

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the financial period ended 30 September 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	30 Sept 2014	30 Sept 2013	30 Sept 2014	30 Sept 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	95,045	61,586	265,992	101,517
Cost of Sales	(66,941)	(53,346)	(199,998)	(88,320)
<b>Gross Profit</b>	<u>28,104</u>	<u>8,240</u>	<u>65,994</u>	<u>13,197</u>
Other income	4	154	89	9,314
Administrative expenses	(1,747)	(1,208)	(4,900)	(3,507)
Operating expenses	(1,593)	(2,726)	(8,675)	(7,092)
<b>Profit from operating activities</b>	<u>24,768</u>	<u>4,460</u>	<u>52,508</u>	<u>11,912</u>
Finance income	48	19	390	32
Finance cost	(352)	(244)	(374)	(720)
<b>Net finance (cost)/income</b>	<u>(304)</u>	<u>(225)</u>	<u>16</u>	<u>(688)</u>
<b>Profit before tax</b>	<u>24,464</u>	<u>4,235</u>	<u>52,524</u>	<u>11,224</u>
Taxation	(5,999)	-	(5,700)	-
<b>Profit for the period</b>	<u>18,465</u>	<u>4,235</u>	<u>46,824</u>	<u>11,224</u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	28	-	(83)	-
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>28</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>18,493</u>	<u>4,235</u>	<u>46,741</u>	<u>11,224</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	18,481	2,773	46,837	9,597
Non-Controlling Interest	(16)	1,462	(13)	1,627
<b>Profit for the period</b>	<u>18,465</u>	<u>4,235</u>	<u>46,824</u>	<u>11,224</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	18,509	2,773	46,754	9,597
Non-Controlling Interest	(16)	1,462	(13)	1,627
<b>Total comprehensive income for the period</b>	<u>18,493</u>	<u>4,235</u>	<u>46,741</u>	<u>11,224</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic	<u>6.00</u>	<u>2.72</u>	<u>19.09</u>	<u>9.41</u>
Diluted	<u>5.00</u>	<u>N/A*</u>	<u>12.80</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 SEPTEMBER 2014

	As at <u>30 Sept 2014</u> RM'000 (Unaudited)	As at <u>31 Dec 2013</u> RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	12,671	5,968
Land and Property Development Costs	27,052	111,068
Other receivables	-	500
Deferred Tax Assets	2,000	7,500
	<u>41,723</u>	<u>125,036</u>
<b>Current Assets</b>		
Amount due from customers on contracts	6,515	11,193
Land and Property Development Costs	145,390	12,166
Inventories	703	620
Trade Receivables	62,574	45,708
Other Receivables	36,849	49,080
Fixed Deposits	1,522	38,494
Cash and Bank Balances	9,479	68,964
	<u>263,032</u>	<u>226,225</u>
<b>TOTAL ASSETS</b>	<u>304,755</u>	<u>351,261</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Parent</b>		
Ordinary Share Capital	155,192	51,000
Irredeemable Convertible Preference Shares ("ICPS")	100	1,020
Redeemable Convertible Preference Shares ("RCPS")	227	1,336
Share Premium - ICPS	4,905	49,980
Share Premium - RCPS	11,111	65,445
Warrant Reserves	7,734	8,670
Warrant Premium	551	-
Other Reserves	(29,687)	-
Foreign Exchange Reserve	(439)	(356)
Accumulated Losses	(46,110)	(93,883)
	<u>103,584</u>	<u>83,212</u>
<b>Non-Controlling Interest</b>	(343)	6,236
<b>Total Equity</b>	<u>103,241</u>	<u>89,448</u>
<b>Current Liabilities</b>		
Provision for liquidated ascertained damages	7,839	21,956
Short Term Borrowings	3,348	40,000
Trade Payables	75,417	61,072
Other Payables	112,985	138,381
Hire Purchase Payables	1,334	-
Tax payable	591	404
	<u>201,514</u>	<u>261,813</u>
<b>Total Liabilities</b>	<u>201,514</u>	<u>261,813</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>304,755</u>	<u>351,261</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.33</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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the financial period ended 30 September 2014

