

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 31 December 2012

The figures have not been audited.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	13,125	4,510	39,976	29,998
Cost of Sales	(9,851)	(7,264)	(36,875)	(24,821)
Gross Profit/(Loss)	<u>3,274</u>	<u>(2,754)</u>	<u>3,101</u>	<u>5,177</u>
Other Income	2,578	14,011	3,736	23,472
Gain on disposal of investments	-	905	-	-
Administrative expenses	396	(2,121)	(4,219)	(7,293)
Operating expenses	(3,482)	(11,365)	(10,283)	(23,005)
Profit/(Loss) from operating activities	<u>2,765</u>	<u>(1,324)</u>	<u>(7,665)</u>	<u>(1,649)</u>
Finance income	3	2	98	-
Finance cost	(2,730)	(2,662)	(9,124)	(8,966)
Net Finance Costs	<u>(2,727)</u>	<u>(2,660)</u>	<u>(9,026)</u>	<u>(8,966)</u>
Share of results of associates	-	-	-	-
Profit/(Loss) before tax	<u>39</u>	<u>(3,984)</u>	<u>(16,691)</u>	<u>(10,615)</u>
Taxation	357	(173)	4,949	(201)
Profit/(loss) for the period	<u>397</u>	<u>(4,157)</u>	<u>(11,742)</u>	<u>(10,816)</u>
Other Comprehensive Income/(loss), net of tax				
Foreign Currency Translation differences for foreign operations	-	-	-	(181)
Other Comprehensive Income/(loss) for the period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(181)</u>
Total Comprehensive Income/(loss) for the period, net of tax	<u><u>397</u></u>	<u><u>(4,157)</u></u>	<u><u>(11,742)</u></u>	<u><u>(10,997)</u></u>
Profit/(loss) Attributable to:				
Owners of the Company	184	(3,735)	(12,089)	(10,346)
Non Controlling Interest	212	(422)	347	(470)
Profit/ (loss) for the period	<u><u>397</u></u>	<u><u>(4,157)</u></u>	<u><u>(11,742)</u></u>	<u><u>(10,816)</u></u>
Total Comprehensive Income/ (loss) attributable to:				
Owners of the Company	184	(3,735)	(12,089)	(10,527)
Non Controlling Interest	212	(422)	347	(470)
Total comprehensive Income/(loss) for the period	<u><u>397</u></u>	<u><u>(4,157)</u></u>	<u><u>(11,742)</u></u>	<u><u>(10,997)</u></u>
Basic earnings / (loss) per share attributable to owners of the Company (sen)	<u><u>0.18</u></u>	<u><u>(3.66)</u></u>	<u><u>(11.85)</u></u>	<u><u>(10.14)</u></u>

The Condensed Consolidated Statements of Comprehensive Income 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 STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

The figures have not been audited.

	As at 31 Dec 2012 RM '000 (Unaudited)	As at 31 Dec 2011 RM '000 (Audited)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	1,608	2,089
Land Held for Property Development	126,833	124,192
Other receivables	4,216	-
	<u>132,657</u>	<u>126,281</u>
Current Assets		
Amount due from customer on contract	1,099	-
Property Development Costs	-	441
Inventories	319	175
Trade Receivables	14,394	13,288
Other Receivables	28,483	4,150
Fixed Deposits	1,543	5,490
Cash and Bank Balances	2,482	1,074
	<u>48,320</u>	<u>24,618</u>
Properties classified as Land held for Sales	-	7,021
TOTAL ASSETS	<u>180,977</u>	<u>157,920</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	102,000	102,000
Foreign Exchange Reserves	4,906	4,969
Accumulated Losses	(158,697)	(146,608)
	<u>(51,791)</u>	<u>(39,639)</u>
Non-Controlling Interest	989	642
Total Equity	<u>(50,802)</u>	<u>(38,997)</u>
Current Liabilities		
Provision for liquidated ascertained damages	19,439	16,910
Short Term Borrowings	10,710	85,741
Trade Payables	49,972	31,761
Other Payables	151,660	59,695
Hire Purchase Payables	-	15
Tax payable	-	2,795
	<u>231,780</u>	<u>196,917</u>
Total Liabilities	<u>231,780</u>	<u>196,917</u>
TOTAL EQUITY AND LIABILITIES	<u>180,977</u>	<u>157,920</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>(0.51)</u>	<u>(0.39)</u>

e Condensed Consolidated Statements of Financial Position 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 STATEMENTS OF CHANGES IN EQUITY

For the quarter ended 31 December 2012

The figures have not been audited.

