

**HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the quarter ended 31 December 2013

The figures have not been audited.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 Dec 2013	31/12/2012	31 Dec 2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	47,846	13,125	149,363	39,976
Cost of Sales	(41,289)	(9,851)	(129,609)	(42,419)
<b>Gross Profit/(Loss)</b>	<u>6,557</u>	<u>3,274</u>	<u>19,754</u>	<u>(2,443)</u>
Other Income	871	2,577	1,021	3,832
Gain on disposal of investments	4,978	-	14,142	-
Administrative expenses	(1,073)	396	(4,580)	(4,331)
Operating expenses	(2,120)	(3,482)	(9,212)	(4,653)
<b>Profit/(Loss) from operating activities</b>	<u>9,214</u>	<u>2,765</u>	<u>21,125</u>	<u>(7,595)</u>
Finance income	168	3	200	-
Finance cost	(357)	(2,730)	(1,077)	(9,112)
<b>Net Finance Costs</b>	<u>(189)</u>	<u>(2,727)</u>	<u>(877)</u>	<u>(9,112)</u>
Share of results of associates	-	-	-	-
<b>Profit/(Loss) before tax</b>	<u>9,025</u>	<u>38</u>	<u>20,248</u>	<u>(16,707)</u>
Taxation	7,487	358	7,487	4,949
<b>Profit/(loss) for the period</b>	<u>16,512</u>	<u>396</u>	<u>27,735</u>	<u>(11,758)</u>
<b>Other Comprehensive Income/(loss), net of tax</b>				
Reclassification adjustment-Exchange translation reserve	(5,241)	-	(5,241)	-
Foreign Currency Translation differences for foreign operations	37	-	(113)	(62)
<b>Other Comprehensive Income/(loss) for the period, net of tax</b>	<u>(5,204)</u>	<u>-</u>	<u>(5,354)</u>	<u>(62)</u>
<b>Total Comprehensive Income/(loss) for the period, net of tax</b>	<u>11,308</u>	<u>396</u>	<u>22,381</u>	<u>(11,820)</u>
<b>Profit/(loss) Attributable to:</b>				
Owners of the Company	12,899	184	22,495	(12,108)
Non Controlling Interest	3,613	212	5,240	350
<b>Profit/ (loss) for the period</b>	<u>16,512</u>	<u>396</u>	<u>27,735</u>	<u>(11,758)</u>
<b>Total Comprehensive Income/ (loss) attributable to:</b>				
Owners of the Company	7,695	184	17,141	(12,170)
Non Controlling Interest	3,613	212	5,240	350
<b>Total comprehensive Income/(loss) for the period</b>	<u>11,308</u>	<u>396</u>	<u>22,381</u>	<u>(11,820)</u>
<b>Basic earnings/(loss) per share attributable to owners of the Company (sen)</b>				
Basic	<u>12.65</u>	<u>0.18</u>	<u>22.05</u>	<u>(11.87)</u>
Diluted	<u>3.32</u>	<u>-</u>	<u>5.78</u>	<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 2012 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 2013**

The figures have not been audited.

