

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended 30 June 2014

The figures have not been audited.

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	88,531	16,654	170,947	39,932
Cost of Sales	(67,158)	(15,115)	(133,057)	(34,974)
Gross Profit	<u>21,373</u>	<u>1,539</u>	<u>37,890</u>	<u>4,958</u>
Other income	58	9,108	85	9,160
Administrative expenses	(1,588)	(1,117)	(3,153)	(2,299)
Operating expenses	(3,307)	(3,146)	(7,082)	(4,367)
Profit from operating activities	<u>16,536</u>	<u>6,384</u>	<u>27,740</u>	<u>7,452</u>
Finance income	198	12	342	13
Finance cost	-	(243)	(22)	(476)
Net finance income/(cost)	<u>198</u>	<u>(231)</u>	<u>320</u>	<u>(463)</u>
Profit before tax	<u>16,734</u>	<u>6,153</u>	<u>28,060</u>	<u>6,989</u>
Taxation	299	-	299	-
Profit for the period	<u>17,033</u>	<u>6,153</u>	<u>28,359</u>	<u>6,989</u>
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(5)	-	(111)	-
Other comprehensive income/(loss) for the period, net of tax	<u>(5)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>
Total comprehensive income for the period, net of tax	<u>17,028</u>	<u>6,153</u>	<u>28,248</u>	<u>6,989</u>
Profit attributable to:				
Owners of the Parent	17,044	6,450	28,356	6,825
Non-Controlling Interest	(11)	(297)	3	164
Profit for the period	<u>17,033</u>	<u>6,153</u>	<u>28,359</u>	<u>6,989</u>
Total comprehensive income attributable to:				
Owners of the Parent	17,039	6,450	28,245	6,825
Non-Controlling Interest	(11)	(297)	3	164
Total comprehensive income for the period	<u>17,028</u>	<u>6,153</u>	<u>28,248</u>	<u>6,989</u>
Earnings per share attributable to owners of the parent (sen):				
Basic	<u>6.65</u>	<u>6.32</u>	<u>13.29</u>	<u>6.69</u>
Diluted	<u>4.72</u>	<u>N/A*</u>	<u>7.80</u>	<u>N/A*</u>

N/A*Not applicable when the diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding in previous period.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

The figures have not been audited.

	As at <u>30 June 2014</u> RM'000 (Unaudited)	As at <u>31 Dec 2013</u> RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	7,436	5,968
Land and Property Development Costs	39,565	111,068
Other receivables	-	500
Deferred Tax Assets	7,500	7,500
	<u>54,501</u>	<u>125,036</u>
Current Assets		
Amount due from customers on contracts	25,270	11,193
Land and Property Development Costs	122,783	12,166
Inventories	546	620
Trade Receivables	50,975	45,708
Other Receivables	38,457	49,080
Fixed Deposits	4,822	38,494
Cash and Bank Balances	11,300	68,964
	<u>254,153</u>	<u>226,225</u>
TOTAL ASSETS	<u>308,654</u>	<u>351,261</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent		
Ordinary Share Capital	152,662	51,000
Irredeemable Convertible Preference Shares ("ICPS")	112	1,020
Redeemable Convertible Preference Shares ("RCPS")	265	1,336
Share Premium - ICPS	5,500	49,980
Share Premium - RCPS	12,996	65,445
Warrant Reserves	7,734	8,670
Warrant Premium	551	0
Other Reserves	(29,687)	-
Foreign Exchange Reserve	(467)	(356)
Accumulated Losses	(64,591)	(93,883)
	<u>85,075</u>	<u>83,212</u>
Non-Controlling Interest	(621)	6,236
Total Equity	<u>84,454</u>	<u>89,448</u>
Current Liabilities		
Provision for liquidated ascertained damages	14,946	21,956
Short Term Borrowings	-	40,000
Trade Payables	92,902	61,072
Other Payables	115,736	138,381
Hire Purchase Payables	512	-
Tax payable	104	404
	<u>224,200</u>	<u>261,813</u>
Total Liabilities	<u>224,200</u>	<u>261,813</u>
TOTAL EQUITY AND LIABILITIES	<u>308,654</u>	<u>351,261</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.28</u>	<u>0.82</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 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 period ended 30 June 2014

The figures have not been audited.

