no material impact on Ho Hup at the moment since Ho Hup is a nominal Defendant.

- (f) Pursuant to a letter of Intent dated 29 April 2009 issued by PKNS Engineering And Construction Berhad (“Defendant”) the main contractor to Ho Hup in relation to the project known as “ Cadangan Membina, Menyiapkan dan Menguji Kuarters Integrasi Klang Kelas 56F, 106G Di Hospital Tengku Ampuan Rahimah, Selangor Darul Ehsan”. The lump sum contract is for the amount of RM18,038,000.00. The Defendant had vide letter dated 2 June 2010 terminated the subcontract with Ho Hup even though the Defendant earlier vide their letter dated 29 April 2010 had reached agreement with Ho Hup on certain issues for the completion of the project. The Defendant had written a letter dated 6 July 2010 to Malaysia Assurance Alliance

Berhad making a claim on the Performance Bond for the sum of RM901,900.00

On 27 July 2010, Ho Hup vide Shah Alam High Court Suit No: 22-1054-2010 has filed an Injunction Application to restrain the Defendant from dealing in any manner whatsoever and/or receiving any monies under the said Performance Bond until the hearing and disposal of the suit or until further order of the Court. A Writ of Summons was filed whereby Ho Hup is claiming for damages which will be assessed by the Court. On 3 August 2010, the Court has granted an ad-interim injunction order in favour of Ho Hup until the Court decides on our application. The matter is fixed for hearing on 20 June 2011.

- (g) DLTC brought an action against Ho Hup in the Industrial Court No. 26/4-586/10 for reinstatement as Managing Director of the Company. DLTC's lawyer filed the Statement of Claim and the matter is now fixed for mention on 3 August 2011.

- (h) Pursuant to an Agreement dated 12 September 1995 (the 1995 JVA"), Ho Hup and United Engineers (Malaysia) Berhad ("UEM") had entered into a joint venture whereby Ho Hup and UEM agreed to subscribe for shares in Bukit Jalil Development Sdn Bhd ("BJD") in a 70%-30% ratio respectively. Subsequently, on 28 September 2009, Zen Courts Sdn Bhd ("Zen Courts") entered into a Sale And Purchase Agreement to buy shares held by UEM in BJD.

On 23 May 2011, Zen Courts served an unsealed copy of the Petition on BJD, Ho Hup and Ho Hup Equipment Rental Sdn Bhd claiming, inter alia, that BJD and Ho Hup have allegedly oppressed Zen Courts and would not recognize their rights under the 1995 JVA. Zen Courts further claimed that the disposal of several pieces of land belonging to BJD and also actions taken by BJD as stated in the Petition may be void as it was without their consent and or participation of its nominees at the Board of Directors of BJD.

Zen Courts further sought relief from Court for, *inter alia*, a declaration that Ho Hup is in breach of the terms and conditions stipulated in the 1995 JVA and specific performance of same including but not limited to taking all necessary steps to effect the appointment of their nominated Directors.

The case is pending extraction of the sealed Petition and, as such, no hearing date has been fixed yet.

Except as disclosed above, there were no other material changes in material litigation since the last annual balance sheet date and made up to 26 May

2011, being the latest practicable date from the date of the issue of this quarterly report.

12. Dividends paid

No interim dividends have been recommended in respect of the financial period ended 31 December 2010.

13. Earnings per share

Basic earnings per share

Basic earnings per share for the financial period to-date are calculated by dividing the net profit attributable to the equity holders of the parents by the weighted average number of ordinary shares in issue.

	Current quarter 31/3/11	Preceding year corresponding quarter 31/3/10	Financial period to- date 31/3/11	Preceding year corresponding period to-date 31/3/10
Profit/(Loss) attributable to the equity holders of the parent (RM'000)	10	(3,948)	10	(3,948)
Weighted average number of ordinary shares ('000)	102,000	102,000	102,000	102,000
Basic earnings per share (sen)	0.01	(3.87)	0.01	(3.87)