	As at 31 Dec 2013 RM '000 (Unaudited)	As at 31 Dec 2012 RM '000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	5,968	1,608
Land Held for Property Development	111,132	111,307
Other receivables	300	4,216
Deferred Tax Assets	7,500	-
	<u>124,900</u>	<u>117,131</u>
<b>Current Assets</b>		
Amount due from customer on contract	261	1,099
Property Development Costs	18,372	15,527
Inventories	620	319
Trade Receivables	34,443	14,394
Capital work in progress	2,772	-
Other Receivables	50,915	28,487
Fixed Deposits	41,994	1,543
Cash and Bank Balances	65,464	2,482
	<u>214,840</u>	<u>63,851</u>
Properties classified as Land held for Sales	-	-
<b>TOTAL ASSETS</b>	<u><b>339,740</b></u>	<u><b>180,982</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	51,000	102,000
ICPS Par value	1,020	-
RCPS Par value	1,336	-
ICPS Premium	49,980	-
RCPS Premium	65,445	-
Warrant Reserves	8,670	-
Foreign Exchange Reserve	(448)	4,907
Accumulated Losses	(93,889)	(158,716)
	<u>83,114</u>	<u>(51,809)</u>
<b>Non-Controlling Interest</b>	<u>6,232</u>	<u>992</u>
<b>Total Equity</b>	<u><b>89,346</b></u>	<u><b>(50,817)</b></u>
<b>Current Liabilities</b>		
Provision for liquidated ascertained damages	21,956	19,439
Short Term Borrowings	40,000	10,710
Trade Payables	40,298	49,972
Other Payables	147,723	151,292
Tax payable	417	386
	<u>250,394</u>	<u>231,799</u>
<b>Total Liabilities</b>	<u><b>250,394</b></u>	<u><b>231,799</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>339,740</b></u>	<u><b>180,982</b></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u><b>0.81</b></u>	<u><b>(0.51)</b></u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013

The figures have not been audited.

	Attributable to Owners of the Parent										
	Share Capital (RM'000)	ICPS (RM'000)	RCPS (RM'000)	ICPS Premium (RM'000)	RCPS Premium (RM'000)	Foreign exchange Reserves (RM'000)	Non-Distributable Warrant Reserve (RM'000)	Accumulated Losses (RM'000)	Total (RM'000)	Non-Controlling Interest (RM'000)	Total Equity (RM'000)
At 1 January 2013	102,000					4,907		(158,714)	(51,807)	992	(50,815)
Capital Reduction	(51,000)						51,000				
Issuance of Irredeemable Cumulative Preference Shares (ICPS)		1,020		49,980					51,000		51,000
Issuance of Redeemable Cumulative Preference Share (RCPS)			1,336		65,445				66,781		66,781
Movement in warrant reserve							8,670	(8,670)			
Other Comprehensive Income for the year						(5,355)			(5,355)		(5,355)
Net profit for the year								22,495	22,495	5,240	27,735
At 31 December 2013	51,000	1,020	1,336	49,980	65,445	(448)	8,670	(93,889)	83,114	6,232	89,346

Attributable to Equity Holders of the Parent

	Attributable to Equity Holders of the Parent			Attributable to Owners of the Parent		
	Share Capital (RM'000)	Non-Distributable Foreign exchange Reserves (RM'000)	Distributable Accumulated Losses (RM'000)	Share Capital (RM'000)	Non-Distributable Foreign exchange Reserves (RM'000)	Total Equity (RM'000)
At 1 January 2012	102,000	4,969	(146,608)	102,000	4,907	(50,815)
Net loss for the year			(12,108)			
Other comprehensive income		(62)			(62)	
At 31 December 2012	102,000	4,907	(158,716)	102,000	4,907	(50,815)

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the quarter ended 31 December 2013