	Attributable to Owners of the Parent											Total Equity RM'000	
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	ICPS Premium RM'000	RCPS Premium RM'000	Warrant Premium RM'000	Foreign Exchange Reserve RM'000	Non-Distributable Other Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total RM'000		Non-Controlling Interest RM'000
At 1 January 2014	51,000	1,020	1,336	49,980	65,445		(356)		8,670	(93,883)	83,212	6,236	89,448
Conversion of ICPS	45,388	(908)		(44,480)									
Conversion of RCPS	53,520		(1,071)		(52,449)								
Exercise of Warrants	2,754					551		(936)		936	3,305		3,305
Acquisition of additional interest in a subsidiary								(29,687)			(29,687)	(6,860)	(36,547)
Other comprehensive income for the year											(111)		(111)
Net profit for the year										28,356	28,356	3	28,359
At 30 June 2014	152,662	112	265	5,500	12,996	551	(467)	(29,687)	7,734	(64,591)	85,075	(621)	84,454

	Attributable to Owners of the Parent					Total Equity RM'000
	Share Capital RM'000	Non-Distributable Reserve RM'000	Accumulated Losses RM'000	Non-Controlling Interest RM'000	Total RM'000	
At 1 January 2013	102,000	4,907	(158,714)	992	(51,807)	(50,815)
Other comprehensive income for the year		(5,241)	5,241			
Net profit for the year			6,825	164	6,825	6,989
At 30 June 2013	102,000	(334)	(146,649)	1,156	(44,983)	(43,827)

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes to the interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 For the quarter ended 30 June 2014

	6 months ended 30 June 2014 RM'000	12 months ended 31 Dec 2013 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	28,060	20,260
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	153	576
Reversal of fair value adjustment on other receivable	-	(659)
Impairment of trade receivables	-	73
Gain on disposal of property, plant and equipment	-	(15)
Gain on disposal of associated company	-	(14,142)
Provision for liquidated ascertained damages	1,503	2,517
Reversal of impairment on trade receivables	-	(79)
Writeback of provision	-	(3)
Interest expenses	22	1,077
Interest income	(342)	(182)
Operating profit before working capital changes	29,396	9,423
Movements in working capital		
Land and property development costs	(39,114)	3,600
Amount owing by/to customer on contracts	(14,077)	(10,094)
Inventories	74	(301)
Receivables	5,856	(47,526)
Payables	9,185	59,370
	(38,076)	5,049
Cash used in operations		
Interest paid	(22)	(1,077)
Tax paid	-	(13)
Tax refund	-	18
Payment of liquidated ascertained damages	(8,513)	-
	(8,535)	(1,072)
Net cash (used in)/from operating activities	(17,215)	13,400
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,110)	(4,966)
Proceeds from disposal of property, plant and equipment	-	41
Net cash inflow from disposal of associate	-	8,901
Interest received	342	182
Acquisition of additional interest in a subsidiary (net)	(36,547)	-
Net cash (used in)/from investing activities	(37,315)	4,158
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of term loan	(40,000)	-
Draw down of term loan	-	40,000
Proceeds from issuance of ICPS	-	51,000
Proceeds from exercise of warrants	3,305	-
Net cash (used in)/from financing activities	(36,695)	91,000
NET MOVEMENTS IN CASH AND CASH EQUIVALENTS	(91,225)	108,558
Effect of changes in foreign exchange	(111)	(18)
OPENING BALANCE	107,458	(1,082)
CLOSING BALANCE	16,122	107,458
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	11,300	68,964
Fixed deposits with licensed banks	4,822	38,494
	16,122	107,458

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

NOTES TO THE INTERIM FINANCIAL REPORT 30 JUNE 2014

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 interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. 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 2013.

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 annual financial statements for the financial year ended 31 December 2013.

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 Financial Liabilities

Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities; Transition Guidance
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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:

		<u>Effective date for financial periods 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 be 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 2013 for the Company and the Group was unqualified report.

4. Segment information

Business Segment	For cumulative 6 months ended 30 June 2014			
	Revenue		Profit attributable to owners of the Company	
	30.6.14 RM'000	30.6.13 RM'000	30.6.14 RM'000	30.6.13 RM'000
Construction	107,083	16,545	5,723	6,462
Property Development	77,246	8,334	25,542	539
Ready mixed concrete	18,865	15,053	34	28
Others	2,360	-	1,441	(40)
Inter-segment eliminations	(34,607)	-	(4,381)	-
Total before non-controlling interest	170,947	39,932	28,359	6,989
Non-controlling interest	-	-	(3)	(164)
Total	170,947	39,932	28,356	6,825

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 period ended 30 June 2014.

6. Material changes in estimates

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

8. Dividends paid

On 6 June 2014, the Company declared the first cumulative preference dividends to the holders of Irredeemable Convertible Preference Shares ("ICPS") and Redeemable Convertible Preference Shares ("RCPS") at a dividend rate of 1.25 sen per ICPS and 0.75 sen per RCPS amounting to a total of RM339,519 which was paid on 11 July 2014.

