

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2012

The figures have not been audited.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	14,427	6,704	14,427	6,704
Cost of Sales	(11,376)	(4,035)	(11,376)	(4,035)
<b>Gross Profit</b>	<u>3,051</u>	<u>2,669</u>	<u>3,051</u>	<u>2,669</u>
Other Income / (Charge)	1,355	2,729	1,355	2,729
Gain/(loss) from disposal of investments	-	-	-	-
Administrative expenses	(1,548)	(1,273)	(1,548)	(1,273)
Operating expenses	(2,900)	(2,374)	(2,900)	(2,374)
<b>Result from operating activities</b>	<u>(43)</u>	<u>1,751</u>	<u>(43)</u>	<u>1,751</u>
Finance income	17	-	17	-
Finance cost	(2,429)	(1,741)	(2,429)	(1,741)
<b>Net Finance Costs</b>	<u>(2,412)</u>	<u>(1,741)</u>	<u>(2,412)</u>	<u>(1,741)</u>
Share of results of associates	-	-	-	-
<b>Profit/ (loss) before tax</b>	<u>(2,454)</u>	<u>10</u>	<u>(2,454)</u>	<u>10</u>
Income tax expense	-	-	-	-
<b>Profit/(loss) for the period</b>	<u>(2,454)</u>	<u>10</u>	<u>(2,454)</u>	<u>10</u>
<b>Other Comprehensive Income/(loss), net of tax</b>				
Foreign Currency Translation differences for foreign operations	-	-	-	-
<b>Other Comprehensive Income/(loss) for the period, net of tax</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income/(loss) for the period, net of tax</b>	<u>(2,454)</u>	<u>10</u>	<u>(2,454)</u>	<u>10</u>
<b>Profit Attributable to:</b>				
Owners of the Company	(2,619)	32	(2,619)	32
Non Controlling Interest	164	(22)	164	(22)
<b>Profit/ (loss) for the period</b>	<u>(2,454)</u>	<u>10</u>	<u>(2,454)</u>	<u>10</u>
<b>Total Comprehensive Income/ (loss) attributable to:</b>				
Owners of the Company	(2,619)	32	(2,619)	32
Non Controlling Interest	164	(22)	164	(22)
<b>Total comprehensive Income/(loss) for the period</b>	<u>(2,454)</u>	<u>10</u>	<u>(2,454)</u>	<u>10</u>
<b>Basic earnings / (loss) per share attributable to owners of the Company (sen)</b>	<u>(2.57)</u>	<u>0.01</u>	<u>(2.57)</u>	<u>0.01</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

The figures have not been audited.

	As at 31 Mar 2012 RM '000 (Unaudited)	As at 31 Dec 2011 RM '000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	1,983	2,089
Land Held for Property Development	<u>123,988</u>	<u>124,192</u>
	<u>125,972</u>	<u>126,281</u>
<b>Current Assets</b>		
Property Development costs	441	441
Inventories	268	175
Trade Receivables	8,871	13,288
Other Receivables	8,563	4,150
Fixed Deposits	3,271	5,490
Cash and Bank Balances	<u>1,112</u>	<u>1,074</u>
	<u>22,526</u>	<u>24,618</u>
Properties classified as Land held for Sales	-	7,021
<b>TOTAL ASSETS</b>	<u>148,498</u>	<u>157,920</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	102,000	102,000
Other Reserves	4,970	4,969
Retained Earnings	<u>(149,227)</u>	<u>(146,608)</u>
	<u>(42,257)</u>	<u>(39,639)</u>
Non Controlling Interest	<u>477</u>	<u>642</u>
<b>Total Equity</b>	<u>(41,779)</u>	<u>(38,997)</u>
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>		
Provision for liquidated ascertained damages	16,910	16,910
Short Term Borrowings	85,733	85,741
Trade Payables	33,695	31,761
Other Payables	51,142	59,695
Hire Purchase Creditors	2	15
Tax payable	<u>2,795</u>	<u>2,795</u>
	<u>190,277</u>	<u>196,917</u>
<b>Total Liabilities</b>	<u>190,277</u>	<u>196,917</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>148,498</u>	<u>157,920</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>(0.41)</u>	<u>(0.39)</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