	12 months ended 31 Dec 2013 RM'000	12 months ended 31 Dec 2012 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	20,248	(16,707)
Adjustments for non-cash items:		
Bad Debt written off	-	34
Depreciation of Property, plant and equipment (PPE)	46	629
Deposit written off	-	33
Fair value adjustments on other receivable	(659)	659
Impairment of trade receivables	-	35
Impairment on other receivable	-	556
Gain on disposal of non current asset held for sale	-	(1,591)
Gain on Disposal of PPE	(15)	(532)
Gain on disposal of associated company	(14,142)	-
Provision for liquidated ascertained damages	-	2,529
Provision of Deferred tax asset	-	-
Reversal of impairment on trade receivables	-	(604)
Reversal of impairment on other receivables	-	(17)
Reversal of over accruals	-	(1)
Writeback of provision	(477)	(1,943)
Interest Expenses	1,077	9,112
Interest Income	(200)	(147)
<b>Operating (loss)/profit before working capital changes</b>	<b>5,878</b>	<b>(7,955)</b>
<b>Decrease/(Increase) in working capital</b>		
Land and property development costs	175	(1,417)
Amount owing by/to customer on contracts	839	(1,099)
Property Development cost	(2,845)	-
Inventories	(300)	(145)
Trade receivables	(20,049)	(1,106)
Other receivables	(21,769)	(29,249)
Provision for liquidated ascertained damages	2,987	2,530
Capital Work in Progress	(2,772)	-
Progress billing	-	-
Trade Payables	51,504	18,210
Other Payables	(3,090)	95,789
<b>Cash generated from/(used in) operations</b>	<b>8,595</b>	<b>83,513</b>
Interest paid	(1,077)	(9,896)
Interest received	200	-
Tax (paid)/ recovery	18	(55)
Tax refund	-	2,595
Payment of Liquidated Ascertained Damages (LAD)	(470)	-
Exchange fluctuation adjustment	(113)	-
<b>Net cash from operating activities</b>	<b>(1,442)</b>	<b>(7,356)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of PPE	(4,427)	(327)
Proceeds from disposal of PPE	36	710
Net cash inflow from disposal of associate	8,901	-
Interest Received	-	147
Deposits for disposal of non current asset held for sale	-	3,837
	4,510	4,367
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	-	(75,003)
Draw down of term loan	40,000	-
Proceeds from issuance of ICPS	51,000	-
Repayment of hire purchase liabilities	-	(15)
	91,000	(75,018)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>108,541</b>	<b>(2,449)</b>
Effect of changes in foreign exchange	-	(62)
Cash and cash equivalent restricted	-	-
<b>OPENING BALANCE</b>	<b>(1,082)</b>	<b>1,429</b>
<b>CLOSING BALANCE</b>	<b>107,459</b>	<b>(1,082)</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	65,464	2,482
Bank overdraft	-	(5,107)
Fixed deposits with licensed banks	41,994	1,543
	<b>107,458</b>	<b>(1,082)</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2012 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 2013

### 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<sup>92</sup>. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012. 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 2012.

### 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 2012.

The adoption of the following Financial Reporting Standards (“FRSs”), Amendments to FRSs and Issues Committee (“IC”) Interpretations that come into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

#### Effective from 1 July 2012

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income
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#### Effective from 1 January 2013

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (2011)	Employee Benefits
FRS 127 (2011)	Separate Financial Statements
FRS 128 (2011)	Investment in Associates and Joint Ventures
IC Interpretations 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1	Government loans
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Fincial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for financial period beginning on or after 1 January 2014:

Effective date for  
financial periods

		<u>beginning on or after</u>
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 11 and FRS 12	Investment Entities	1 January 2014
FRS 9(IFRS 9 (2009))	Financial Instruments	1 January 2015
FRS 9(IFRS 9 (2010))	Financial Instruments	1 January 2015
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

### New Malaysian Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (“MFRS 141”) and IC Interpretation 15 Agreements for Construction of Real Estate (“IC Interpretation 15”), including its parent, significant investor and venturer (hereinafter called “Transitioning Entities”).

On 30 June 2012, the MASB announced that the mandatory effective date for adoption of the new MFRS by the Transitioning Entities deferred from 1 January 2013 to 1 January 2014.

On 7 August 2013, the MASB announced that the mandatory effective date for adoption of the new MFRS by the Transitioning Entities further deferred from 1 January 2014 to 1 January 2015.

The Group is subject to the application of IC Interpretation 15, therefore falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015.

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework and expect to in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

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

The auditors’ report on the financial statements for the financial year ended 31 December 2012 was an Emphasis of Matters due to the Group and the Company incurring a net loss of RM11.76 million and RM15.13 million respectively during the financial year ended 31 December 2012. As at 31 December 2012, the Group’s current liabilities exceeded its current assets by RM167.95 million and its shareholders’ deficit amounted to RM50.82 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. On 31 December 2013, the Regularisation Exercise of the Company was completed with the listing of irredeemable convertible preference shares (ICPS), redeemable convertible preference shares (RCPS) and warrants. Please refer to note 6(a) in the Explanatory Notes for further details.