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) Contingent liabilities

	Group		Company	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
Corporate guarantees given to a supplier of goods to a subsidiary company (unsecured)	16,533	10,000	16,533	10,000
- Limit of guarantee	5,370	4,225	5,370	4,225
- Amount utilised				
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects:				
- Secured fixed deposits	-	4,610	-	4,350
- Unsecured	-	42,237	-	42,237

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 25 April 2014 to 25 August 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 BURSAMALAYSIA SECURITIES BERHAD

30 JUNE 2014

1. Review of Performance

For the current quarter ended 30 June 2014, the Group recorded a profit after tax of RM17.0 million and revenue of RM88.5 million as compared to a profit after tax of RM6.2 million and revenue of RM16.7 million for the same corresponding quarter ended last year.

Overall performance for the period ended 30 June 2014, the Group recorded a profit after tax of RM28.4 million and revenue of RM170.9 million as compared to a profit after tax of RM7.0 million and revenue of RM40.0 million in the previous year.

In the current quarter, the Group recorded its maiden revenue of RM11.9 million and gross profit of RM9.8 million contributed by Bukit Jalil Development Sdn Bhd's entitlement from the joint development with Pioneer Haven Sdn Bhd (PHSB) (a wholly-owned subsidiary of Malton Berhad) on the 50 acres Bukit Jalil land.

Construction Division registered a profit after tax of RM5.0 million and revenue of RM68.0 million in the current quarter as compared to a profit after tax of RM7.2 million and revenue of RM6.0 million in the corresponding quarter last year. The higher turnover in current quarter was contributed from the existing projects in Malaysia and Iraq. The higher profit in the corresponding quarter last year was mainly due to the extraordinary gain from the disposal of an associated company, Shanghai San Ho Hup Pile Co. Ltd.

Property Development Division registered a profit after tax of RM12.5 million and revenue of RM44.0 million in the current quarter as compared to a loss after tax of RM1.0 million and revenue of RM2.3 million for the corresponding quarter in the previous year. Higher revenue and profit for the current quarter is derived from progress of the development of Parcel A Aurora Place and the joint development entitlement.

Ready Mix Concrete Division registered a marginal after tax loss of RM105,000 and revenue of RM8.8 million in the current quarter as compared to a profit after tax of RM5,074 and revenue of RM8.3 million in the same quarter last year. The current quarter's marginal loss is due to closure of its batching plants in Bukit Jalil and Jinjang which were previously contributed a higher profit margin as compared to other plants. However, two new batching plants are planned to be set up in USJ and the 60 acres land in Bukit Jalil, which is expected to contribute positively in next quarter.

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 a profit before tax of RM16.7 million in the current quarter ended 30 June 2014 as compared to profit before tax of RM11.3 million in the immediate preceding quarter ended 31 March 2014. The increase in profit before tax for current quarter is mainly from progress development of Parcel A Aurora Place and the joint development entitlement from the 50 acres land.

3. Prospects for the forthcoming financial period

- a) 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 installments, the first, second and third of which were paid in end January, April and July 2014 respectively.

On 2 May 2014, Bursa Malaysia Securities Berhad approved the Company's application for an early upliftment from being classified as a PN17 company and Ho Hup was officially lifted from PN17 status with effect from 5 May 2014.

Having completed its restructuring exercise and upliftment from PN17 status, the Group is actively pursuing and bidding for new projects in construction and property development.

- b) On 5 June 2014, the Company's wholly-owned subsidiary in Labuan, Ho Hup Construction Company (L) Ltd entered into an Equity Joint Venture Agreement with Zaykabar E&C Co. Ltd. to incorporate a company in Myanmar to be known as Ho Hup (Myanmar) E&C Co., Ltd. ("Ho Hup Myanmar"). The purpose of setting up Ho Hup Myanmar is to pursue and procure projects in the construction industry and property development in Myanmar. The incorporation of Ho Hup Myanmar is currently awaiting approval from the local authorities in Myanmar.

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 SdnBhd (BJDSB), BJDSB creditors will be repaid in full in four (4) quarterly instalments, the first, second and third of which were paid in end January, April and July 2014 respectively.
- 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

	30.6.2014 RM'000	31.12.2013 RM'000
Short term borrowings denominated in Ringgit Malaysia:		
Secured	-	40,000
Unsecured	-	-
Total Borrowings	-	40,000

8. Derivative Financial instrument

For the quarter ended 30 June 2014, 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 30 June 2014, 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.

	As At 30 June 2014 RM'000	As At 31 December 2013 RM'000
Accumulated Losses- Realised	(106,281)	(140,945)
Accumulated Losses - Unrealised	7,500	7,500
Less: consolidated adjustments	34,190	39,562
	(64,591)	(93,883)

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 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 was 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 has disputed the termination on the grounds that APHB had yet to comply with its obligations in respect of the conditions precedent under the JDA.

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. The next Hearing has been adjourned to 2 September 2014 for APHB to submit their arguments.