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)	Non Controlling <u>Interest</u> (RM'000)	Total <u>Equity</u> (RM'000)
At 1 January 2012	102,000	4,969	(146,608)	(39,639)	642	(38,997)
Total Comprehensive Income For the year	-		(2,619)	(2,619)	(165)	(2,784)
Translation Reserves	-	1	-	1	-	1
At 31 Mar 2012	<u>102,000</u>	<u>4,970</u>	<u>(149,227)</u>	<u>(42,257)</u>	<u>477</u>	<u>(41,781)</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)	Non Controlling <u>Interest</u> (RM'000)	Total <u>Equity</u> (RM'000)
At 1 January 2011	102,000	4,853	(135,965)	(29,112)	1,154	(27,958)
Total Comprehensive Income For the year	-	-	32	32	(22)	10
Translation Reserves	-	-	-	-	-	-
At 31 Mar 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>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the quarter ended 31 March 2012

The figures have not been audited

	3 months ended 31 Mar 2012 RM'000	12 months ended 31 Dec 2011 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(2,454)	(10,615)
Adjustments for non-cash items:		
Impairment on trade receivables	-	141
Depreciation of Property, plant and equipment (PPE)	(169)	1,520
(Gain)/ Loss on Disposal of PPE	(6)	(3,093)
Gain on disposal of investment in subsidiaries	-	(1,124)
Gain on disposal of investment in associated companies	-	-
Interest Expenses	2,429	8,966
Interest Income	(17)	(64)
Impairment of PPE	-	6,966
Provision for retrenchment benefit	-	1,488
Reversal of impairment on trade receivable	-	(24)
Reversal of over accrual payable	-	(227)
Writeback of provision	-	(980)
<b>Operating profit before working capital changes</b>	<b>(217)</b>	<b>2,949</b>
<b>Decrease/(Increase) in working capital</b>		
Property development costs	204	(456)
Asset held for sale	7,022	-
Inventories	(93)	19
Trade receivables	4,417	8,794
Other receivables	(4,413)	24,679
Trade Payables	1,933	(46,096)
Other Payables	(8,553)	4,222
<b>Cash generated from operations</b>	<b>516</b>	<b>(8,838)</b>
Interest paid	(2,429)	(8,966)
Interest received	17	64
Tax paid	(110)	(477)
Payment of Liquidated Ascertained Damages (LAD)	-	(13)
Exchange fluctuation adjustment	(1)	(181)
<b>Net cash from operating activities</b>	<b>(2,224)</b>	<b>(15,462)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PPE	-	(3,230)
Proceeds from disposal of PPE	63	7,438
Net cash outflow on disposal of subsidiaries	-	(182)
Proceeds from disposal of investment in associate	-	-
Deposits for disposal of non current asset held for sale	-	2,865
	63	6,891
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(0)	(73,713)
Draw down of term loan	-	75,000
Repayment of hire purchase liabilities	(13)	(86)
	(13)	1,201
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>		
	(2,174)	(7,370)
OPENING BALANCE	1,429	8,799
CLOSING BALANCE	(745)	1,429
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	1,112	1,074
Bank overdraft	(5,128)	(5,134)
Fixed deposits with licensed banks	3,271	5,489
	(745)	1,429

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 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 2012

#### 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 figures for the period in the current quarter to 31 March 2012 have not been audited.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. 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 2011.

#### 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 statement for the year ended 31 December 2011 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>
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
MFRS124	Related party Disclosures (Revised)	1 January 2012
Amendments to MFRS 7	Disclosures- Transfer of Financial Assets	1 January 2012
Amendments to MFRS 112	Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS9 (IFRS 9)	Mandatory Effective Date of FRS 9 and transition Disclosures	1 March 2012
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013

MFRS 13		Fair Value Measurement	1 January 2013
MFRS119		Employee Benefits	1 January 2013
MFRS 127		Separate Financial Statements	1 January 2013
MFRS 128		Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20		Stripping Costs in Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7	to	Disclosure – Offsetting Financial Assets and Liabilities	1 January 2013
Amendments to MFRS 132	to	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9( IFRS 9 as issued by IASB)		Financial Instruments	1 January 2015

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The above new MFRSs, revised MFRSs, IC Interpretations and amendments to MFRSs will be adopted in the annual financial statements of the Company when they become effective and the initial applications of these Standards and IC Interpretations will have no significant impact on the financial statements of the Company.