**4. Segment information**

Industry Segment	Cumulative 12 months			
	Revenue		Profit/(loss) attributable to owners of the Company	
	31.12.13 RM'000	31.12.12 RM'000	31.12.13 RM'000	31.12.12 RM'000
Construction	83,168	2,813	4,715	(15,126)
Property Development	33,341	12,548	17,538	1,265
Ready mixed concrete	32,854	24,615	(212)	(295)
Others	-	-	17	(140)
Adjustments		-	5,677	2,538
Total before non controlling interest	<b>149,363</b>	<b>39,976</b>	<b>27,735</b>	<b>(11,758)</b>
Non controlling interest	-	-	(5,240)	(350)
Total	<b>149,363</b>	<b>39,976</b>	<b>22,495</b>	<b>(12,108)</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 December 2013.

**6. Material changes in estimates**

There were no changes in estimates that have had a material effect in the current year 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/ year under review.

**8. Dividends paid**

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

**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 year to date other than the following:

	Issuance of New Shares	Current year to date 31 Dec 2013 Nos
i)	Irredeemable Cumulative Preference Share (ICPS) of 2013/2016 at RM0.50 each with free warrant	102,000,408
ii)	Redeemable Cumulative Preference Share (RCPS) of 2013/2016 at RM0.50 each	133,560,930

**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	Group 31.12.2013 RM'000	Company 31.12.2013 RM'000	Group/Company 31.12.2012 RM'000
Secured Bank Guarantee	4,610	4,350	265
Unsecured Bank Guarantee	42,237	42,237	42,237
Corporate Guarantee	5,007	5,007	10,000
Total	51,854	51,594	52,502

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 date of statement of financial position.

**13. Subsequent events**

Save and except for the announcements made by the Company from 2 December 2013 to 26 February 2014 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 BURSA MALAYSIA SECURITIES BERHAD

31 DECEMBER 2013

#### 1. Review of Performance

The Group recorded a profit after tax of RM16.5 million and revenue of RM47.8 million for the current quarter ended 31 December 2013 as compared to a profit after tax of RM0.4 million and revenue of RM13.1 million for the same corresponding quarter ended last year. For the current quarter, the Group recorded RM47.8 million revenue of which RM27.8 million was derived from construction sector, RM10.6 million was recorded from Property Development sector and RM9.4 million was recorded from Ready Mix sector. For the whole year of 2013, the Group recorded a profit after tax of RM27.7 million and revenue of RM149 million as compared to loss after tax of RM11.7 million and revenue of RM39.9 million last year. The turnaround in current year is due to recognition of profit after tax from Property Development Division of RM17.5 million, profit after tax from Construction Division of RM4.7 million and translation reserve write back from the disposal of associated company of RM5.2 million.

The Construction division registered a loss after tax of RM1.3 million and revenue of RM27.8 million in the current quarter as compared to a loss after tax of RM2.9 million and nil revenue for the corresponding quarter in the previous year. For the whole year the Construction division recorded profit of RM4.7 million and revenue of RM83.2 million as compared to a loss of RM15.1 and revenue of RM2.8 million last year. The turnaround in the current year is due to the revival of the construction division with projects in Johor and Iraq and the disposal of the associated company Shanghai San Ho Hup Pile Co Ltd in the second quarter of 2013.

The Property Development division registered a profit after tax of RM12.1 million and revenue of RM10.6 million in the current quarter as compared to a profit after tax of RM0.7 million and RM3.9 million revenue for the corresponding quarter in the previous year. For the whole year, the Property Development division recorded a profit after tax of RM17.5 million on a revenue of RM33.3 million as compared to profit of RM1.2 million on revenue of RM12.5 million last year. Revenue for the current year is mainly derived from progress of the development of Parcel A shop office and the launch of the Smart Offices Versatile Offices Tower (SOVO). The 4th quarter 2013 profit after tax was also positively impacted by and also the recognition of Deferred Tax Asset of RM7.5 million.