- (b) On 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 July 2009, seeking damages and, an injunction that the Defendants and or his agents to injunct an arbitral tribunal from handing down its award. This derivative action is now fixed for further Trial on the 3rd, 4th, 19th and 20th November 2014.
- (c) On 27 March 2012, the High Court, after hearing a petition by Zen Courts Sdn Bhd, ordered Ho Hup to buy-out Zen Court's 30% stake in BJD ("Buy-Out Order"). Pursuant to the Buy-Out-Order, the appointed Independent Valuer issued the valuation report on 31 December 2012 ("Valuation Report").

Zen Courts subsequently filed applications to review the valuation and for an interim payment of the amount so valued viz. RM35,970,000.00. On 18 July 2013, the Court dismissed applications filed by Zen Courts and further ordered, inter alia, that the Company shall purchase the 4,500,000 shares (“Shares”) in BJD 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”).

On 14 August 2013, Zen Courts filed two (2) Notices of Appeal (“Appeals”) in respect of Orders made on 18 July 2013 by the 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 were dismissed by the Court of Appeal on 19 February 2014. Zen Courts then filed an application for leave to the Federal Court to appeal against the dismissal of its Appeals (“Leave Application”) and the same is now fixed for Hearing on 30 October 2014.

On February 2014, the Company’s application for the Consequential Orders was allowed by the High Court. The transfer of the BJD Shares to the Company as ordered by the Court was completed on 7 March 2014.

- (d) On 9 September 2011, the Company brought an action 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 for payment of the sum of USD2.5 million 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.

On 16 January 2014, the High Court decided that the Company has not proven its claim and dismissed the same with costs of RM40,000.00. The Company has further appeal to the Court of Appeal against the said decision (“Appeal”) and the same was fixed for Hearing on 20 August 2014. The Court of Appeal has allowed the Appeal, reversed the High Court Judge’s decision and granted judgment against the Defendant as follows:-

- (1) a declaration that the Defendant is liable to account to the Company for the sums of USD2.5 million;
- (2) an Order for payment of the sum of USD1.5 million by the Defendant to the Company;
- (3) an Order for payment of the sum of USD1.0 million by the Defendant to the Company; and
- (4) costs of RM50,000.00 for the proceedings in the Court of Appeal and High Court to be paid by the Defendant to the Company.

Except as disclosed above, there were no other material changes in material litigation since the last annual financial year and made up to 25 August 2014, being the latest practicable date from the date of the issue of this quarterly report.

12. Dividends paid

On 6 June 2014, the Company declared first cumulative preference dividends to the holders of Irredeemable Convertible Preference Shares (“ICPS”) and Redeemable Convertible Preference Shares (“RCPS”) at a dividend rate of 1.25 sen per ICPS and 0.75 sen per RCPS amounting to a total of RM339,519 which was paid on 11 July 2014.

13. Earnings per share

Basic Earnings Per Share (Basic 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.

	Current quarter 30.6.2014	Preceding year corresponding quarter 30.6.2013	Financial period to-date 30.6.2014	Preceding year corresponding period to-date 30.6.2013
Net profit for the period attributable to owners of the parent (RM'000)	17,044	6,450	28,356	6,825
Weighted average number of ordinary shares ('000)	256,444	102,000	213,420	102,000
Basic EPS (sen)	6.65	6.32	13.29	6.69

Diluted Earnings Per Share (Diluted EPS)

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 share.

	Current quarter 30.6.2014	Preceding year corresponding quarter 30.6.2013	Financial period to-date 30.6.2014	Preceding year corresponding period to-date 30.6.2013
Net profit for the period attributable to owners of the parent (RM'000)	17,044	-	28,356	-
Adjustment for convertible preference dividend (RM'000)	340	-	340	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	17,384	-	28,696	-
Weighted average number of ordinary shares ('000)	256,444	-	213,420	-
Adjustment for ICPS ('000)	50,265	-	69,249	-
Adjustment for RCPS ('000)	32,610	-	55,777	-
Adjustment for Warrants ('000)	29,144	-	29,660	-
Adjusted weighted average number of ordinary shares in issue ('000)	368,463	-	368,106	-
Diluted EPS (sen)	4.72	N/A*	7.80	N/A*

*N/A*Not applicable when the diluted earnings per share is not presented as there were no potential dilutive ordinary shares outstanding as at 30 June 2013.*

14. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 30 June 2014.

15. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment	75	62	153	311
Interest expenses	-	243	22	476
Provision for liquidated ascertained damages	756	755	1,503	1,459
And Crediting:-				
Gain on disposal of associated company	-	9,059	-	9,059
Interest income	198	12	342	13

By Order of the Board
Wong Kit-Leong
Chief Executive Officer
Kuala Lumpur
25 August 2014