### 3. Audit report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was an Emphasis of Matters due to the Group and the Company incurred a net loss of RM10.82 million and RM10.73 million respectively during the financial year ended 31 December 2011. As at 31 December 2011, the Group's current liabilities exceeded its current assets by RM165.28 million its shareholders' deficit was amounted to RM39.64 million.

The Company has been an affected listed issuer under Amended PN17 of Bursa Malaysia Securities Berhad Main Market Listing Requirements since 31 July 2008. As at the date of this report, the Company had granted with an extension up to 30 June 2012 to submit its revised Proposed Regularisation Plan to the regulatory authorities to regularise the Group's financial condition and level of operations.

The financial statements of the Group and of the Company are prepared on a going concern basis. The ability of the Group and of the Company to continue as going concerns is dependent upon the successful and timely formulation and implementation of the regularisation plan, and/or attaining future profitability operations.

The Directors are confident that the Proposed Regularisation Plan will be successfully formulated and implemented to strengthen the business operations of the Group and of the Company. Accordingly, the financial statements of the Group and of the Company do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

#### 4. Segment information

By industry segment:	Revenue		Results	
	31.3.2012 RM'000	31.3.2011 RM'000	31.3.2012 RM'000	31.3.2011 RM'000
Construction	-	-	(2,980)	(256)
Property development	8,577	4,228	553	1,137
Ready mixed concrete	5,850	2,476	(16)	(215)
Others	-	-	(11)	5
Total revenue including inter-segment Eliminations	14,427	6,704	(2,454)	671
	-	-	-	(661)
<b>Total</b>	<b>14,427</b>	<b>6,704</b>	<b>(2,454)</b>	<b>10</b>

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year ended 31 March 2012.

#### 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 year.

#### 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 is no change to the composition of the Group in the current quarter.

**12. Changes in contingent liabilities or contingent assets**

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 March 2012.

**13. Subsequent events**

Save and except for the announcements made by the Company on 1 March, 22 March, 28 March, 30 March, 3 April and 26 April 2012 the material litigation as disclosed below under explanatory note 13 Changes in Material Litigation 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 2012**

#### **1. Review of Performance**

The Group's performance continued to incur losses in the first quarter as development of the 60 acre land held by Bukit Jalil Development Sdn Bhd (BJD) was delayed due to the Joint Development Agreement ("JDA") litigation.

For the 1st quarter 2012, the Group recorded an after tax loss of RM2.5 million as opposed to a pretax profit of RM10,000.00 in the corresponding quarter 2011. Revenue for current quarter was RM14.4 million as against revenue of RM6.7 million registered in the corresponding quarter 2011. Current quarter revenue was mainly derived from the Property Development division's for the completion of sale of a plot of land known as PT38472 of RM8.6 million and the Ready Mix Concrete Division revenue of RM5.8 million.

The Construction Division registered an after tax loss of RM3.0 million for the 1<sup>st</sup> quarter ended 2012 as compared to after tax loss of RM0.2 million in the corresponding period. Included in current year's other income is RM1.3 million write back of provisions for professional fee no longer required.

The Property Development Division registered an after tax profit of RM0.5 million on the back of RM8.6 million revenue generated for the quarter as compared to an after tax profit of RM1.1 million on revenue of RM4.2 million registered in the corresponding quarter. Revenue for current quarter is from the completion of the disposal of a plot of land known as PT38472.

The Ready Mix Concrete Division recorded a turnover of RM5.8 million this quarter compared to RM2.5 million for the corresponding quarter. The performance of the Ready Mix Division has shown a marked 130% improvement over the corresponding quarter, reflecting the operational turnaround efforts in the past 1 year.