The Ready Mix Concrete division registered a loss after tax of RM123,000 and a revenue of RM9.4 million in the 4th quarter compared to a profit of after tax of RM140,000 and revenue of RM6.3 million in the corresponding quarter in 2012. For the whole year, the loss after tax was RM212,000 on revenue of RM32.8 million as compared to loss after tax of RM289 thousand and revenue of RM24.6 million. Despite the higher revenue, the Ready Mix division recorded a small loss due to lower gross margins.

**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 RM16.5 million in the current quarter ended December 2013 as compared to an after tax profit of RM4.2 million in the previous quarter ended September 2013. The revenue increased by RM47.8 million mainly derived from construction division of RM27.8 million, property development division of RM10.6 million and ready mix of RM9.4 million. Despite the higher revenue contributed by the Construction division, the main profit contributor is the Property Development division in view of the higher profit margins from property development activities. The higher profit recorded in the 4th quarter 2013 was also due to the recognition of Deferred Tax Asset of RM 7.5 million and translation reserve write back from the disposal of associated company of RM5.2 million.

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

On 31 December 2013, the Regularisation Exercise of the Company was completed with the listing of the rights shares Irredeemable Convertible Preference Shares (ICPS), Redeemable Convertible Preference Shares (RCPS) and warrants.

Under the scheme of arrangement of its subsidiary Bukit Jalil Development Sdn Bhd (BJDSB), BJDSB creditors will be repaid in full in four (4) quarterly instalments, the first of which was paid end January 2014.

**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/year due to sufficient accumulated tax losses brought forward from previous years to cover current tax liabilities.

**6. Status of current 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 December 2013, the Regularisation Exercise of the Company was completed with the listing of the ICPS, RCPS and warrants.
- b) Under the scheme of arrangement of its subsidiary Bukit Jalil Development Sdn Bhd (BJDSB), BJDSB creditors will be repaid in full in four (4) quarterly instalments, the first of which was paid end January 2014.
- c) Under the Regularisation Exercise, the Company had raised RM51.0 million gross proceeds from the Rights Issue of ICPS with Warrants based on the issue price of RM0.50 per ICPS. The status of utilization of proceeds raised as at the date of this report are described as below:

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Expected Timeframe for Utilisation
To fund future projects	8,000	-	Within 24 months from the listing of the ICPS
To repay term loan	40,000	40,000	
Estimated expenses in relation to the Regularisation Exercise	3,000	1,591	The actual expenses are lower than the actual amount budgeted, the excess will be utilized for working capital purposes to be utilized within 24 months from the listing of the ICPS
Total Proceeds	51,000	41,591	

**7. Group borrowings and debt securities**

	<b>31.12.2013</b> <b>RM'000</b>	<b>31.12.2012</b> <b>RM'000</b>
(a) Short term borrowings denominated in Ringgit Malaysia:		
Secured	40,000	-
Unsecured	-	10,710
Total Borrowings	<u>40,000</u>	<u>10,710</u>

**8. Derivative Financial instrument**

For the quarter ended 31 December 2013, 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 or Losses of the Group**

The breakdown of the accumulated losses of the Group as at 31 December 2013, into realised and unrealised profits or losses is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	At end of current quarter 31 December 2013 RM'000	At end of previous financial year 31 December 2012 RM'000
Accumulated Losses- Realised	(139,968)	(198,278)
Accumulated Losses - Unrealised	7,500	-
Less: consolidated adjustments	38,579	39,562
	(93,889)	(158,716)

## 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 ("JDA") 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 JDA was subsequently terminated by APHB. The Company is disputing 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 was published in May 2008. The Company has since appointed an Advocate to represent Ho Hup India in respect of execution of the said award as well as the appeal lodged by APHB against same. Ho Hup filed its Counter on the 18 November 2013. The next Hearing of APHB's appeal is now fixed on the 7 March 2014.