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

	<u>Share Capital</u> (RM'000)	<u>Non-Distributable Foreign exchange Reserves</u> (RM'000)	<u>Distributable Accumulated Losses</u> (RM'000)	<u>Total</u> (RM'000)	<u>Non-Controlling Interest</u> (RM'000)	<u>Total Equity</u> (RM'000)
At 1 January 2012	102,000	4,969	(146,608)	(39,639)	642	(38,997)
Total Comprehensive Income/ (loss) for the period	-	(63)	(12,089)	(12,152)	347	(11,805)
At 31 December 2012	<u>102,000</u>	<u>4,906</u>	<u>(158,697)</u>	<u>(51,791)</u>	<u>989</u>	<u>(50,802)</u>

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

	<u>Share Capital</u> (RM'000)	<u>Non-Distributable Foreign exchange Reserves</u> (RM'000)	<u>Distributable Accumulated losses</u> (RM'000)	<u>Total</u> (RM'000)	<u>Non-Controlling 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)
Disposal of subsidiaries companies		297	(297)	-	(42)	(42)
Total Comprehensive loss for the year	-	(181)	(10,346)	(10,527)	(470)	(10,997)
At 31 December 2011	<u>102,000</u>	<u>4,969</u>	<u>(146,608)</u>	<u>(39,639)</u>	<u>642</u>	<u>(38,997)</u>

The Condensed Consolidated Statements 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 December 2012

	12 months ended 31-Dec-12 RM'000	12 months ended 31 Dec 2011 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	(16,691)	(10,614)
Adjustments for non-cash items:		
Impairment of trade receivables	556	70
Bad Debt written off	34	2,486
Depreciation of Property, plant and equipment (PPE)	621	1,520
Gain on Disposal of PPE	(532)	(3,098)
Gain on disposal of investment in subsidiaries	-	(1,124)
Gain on disposal of investment in associated companies	-	-
Fair value adjustments on other receivable	659	-
Interest Expenses	9,124	8,966
Interest Income	(189)	(64)
Impairment of PPE	-	6,966
Provision for retrenchment benefit	-	1,488
Reversal of impairment on trade and other receivables	(621)	(3,345)
Reversal of over accrual payable	-	(227)
Reversal/(writeback) of provision	(1,945)	(980)
Operating profit before working capital changes	(8,983)	2,044
Decrease/(Increase) in working capital		
Land held for development	(2,641)	(456)
Other receivables- Non Current assets	(4,216)	-
Asset held for sale	7,022	-
Capital Work in Progress	(1,099)	-
Property development cost	441	-
Inventories	(145)	19
Trade receivables	(1,074)	9,700
Other receivables	(24,992)	24,679
Provision for liquidated ascertained damages	2,530	-
Progress billing	-	-
Trade Payables	18,210	(46,096)
Other Payables	94,734	4,221
	88,769	(7,933)
Cash generated from operations		
Interest paid	(9,124)	(8,966)
Interest received	189	64
Tax (paid)/ recovery	2,096	(477)
Payments of retrenchment benefits	(825)	-
Payment of Liquidated Ascertained Damages (LAD)	-	(13)
Exchange fluctuation adjustment	63	(181)
	(7,602)	(9,573)
Net cash from operating activities	72,184	(15,462)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of PPE	(751)	(3,230)
Proceeds from disposal of PPE	1,074	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
	323	6,891
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of term loan	(75,003)	(73,713)
Draw down of term loan	-	75,000
Repayment of hire purchase liabilities	(15)	(86)
	(75,018)	1,201
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	(2,511)	(7,370)
OPENING BALANCE	1,429	8,799
CLOSING BALANCE	(1,082)	1,429
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	2,482	1,074
Bank overdraft	(5,107)	(5,134)
Fixed deposits with licensed banks	1,543	5,489
	(1,082)	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 DECEMBER 2012

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“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 December 2012 have not been audited.

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

2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2011 except for the following new/revised FRSs, amendments to FRSs and IC Interpretations and will be effective for the financial periods as stated below:

		Effective date for financial periods beginning on or after
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	Disclosure – Offsetting Financial Assets and Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9(IFRS 9 as issued by IASB)	Financial Instruments	1 January 2015

The above new MFRSs, revised MFRSs, IC Interpretations and amendments to MFRSs will be adopted in the annual financial statements of the Group 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 Group.