#### **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 an after tax loss of RM2.5 million in this quarter from January to March 2012 as compared to RM4.2 million in the preceding quarter. In this quarter the Company has written back a provision for professional fee of RM1.3 million as the provision is no longer required.

### **3. Prospects for the forthcoming financial period**

Prospects for the forthcoming financial period will be largely dependent on the outcome of the JDA litigation which has a material impact to the regularization plans of the group.

On 7 June 2011, the Kuala Lumpur High Court declared the JDA between Bukit Jalil Development Sdn Bhd (BJD) and Pioneer Haven Sdn Bhd (PHSB) to be null and void. The High Court has also dismissed PHSB's application for a stay of the Order granted in favor of BJD on the 7 June 2011.

On 19 July 2011, the Company has submitted its PRE under Practice Note 17 of Bursa Malaysia Securities Berhad Main Market Listing Requirement to the regulatory authorities based on Ho Hup Group has the full rights to develop the 60- acre land in Bukit Jalil.

On 20 December 2011, the Court of Appeal allowed the 4 (four) Appeals by PHSB and certain former directors of Ho Hup against the Judgment by the High Court pronounced on 7 June 2011, and dismissed Ho Hup's cross appeals in those 4 (four) matters as disclosed in Note 13 (c) under Material Litigation. On 16 January 2012, Ho Hup filed with the Federal Court an application for leave to appeal to Federal Court against the decisions by the Court of Appeal rendered on 20 December 2011. The hearing for the leave is scheduled for 17 May 2012.

On 17 February 2012, the Company announced the mutual termination of its agreements with Plenitude Frontier Sdn Bhd in the acquisition of Plenitude's subsidiaries, Fivestar Development (Puchong) Sdn Bhd and Kolektra Recreation Sdn Bhd. On 20 February 2012, the Company has announced that it has submitted a request for an extension of time up until 30 June 2012 to make the submissions to Bursa Securities to vary the PRE.

The development of 20 units of 2 ½ storey Semi Detached units under phase 7B in Jalil Sutera has been fully completed. The project is currently awaiting for the Certificate of Fitness for Occupation (CFO) from the DBKL before delivery of vacant possession.

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

This is not applicable.

### **5. Taxation**

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

## **6. 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 following:

- (a) On 31 July 2008, it was announced that Ho Hup is an affected issuer under paragraph 2.1 (d) of PN17/2005 of Bursa Securities as the Company's auditors, had expressed a disclaimer opinion in the Company's audited accounts for the financial year (FYE) 31 December 2007. 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 Initial Proposed Regularisation Plan.

However, following the objections to the Initial Proposed Regularisation Plan by certain substantial shareholders, new directors were appointed to the Company's Board on 17 March 2010 by the said 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 same to Bursa Securities.

On 3 November 2010, the Company entered into a conditional Share Sale Agreement (SSA) with Plenitude Frontier Sdn Bhd (PFSB) for the acquisition of 100% equity interest in Fivestar and Kolektra (collectively referred to as the Target Companies). PFSB 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 a 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 PFSB which sets out the series of proposals to regularize the financial condition of the Company. On the same date, the Company and PFSB also entered into an amended and restated conditional share sale agreement ("Restated SSA") to vary certain terms of the Principal SSA.

On 30 June 2011, the Company has entered into the Second Restated Agreement (2<sup>nd</sup> Restated SSA) with PFSB to acquire only Fivestar. Simultaneously, the Company had on the same day entered into an Option Agreement with PFSB for Ho Hup to acquire the entire equity interest in Kolektra.

Pursuant thereto, on the same date, the Company and Plenitude entered into a Supplemental Definitive Agreement to vary the components of the Company's proposed regularization plan.

Pursuant to the variation, the revised regularization plan comprises of the following:

- (i) Proposed Par Value Reduction
- (ii) Proposed Rights Issue with Warrants
- (iii) Proposed Scheme of Arrangement with Creditors
- (iv) Proposed Acquisition
- (v) Proposed Amendments and
- (vi) Propose Increase in Authorised Share capital

On 19 July 2011, the Company submitted the Proposed Regularisation Exercise under Practice Note 17 of Bursa Malaysia Securities Berhad Main Market Listing Requirement to the regulatory authorities.