(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	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	Total Equity RM'000
<b>At 1 January 2014</b>	51,000	1,020	1,336	49,980	65,445		(356)		8,670	(93,883)	83,212	6,236	89,448
Conversion of ICPS	45,995	(920)		(45,075)									
Conversion of RCPS	55,443		(1,109)		(54,334)								
Exercise of Warrants	2,754					551			(936)	936	3,305		3,305
Acquisition of additional interest in a subsidiary													
Incorporation of subsidiary								(29,687)			(29,687)	(6,860)	(36,547)
Other comprehensive income for the year												294	294
Net profit for the year								(83)			(83)		(83)
<b>At 30 September 2014</b>	155,192	100	227	4,905	11,111	551	(439)	(29,687)	7,734	(46,110)	103,584	(343)	103,241

  

	Attributable to Owners of the Parent				
	Share Capital RM'000	Non-Distributable Foreign Exchange Reserve RM'000	Accumulated Losses RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
<b>At 1 January 2013</b>	102,000	4,907	(158,714)	992	(50,815)
Other comprehensive income for the year		(5,391)	5,241		(150)
Net profit for the year			9,597	1,627	11,224
<b>At 30 September 2013</b>	102,000	(484)	(143,876)	2,619	(39,741)

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 financial period ended 30 September 2014

(The figures have not been audited)

	9 months ended 30 Sept 2014 RM'000	9 months ended 30 Sept 2013 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	52,524	11,224
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	255	374
Fair value adjustments on other receivable	-	-
Impairment of trade receivables	-	-
Gain on disposal of property, plant and equipment	-	(1)
Gain on disposal of associated company	-	(9,164)
(Reversal of)/Provision for liquidated ascertained damages	(417)	2,223
Reversal of impairment on trade receivables	-	-
Writeback of provision	-	-
Finance cost	374	720
Finance income	(390)	(32)
<b>Operating profit before working capital changes</b>	<b>52,346</b>	<b>5,344</b>
<b>Movements in working capital</b>		
Land and property development costs	(49,209)	(5,882)
Amount owing by/to customer on contracts	4,678	(1,118)
Inventories	(83)	(214)
Receivables	(4,134)	(18,279)
Payables	(11,050)	27,193
	<b>(59,798)</b>	<b>1,700</b>
<b>Cash generated from / (used in) operations</b>		
Interest paid	(374)	(720)
Tax (paid)/ recovery	(14)	-
Tax refund	-	-
Payment of liquidated ascertained damages	(13,701)	(257)
	<b>(14,089)</b>	<b>(977)</b>
<b>Net cash (used in)/from operating activities</b>	<b>(21,541)</b>	<b>6,067</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,146)	(2,421)
Proceeds from disposal of PPE	-	-
Net cash inflow from disposal of associate	-	-
Interest Received	390	32
Acquisition of additional interest in a subsidiary (net)	(36,547)	-
Incorporation of subsidiary	294	-
	<b>(38,009)</b>	<b>(2,389)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) / Drawdown of term loan	(40,000)	-
Repayment of hire purchase	(129)	-
Proceeds from issuance of ICPS	-	-
Issuance of warrants	3,305	-
	<b>(36,824)</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(96,374)</b>	<b>3,678</b>
Effect of changes in foreign exchange	(83)	219
<b>OPENING BALANCE</b>	<b>107,458</b>	<b>(1,082)</b>
<b>CLOSING BALANCE</b>	<b>11,001</b>	<b>2,815</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	9,479	4,041
Bank overdraft	-	(5,084)
Fixed deposits with licensed banks	1,522	3,858
	<b>11,001</b>	<b>2,815</b>

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)

### A) EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

#### 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 Main Market 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. Significant 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 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 2014 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

#### FRSs effective 1 January 2014

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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:

#### FRSs that have been issued by the MASB but are not yet effective for the Company:

		Effective date for financial periods beginning on or after
Amendments to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle		1 July 2014

Annual Improvements to FRSs 2011 - 2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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 2017.