3. Audit report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was an Emphasis of Matters due to the Group and the Company incurring 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 and its shareholders' deficit 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 28 September, 2012, the Company had submitted the revised Proposed Regularisation Plan to the regulatory authorities to regularise the Group's financial condition and level of operations.

4. Segment information

By industry segment:

	Revenue		Profit after tax	
	Cumulative 12 Months		Year Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Construction	2,813	-	(15,118)	(10,729)
Property development	12,548	10,989	1,265	(1,609)
Ready mixed concrete	24,615	19,007	(289)	122
Others	-	2	(139)	73
Total including inter-segment	39,976	29,998	(14,281)	(12,143)
Adjustments	-	-	2,539	1,327
Total	39,976	29,998	(11,742)	(10,816)

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 December 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 for the quarter under review.

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

a) Group contingent liabilities

Type	31.12.2012 RM'000	31.12.2011 RM'000
Secured Bank Guarantee	260	-
Unsecured Bank Guarantee	42,237	-
Corporate Guarantee	10,000	-
Total	52,497	-

b) Apart from the above, 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 financial position as at 30 September 2012.

13. Subsequent events

Save and except for the announcements made by the Company on 30 November, 3 December, 31 December, 3 January, 31 January and 4 February, the material litigation as disclosed below under explanatory note 11 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 BURSAMALAYSIA SECURITIES BERHAD

31 December 2012

1. Review of Performance

The Group recorded a profit after tax of RM0.4 million and revenue of RM13.1 million for the current quarter ended 31 December 2012 as compared to a loss after tax of RM4.2 million on revenue of RM4.5 million for the corresponding quarter ended last year. For the current quarter, the Group recorded RM13.1 million revenue of which RM2.8 million was derived from the Construction sector, RM6.3 million from Ready Mix Concrete and RM3.9 million from the Property Development sector.

The Construction sector registered a loss after tax of RM2.9 million in the current quarter as compared to a loss after tax of RM5.3 million for the corresponding quarter in the previous year. Pretax losses improved in the current quarter due to reversal of an over provision of RM1.9 million for Value Added Tax (VAT) and construction profit achieved of RM0.2 million which is offset against provision for impairment of subsidiary of RM2.5 million.

The Property Development sector registered a profit after tax of RM0.7 million and revenue of RM3.9 million in the current quarter as compared to a loss after tax of RM1.6 million and RM0.8 million revenue for the corresponding quarter in the previous year. Revenue for the current quarter was derived from the soft launch of Parcel A shop offices of BJD's 60 acre land in the fourth quarter of 2012.

The Ready Mix Concrete sector registered a profit after tax of RM0.1 million and revenue of RM6.3 million in this quarter compared to a profit after tax of RM0.3 million and revenue of RM6.2 million in the corresponding quarter in the previous year. The marginal profit in current quarter was mainly derived from the gain on disposal of fixed assets of RM0.4 million. This division experienced operational losses in the current quarter due to frequent increase in raw material costs which could not be fully absorbed by customers due to competitive market circumstances.

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

The Group registered an after tax profit of RM0.4 million in this quarter as compared to an after tax profit of RM0.1 million in the previous quarter ended 30 September 2012. The improvement in the current quarter results is due to reversal of provision of RM1.9 million for VAT, recognition of profit from

property development of RM1.7 million and write back of provision for doubtful debt of RM0.6 million.

3. Prospects for the forthcoming financial period

The Company has on 28 September 2012, submitted its revised Proposed Regularisation Exercise under Practice Note 17 of Bursa Malaysia Securities Berhad Main Market Listing Requirement to regulatory authorities. It is currently awaiting approval.

Arising from the settlement arrangement on 3 July 2012 between Bukit Jalil Development Sdn Bhd (“BJDSB”) and Pioneer Haven, BJDSB is entitled to develop the 10 acres of the 60 acres land (which is designated as Parcel A and E). Parcel A (5.9 acres) consist of 3, 4 and 5 storey shop offices and a 15 storey office block. The shop offices were soft launched in September 2012 and the take up has been very encouraging.

On 19 July 2012, the Company was awarded the contract for the construction of an integrated army complex in Johor. The contracted sum for this project is RM87 million and is expected to be completed in January 2015, or over a 30 month period. The project is in progress.