On 27 September 2011, pursuant to the Company's application to Bank Negara Malaysia (BNM) for the issuance of warrants and redeemable convertible preference shares (RCPS) for the Company's Proposed Regularisation Plan, BNM had vide its letter dated 23 September 2011 approved the issuance of warrants and 2,103,393 RCPS amounting to RM1.052 million to the non-resident shareholders and non-resident creditors of Ho Hup subject to certain conditions.

On 17 February 2012, the Company has entered into a Deed of Mutual Termination with Plenitude to terminate the following agreements:

- (a) Share Sale Agreement (SSA) executed on 3 November 2010, including all variations and supplements thereto, in respect of the proposed acquisition of shares in Fivestar;
- (b) Definitive Agreement executed on 1 March 2011, including all variations and supplements thereto, in respect of the Proposed Regularisation exercise.

Pursuant to the termination of the SSA and the Definitive Agreement, the Option Agreement was also terminated..

On 20 February 2012, the Company announced that it has submitted a request for an extension of time up until 30 June 2012 to make the submission to Bursa Securities to vary the Proposed Regularisation Exercise (PRE).

- (b) 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 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 ("PRS") and Creditors Scheme of Arrangement ("CSOA") 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 (“RO”).

On 25 April 2012, the High Court of Malaya at Kuala Lumpur had extended the restraining order in respect of the Company and BJD for a further 6 (six) months from the date of this order.

**7. Group borrowings and debt securities**

	<b>31.3.2012</b>	<b>31.3.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Short Term Borrowings:		
Secured	75,000	73,628
Unsecured	10,733	10,406
	<u>85,733</u>	<u>84,034</u>
	-	-
<b>Total Borrowings</b>	<u><u>85,733</u></u>	<u><u>84,034</u></u>

**8. Derivative Financial instrument**

For the quarter ended 31 March 2012, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk from previous financial year. Also, there have been no changes to the Group’s risk management objectives, policies and processes since the previous financial year end.

**9. Gains and Losses arising from Fair Value Changes of Financial Liabilities**

Financial liabilities are measured at the amortised cost method; hence no gains or losses are recognized for changes in the fair values of these liabilities.

**10. Breakdown of Realised and Unrealised Profits and Losses of the Group**

	<b>At end of current quarter 31 March 2012 RM'000</b>	<b>At end of previous financial year 31 December 2011 RM'000</b>
Accumulated Losses- Realised	(186,438)	(183,983)
Less: consolidated adjustments	37,211	37,375
	<u>(149,227)</u>	<u>(146,608)</u>

## 11. Changes in material litigation

- (a) On 9 March 2005, a subsidiary of the Company, Ho Hup Construction Company (India) Pte Ltd ("Ho Hup India") entered into a Joint Development Agreement with the Andhra Pradesh Housing Board ("APHB") to develop a piece of land situated at Kancha Imarat, Maheshwaran Mandal, Ranga Reddy District, Andhra Pradesh, India. Ho Hup India has been selected to implement the development of the said land into an integrated township with an approximate development value of India Rupee ("Rs") 3.6 billion at Shamshabad near Hyderabad. Ho Hup India shall pay APHB development fees of Rs101,175,000 over a period of 5 years.

This Joint Development Agreement was subsequently terminated by APHB. The Company is disputing the termination on the ground that APHB had yet to comply with its obligations in respect of the conditions precedent under the agreement.

On 2 May 2005, Ho Hup India commenced an arbitration claim for damages amounting to Rs.2,544,512,230 being the unlawful termination of the abovementioned contract.

The award in Ho Hup India's favour has been published in May 2008 as follows:

- (a) APHB shall pay Ho Hup India the sum of Rs16,796,250 together with simple interest at the rate of 12% per annum from 1 February 2006 to the date of payment;
- (b) APHB shall pay partial compensation of Rs6 lakhs together with simple interest at the rate of 9% per annum from 6 January 2006 to the date of payment.