- (b) On the 31 July 2009, the Company was served by Dato' Low Tuck Choy ("Plaintiff") with a Writ of Summons in the capacity as a nominal defendant vide KL High Court Civil Suit S-22-525-2009 dated 24 July 2009 seeking damages and injunctive relief. The statement of Defense was filed on 26 October 2009.

In light of the fact that the suit is a derivative action one and pursuant to our solicitors' advice, Ho Hup as nominal defendant have not taken any position and, as such, have withdrawn its Defence. This matter was fixed for Trial on the 19 to 20 February 2014. The next Trial dates are now on the 21 March 2014 and 28 May 2014.

- (c) On 9 June 2011, Zen Courts Sdn Bhd ("Zen Courts") served a sealed copy of a Petition pursuant to Section 181 of the Companies Act, 1965 on BJDSB, the Company and Ho Hup Equipment Rental Sdn Bhd ("HHER") ("the Companies") claiming, inter alia, that BJDSB and the Company have

allegedly oppressed them and would not recognize their rights under a Joint Venture Agreement of the 12 September 1995.

On 27 March 2012, the Court, after hearing the Petition, ordered a buy-out of Zen Courts's stake in BJDSB by the Company ("Buy-Out Order"). 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 Buy-Out Order, Ferrier Hodgson Monteiro Heng Sdn Bhd was appointed as said Independent Valuer on the 19 June 2012 and the valuation report was issued on the 31 December 2012.

Zen Courts subsequently filed applications to review the valuation and for an interim payment of the amount so valued viz. RM35.97 million. The Company further filed an application to confirm the valuation pursuant to the Buy-Out Order.

On the 18 July 2013, the Court has dismissed applications filed by Zen Courts and further ordered the following:-

- (1) That the Company shall purchase the 4,500,000 shares ("Shares") in BJDSB held by Zen Courts at the price of RM7.99 per share and the aggregate purchase price for the same shall be fixed at RM 35,970,000.00 (the "Purchase Price");
- (2) That the buy-out of the Shares shall be completed no later than four (4) months after the date of this Order ie 18 July 2013, on a business day and at an office address in Kuala Lumpur as notified, with at least seven (7) days' prior notice in writing by the Company (or its solicitors) to Zen Courts (or its solicitors);
- (3) That the buy-out of the Shares shall be completed as follows:-
  - (i) The Company shall pay the Purchase Price to Zen Courts by way of bankers draft made payable to Messrs Chellam Wong;
  - (ii) Zen Courts shall deliver to the Company a duly executed, valid and proper instrument of transfer for the Shares together with the corresponding share certificates as well as such other executed documents as may be necessary for revenue and stamp duty purposes;
  - (ii) By consent, that interest of 5% per annum on a daily basis, to be calculated from 18 July 2013 until full payment of the Purchase Price, shall be payable by the Company to Zen Courts;
  - (iv) That Zen Courts procures the resignation of Mr. Yeoh Keng Tat as a Director of BJDSB, such resignation to be effective on or before the date of completion of purchase of the Shares.

On 14 August 2013, Zen Courts filed two (2) Notices of Appeal ("Appeals") in respect of Orders made on the 18 July 2013 by the Kuala Lumpur High Court, *inter-alia*, dismissing Zen Courts' application to make further representations on the Valuation Report and fixing the Purchase Price of the Shares at RM35,970,000.00 and related orders. The said Appeals have since been dismissed by the Court of Appeal on the 19 February 2014. Since the

Appeals have been dismissed, Zen Court has withdrawn its appeal against the High Court's ruling that their application (to prevent Ho Hup from making the purchase price) cannot be heard until Zen Courts purges its contempt of court.