On 9 August 2012, the Company was awarded a contract for the design and execution of civil and electro-mechanical, supply and installation of equipment and pipes, operating and maintenance of works for a water treatment plant in Baghdad, Iraq. The contract sum for this project is Iraqi Dinar 100.3 billion or approximately RM267 million and is expected to be completed in February 2015. The project is currently at design stage and clearing works at the project site has commenced.

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 year 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, Ho Hup announced that it 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. An initial

regularisation plan was announced on 30 October 2009. (“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.

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

On 17 February 2012, the Company 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 Development (Puchong) Sdn Bhd.;
- (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 27 July 2012, the Company was granted an extension of time to 30 September 2012 by Bursa Malaysia Securities Berhad for the Company to submit a revised regularisation plan.

Taking into account the (i) mutual termination of the Definitive Agreement, Principal SSA and Option Agreement, including all subsequent restated and supplemental agreements and the (ii) Supplemental Agreement, on 1 August 2012, M&A Securities Sdn Bhd had on behalf of the Board announced the revised regularisation plan which comprises the following:-

- (i) Proposed Par Value Reduction;
 - (ii) Proposed Rights Issue of ICPS with Warrants;
 - (iii) Proposed Scheme of Arrangement with Creditors;
 - (iv) Proposed Amendments; and
 - (v) Proposed Increase in Authorised Share Capital.
- (collectively, the “Proposed Regularisation Exercise”)

On 23 August 2012, the Company appointed Covenant Equity Consulting Sdn Bhd as the independent adviser to opine on the fairness of the Proposed Regularisation Exercise to the shareholders of Ho Hup and to mitigate any conflict of interest in respect of M&A Securities Sdn Bhd (“M&A Securities”) being the Adviser to Ho Hup for the Proposed Regularisation Exercise.

On 24 September 2012, M&A Securities on behalf the Board announced the exercise price of the Warrants at RM0.60 per Warrant for the price-fixing of the Warrants pursuant to the Proposed Rights Issue of ICPS with Warrants.

On 28 September 2012, M&A Securities had on behalf of the Board announced that the Proposed Regularisation Exercise was submitted to Bursa Securities and BNM and currently awaiting approval.

On 28 December 2012, Pioneer Haven Sdn. Bhd. (“Pioneer Haven”) had made a final and full settlement of a RM75 million loan with Insas Credit & Leasing Sdn Bhd who was the sole secured creditor of Ho Hup Group on behalf of Ho Hup and BJDSB in accordance with the Supplemental Agreement dated 3rd July 2012 between BJDSB and Pioneer Haven.

- (b) The Company and two of its subsidiaries namely BJDSB 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 BJDSB for a further 6 (six) months from the date of this order.

On 22 October 2012, the High Court of Malaya at Kuala Lumpur had further extended the restraining order in respect of the Company and BJDSB for a further 6 (six) months from the expiry date of the previous order to 24 April 2013.

7. Group borrowings and debt securities

	31.12.2012	31.12.2011
	RM’000	RM’000
(a) Short term borrowings denominated in Ringgit Malaysia:		
Secured	2,606	77,609
Unsecured	8,104	8,132
Total Borrowings	<u>10,710</u>	<u>85,741</u>

8. Derivative Financial instrument

For the quarter ended 31 December 2012, there have been no significant changes to the Group’s exposure to credit risk, market risk and liquidity risk

from the previous financial year. 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 recognised for changes in the fair values of these liabilities. .

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

	At end of current quarter 31 December 2012 RM'000	At end of previous financial year 31 December 2011 RM'000
Accumulated Losses- Realised	(198,264)	(183,982)
Less: consolidated adjustments	39,567	37,374
	(158,697)	(146,608)

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 KanchaImarat, 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 termination on the grounds 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 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 was published in May 2008 in terms 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 of as at this date. The Award stands and Ho Hup's lawyers in India are still exploring the possibility of enforcing the decision of the Arbitral Tribunal.

- (b) On the 31 July 2009, the Company was served by Dato' Low Tuck Choy ("Plaintiff") with a Writ of Summons vide KL High Court Civil Suit S-22-525-2009 dated 24th July 2009 seeking, *inter alia*, general damages. Ho Hup's Statement of Defense was filed on 26 October 2009.

Subsequently, the Defendant under Kuala Lumpur High Court Suit No. 22NCVC-873-09/2011 filed an application for consolidation. The same was heard on the 19 March 2012 and the judge allowed a transfer but did not order consolidation. However, on the 10 October 2012 the judge directed the respective cases to be heard separately.