A petition to challenge the said Award was filed by both parties. However, Ho Hup's petition was dismissed whilst APHB's has not been heard or disposed off as at to date. The Award still stands and Ho Hup's lawyers in India are now exploring the possibility of enforcing the decision of the Arbitral Tribunal.

- (b) 31 July 2009, the Company was served by Dato' Low Tuck Choy ("Plaintiff") with a Writ of Summons KL High Court Civil Suit S-22-525-2009 dated 24<sup>th</sup> July 2009, seeking damages and, an injunction that the Defendants and or his agents to injunct the International Court of Arbitration from awarding the arbitral award. The Company has engaged solicitors to defend this matter. Statement of Defence filed on 26 October 2009. This matter has been fixed for further case management on 29 May 2012.

- (c) 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 of the 60 acres freehold land held under individual title Geran 42277, Lot No. 36101, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan.

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

On 7 June 2011, the Court had granted a declaration that the JDA, PA and Endorsement and Undertaking were null and void, an order directing PHSB to account and to pay all benefits received by PHSB from the JDA, PA and Endorsement and Undertaking, an order that the Registrar of Land Titles expunge or remove the private caveat entered by PHSB on the 60-Acre Land, an order that damages be assessed by the Registrar of the High Court as against the 2nd to 8th Defendants and PHSB and costs to be paid by the 2nd to 8th Defendants and PHSB to Ho Hup. The Registrar has fixed the date of 9 May 2012 for further case management on the said assessment of damages ("AOD").

An application for a Stay of AOD was filed by the 2<sup>nd</sup> Defendant, the same of which was heard and dismissed by the High Court with costs on the 11 August 2011.

The Court of Appeal had on the 20 December 2011 allowed the four (4) appeals by certain former directors of Ho Hup and by Pioneer Haven with costs and dismissed Ho Hup's cross appeals in those four (4) matters. In this respect, Ho Hup has filed an application for leave to appeal to the Federal Court on the 16 January 2012. The same is now fixed for hearing on the 17 May 2012.

- (d) On 27 January 2010, Extreme System Sdn Bhd ("Plaintiff") vide Kuala Lumpur High Court Suit No: D-22NCC-146-2010 ("the Suit") filed a suit alleging breach of fiduciary duties as well as the attempt by the 2nd Defendant while acting in concert with other shareholders who are collectively known as the "Parties in Concert", to take control of the Company by the acquisition of over 16,005,206 (15.69%) shares in the Company ("the swing vote") and the calling of an EGM to remove the entire board of the Company save for Low Teik Kien. The attempted take-over is in breach of the Malaysian Code on Take-Overs and Mergers 1998 "Code"), the Securities Commission Act ("SCA") and for improper purposes.

The matter was scheduled for Trial from 10 January to 14 January 2011 in the High Court. However, the Trial of the action was stayed due to appeals by the 2nd to the 8th Defendants against various

interlocutory orders granted by the High Court. These appeals have been dismissed by the Court of Appeal.

The 2<sup>nd</sup> to 8<sup>th</sup> Defendants have now filed a Motion for leave to appeal to the Federal Court and also for an application for a stay pending the disposal of the leave application.

The Motion is fixed to be heard on 30 May 2012. In this regard, the High Court has fixed this matter for case management on 6 June 2012. There is no material impact on Ho Hup at the moment since Ho Hup is a nominal Defendant in these proceedings.

- (e) Dato' Low Tuck Choy ("DLTC") brought an action against the Company for reinstatement as managing director of the Company. DLTC's lawyer filed the Statement of Case and the matter is now fixed for Mention on the 4 June 2012.

As the Claimant is a substantial shareholder of the Company, its consultants and independent advisors have advised that an EGM should be convened to approve terms of settlement (if any) to be reached between the Company and said Claimant.

- (f) Pursuant to an Agreement dated 12 September 1995 ("the 1995 JVA"), Ho Hup and United Engineers (Malaysia) Berhad ("UEM") 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 9 June 2011, Zen Courts served a sealed copy of the Petition pursuant to Section 181 of the Companies Act, 1965 on BJD, Ho Hup and Ho Hup Equipment Rental Sdn Bhd ("HHER") ("the Companies") 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 sought relief from the High 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. Zen Courts also filed an application for injunctive relief and the same was heard on 4 August 2011 and dismissed by the High Court with costs.