Ho Hup's application for committal for the contempt proceedings has since been allowed by the High Court on the 4 December 2013. Zen Courts subsequently filed an application to set aside the said decision. The same is now fixed for hearing on the 1 April 2014 as well as for Zen Courts's appeal to the Judge against the decision of the Deputy Registrar to allow a correction of a clerical mistake in the Order of 18 July 2013.

On 21 February 2014, the Companies have been served with Notice of Motion to the Federal Court ("Notices of Motion") for leave to appeal on the admission of fresh evidence which has been dismissed by the Court of Appeal on the 22 January 2014. No date has been fixed in respect of these Notices of Motion.

On the 25 February 2014, Ho Hup's application for the Consequential Orders has since been allowed by the Kuala Lumpur High Court. Hence, Ho Hup will complete the buy-out of the Shares as ordered by the Court.

- (d) On 9 September 2011, the Company filed Suit No. 22NCVC-873-09/2011 in the Kuala Lumpur High Court against Woo Thin Choy, the Company's former Project Director. The Company 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 the Company.

The Company sought relief from Court for, inter alia, an order that the sum of USD2.5 million be paid by the Defendant. The Company also sought relief for an account of all sums received by the Defendant and all such assets or any part thereof as well as general damages arising from the Defendant's breach of duty owed to the Company.

The matter was fixed for decision on 16 January 2014. The Court decided that the Plaintiff has not proven its claim and dismissed same with costs of RM40,000.00.

Ho Hup has further filed a Notice of Appeal to the Court of Appeal against the said decision on the 27 January 2014 and the same is now fixed for further Case Management on the 8 April 2014.

Except as disclosed above, there were no other material changes in material litigation since the last annual financial year and made up to 26 February 2014, being the latest practicable date from the date of the issue of this quarterly report.

## **12. Dividends paid**

No dividends have been recommended during the quarter/ year under review.

### 13. Earnings per share

#### *Basic earnings per share (EPS)*

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

	<b>Current quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Financial period to- date</b>	<b>Preceding year corresponding period to-date</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Net profit/(loss) for the period attributable to owners of the parent (RM'000)	12,899	184	22,495	(12,108)
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 parent	12.65	0.18	22.05	(11.87)

#### *Diluted earnings per share*

Diluted earnings per share for the reporting quarter and financial period to-date are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period after taking into consideration of all dilutive potential ordinary shares.

	<b>Current quarter</b>	<b>Preceding year corresponding quarter</b>	<b>Financial period to- date</b>	<b>Preceding year corresponding period to-date</b>
	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Net profit for the period attributable to owners of the parent (RM'000)	12,899	-	22,495	-
Adjustment for convertible preference dividend	-	-	-	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	12,899	-	22,495	-
Weighted average number of ordinary shares ('000)	102,000	-	102,000	-
Adjustment for ICPS	102,000	-	102,000	-
Adjustment for RCPS	133,561	-	133,561	-
Adjustment for Warrants	51,000	-	51,000	-
Diluted number of shares	388,561	-	388,561	-
Diluted earnings per share (sen) attributable to owners of the parent	3.32	-	5.78	-

#### 14. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 31 December 2013.

#### 15. Profit / (Loss) before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<b>Profit / (Loss) before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment	(328)	291	46	629
Interest expenses	357	2,730	1,077	9,112
Fair value adjustment on other receivables	-	659	-	659
<b>And Crediting:-</b>				
Gain on disposal of property, plant and equipment	14	372	15	532
Gain on disposal of an associated company	4,978	-	14,142	-
Interest income	168	3	200	-
Reversal of provision no longer required	477	1,943	477	1,943
Reversal of impairment loss on trade receivables	-	51	-	621
Fair value adjustment on other receivables	659	-	659	-

#### By Order of the Board

Wong Kit-Leong  
Executive Director  
Kuala Lumpur  
27 February 2014