In the meantime, the striking out applications filed by 1st, 2nd, 4th, 6th, 7th and 9th Defendants have since been were dismissed by the High Court on the 10 October 2012. For the Plaintiff's application to amend the Statement of Claim, the same is fixed for case management on the 30 October 2012. For the Plaintiff's applications to amend the Statement of Claim and to discharge as solicitors of the 1st, 2nd and 9th Defendants, the same has since been were allowed by the Court on the 30 October 2012. The matter is now fixed for further Case Management on 26 April 2013 pending compliance with Pre-trial directions i.e. filing of documents, statement of agreed facts and issues to be tried.

- (c) 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 this matter is now fixed for further Mention on the 6 May 2013.
- (d) 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 parties agreed to subscribe for shares in BJDSB on 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 BJDSB.

On 9 June 2011, Zen Courts served a sealed copy of a Petition pursuant to Section 181 of the Companies Act, 1965 on BJDSB, Ho Hup and Ho Hup Equipment Rental Sdn Bhd (“HHER”) (“the Companies”) claiming, inter alia, that BJDSB and Ho Hup allegedly oppressed them and would not recognize their rights under the 1995 JVA.

On 27 March 2012 the Court, after hearing the Petition, ordered a buy-out of Zen Court’s stake in BJDSB by Ho Hup. The Court further ordered that a valuation be made on a net tangible assets basis as at the date of the Judgment to be valued by an Independent Valuer.

Pursuant to the said Order, Ferrier Hodgson Monteiro Heng Sdn Bhd was appointed as said Independent Valuer on the 19 June 2012. The valuation report was issued on the 31 December 2012 and Solicitors have advised that parties may now make representations to Court in respect of same.

- (e) Ho Hup 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 claimed that the Defendant caused the Company to suffer loss and damages of USD 2.5 million and further alleged that the Defendant 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 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 one under Kuala Lumpur High Court Civil Suit No. S-22-525-2009 (“Civil Suit”). The same was heard on the 19 March 2012 and the judge allowed the case to be transferred to the court hearing the said Civil Suit. However, on the 10 October 2012, the judge directed this matter to be tried separately and fixed the same for case management on the 6 December 2012 for the Defendant to file their list of witnesses. The trial dates for this matter which was fixed on the 28 February 2013 and 1 March 2013 have since been vacated pursuant to the Defendant’s application for an adjournment. The matter is instead fixed for Case Management on the 28 February 2013.

Except as disclosed above, there were no other material changes in material litigation since the last annual financial year and made up to 21 February 2013, being the latest practicable date from the date of the issue of this quarterly report.

12. Dividends paid

No dividends have been proposed in respect of the financial year ended 31 December 2012.

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 Company by the weighted average number of ordinary shares in issue.

	Current quarter 31.12.2012	Preceding year corresponding quarter 31.12.2011	Financial period to- date 31.12.2012	Preceding year corresponding period to-date 31.12.2011
Net profit/(loss) for the period attributable to Owners of the Company (RM'000)	184	(3,735)	(12,089)	(10,346)
Weighted average number of ordinary shares ('000)	102,000	102,000	102,000	102,000
Basic earnings/(loss) per share (sen) attributable to owners of the Company	0.18	(3.66)	(11.85)	(10.14)

14. Profit/(Loss) before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit/(Loss) before tax is arrived at after charging:-				
Bad debts written off	34	1,051	34	2,486
Depreciation of property, plant and equipment	136	170	621	1,520
Impairment loss on property, plant and equipment	-	-	-	6,966
Fair value adjustments on other receivables	659	-	659	-
Impairment on trade and other receivables	556	-	556	70

Interest expenses	2,730	2,573	9,124	8,966
Loss on foreign exchange - realised	-	53	-	80
And Crediting:-				
Gain on disposal of investment in subsidiaries	-	-	-	1,124
Gain on disposal of property, plant and equipment	372	597	532	3,098
Interest income	86	3	189	64
Rental income	-	-	-	263
Reversal of impairment on amount owing by associated companies	-	-	-	2,326
Reversal of impairment loss on trade and other receivables	51	-	621	1,019
Reversal of foreseeable loss	-	1,800	-	1,800
Reversal of provision no longer required	1,943	-	1,943	1,207

By Order of the Board

Wong Kit-Leong
Executive Director
Kuala Lumpur