BJD retaliated by filing an application to strike out said Petition on the ground that the order sought by Zen Courts to wind-up BJD is inconsistent with their prior representations at the High Court that they be allowed to *declare and / or enforce* their rights under a Joint Venture Agreement entered into between Ho Hup and UEM on the 12<sup>th</sup> September 1995 to which they alleged they are a party thereto pursuant to the said SPA. This instant application was heard and the alternative



order that BJD be wound-up was subsequently expunged from the Petition. In this respect, Zen Courts has filed an appeal to the Court of Appeal as well as a Motion for leave to file their Record of Appeal out of time which has since been dismissed with costs. Consequent to this, Zen Courts withdrew their appeal with costs.

The application to strike out said Petition or, in the alternative, to require a compliant Affidavit Verifying List of Documents filed by Ho Hup and HHER came up for hearing on 10 October 2011. The Court ordered that Zen Courts was to provide an Affidavit Verifying List of Documents by 24 October 2011 failing which the Court will order that the Petition be struck off automatically. Zen Courts filed an appeal against this decision of the High Court which has since been dismissed with costs by the Court of Appeal. As for Ho Hup and HHER's application to strike out the Petition, the same was dismissed by the High Court on the 14 December 2011.

The underlying Petition was heard on the 21 March 2012 and the same was adjourned to 27 March 2012 for Decision whereupon the Court ordered a buyout of Zen Court's stake in BJD. The Court further ordered that a valuation be made on a Net Tangible Assets basis. Zen Courts, being dissatisfied with said decision, refused to approve the draft Order reflecting same and sought "clarification" from the Judge. On the 9 April 2012, the Judge affirmed his decision given on the 27 March 2012.

- (g) Ho Hup has filed Suit No. 22NCVC-873-09/2011 in the Kuala Lumpur High Court on 9 September 2011 against Woo Thin Choy, a former Project Director of Ho Hup. Ho Hup claims, inter alia, that the Defendant has caused the Company to suffer loss and damages of USD 2.5 million and further claims that the Defendant has breached his fiduciary, contractual and/or common law duties owed to Ho Hup.

Ho Hup sought relief from Court for, inter alia an order for payment of the sum of USD2.5 million by the Defendant. Ho Hup also sought relief for an account of all sums received by the Defendant representing income or proceeds of the said sum of USD2.5 million and all such assets or any part thereof as well as the general damages arising from the Defendant's breach of duty owed to the Plaintiff.

Subsequently, the Plaintiff filed an application for consolidation of the present suit with the derivative action one under Kuala Lumpur High Court Civil Suit No. S-22-525-2009. The same was heard on the 19 March 2012 and the judge allowed the application to transfer the trial to the court hearing the derivative action. The derivative action is fixed for case management on the 29 May 2012 and it is likely that this action will be case managed there as well. As such, the trial dates fixed on the 26 and 27 March 2012 were vacated.

Except as disclosed above, there were no other material changes in material litigation since the last annual balance sheet date and made up to 2 May 2012, 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 year ended 31 December 2011.

## 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 31.3.2012	Preceding year corresponding quarter 31.3.2011	Financial period to- date 31.3.2012	Preceding year corresponding period to-date 31.3.2011
Total comprehensive Income/(Loss) attributable to Owners of the Company (RM'000)	(2,454)	10	(2,454)	10
Weighted average number of ordinary shares ('000)	102,000	102,000	102,000	102,000
Basic earnings per share (sen)	(2.57)	0.01	(2.57)	0.01

## 14. Profit before Tax

	Individual Quarter 3 Months ended		3 Months Cumulative Quarter	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
<b>Profit Before tax is arrived at after charging:-</b>				
Depreciation	169	505	169	505
Interest expenses	2,429	1,741	2,429	1,741
<b>And Crediting:-</b>				
Gain on disposal of Property, plant and equipment	(6)	(2,729)	(6)	(2,729)
Reversal of provision no longer required	(1,300)	-	(1,300)	-
Interest Income	(17)	-	(17)	-