The Group is currently assessing the implications and financial impact of transition to the MFRS Framework and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

### 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 reporting

Business Segment	For cumulative 9 months ended 30 September 2014			
	Revenue		Profit attributable to owners of the Company	
	30.9.14 RM'000	30.9.13 RM'000	30.9.14 RM'000	30.9.13 RM'000
Construction	162,745	55,318	5,739	6,013
Property Development	139,394	22,703	44,864	5,453
Ready mixed concrete	29,961	23,415	(105)	(89)
Others	2,360	81	1,287	(153)
Inter-segment eliminations	(68,468)	-	(4,961)	-
Total before non-controlling interest	265,992	101,517	46,824	11,224
Non-controlling interest	-	-	13	(1,627)
<b>Total</b>	<b>265,992</b>	<b>101,517</b>	<b>46,837</b>	<b>9,597</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 period ended 30 September 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**

No dividends have been declared for 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 period to-date.

**11. Changes in composition of the Group**

Save for those disclosed below, there were no changes in the composition of the Group for the current quarter under review.

- (a) On 26 August 2014, the Company's wholly-owned Labuan subsidiary, Ho Hup Construction Company (L) Ltd. had incorporated a company in Myanmar, namely Ho Hup (Myanmar) E&C Co., Ltd. ("Ho Hup Myanmar") with the equity interest of 70% in the issued and paid-up capital of the ordinary shares of Ho Hup Myanmar.

The authorised and issued paid-up share capital of Ho Hup Myanmar is USD300,000 comprising 300,000 ordinary shares of USD1.00 each.

The principal business activities of Ho Hup Myanmar shall be the business of property development, construction and such other business as may be approved by the shareholders from time to time.

- (b) On 14 October 2014, the Company had acquired two (2) ordinary shares of RM1.00 each in the share capital of Nippon Awanatech Sdn Bhd ("NASB"),

representing 100% of the total issued and paid-up share capital of NASB, at a total consideration of RM2.00 (“the Acquisition”). Upon completion of the Acquisition, NASB became a wholly-owned subsidiary of the Company.

NASB was incorporated in Malaysia under the Companies Act, 1965 on 5 June 2014 with an authorised share capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each of which two (2) ordinary shares have been issued and fully paid-up. NASB has not commenced any operation since incorporation and the intended principal activity of NASB will be construction, property development and investment holding.

## 12. Changes in contingent liabilities

### a) Contingent liabilities

	Group		Company	
	30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
Corporate guarantees given to a supplier of goods to a subsidiary company (unsecured)				
- Limit of guarantee	16,533	10,000	16,533	10,000
- Amount utilised	8,573	5,007	8,573	5,007
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. Capital Commitment

There was no capital commitment as at the date of this interim financial report.

## 14. Subsequent events

On 8 September 2014, Ho Hup Myanmar had entered into a Joint Venture Agreement (“JVA”) with Zaykabar Company Limited (“Zaykabar”) who own 191 parcels of residential land in Mingalardon Garden City in Myanmar (known as “Z Villas 191 Units Land”) of which Zaykabar granted the rights to develop the Z Villas 191 Units Land to Ho Hup Myanmar. Construction of the first phase show houses is scheduled to commence in early 2015. Ho Hup intends to build up its presence in Myanmar.



## HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

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

#### 1. Group Performance Review

##### a) Performance of the Current Quarter Compared with Previous Year Corresponding Quarter

The Group recorded a revenue of RM95.0 million and profit after tax of RM18.5 million as compared with revenue of RM61.6 million and profit after tax of RM4.2 million registered for the same corresponding quarter ended the previous year.

Divisional performance is as follows:-

- Construction Division current quarter reported a revenue of RM55.7 million with a marginal profit after tax of RM16,000 against last year corresponding quarter revenue of RM38.8 million and a loss after tax of RM0.4 million. The higher revenue in the current quarter was mainly contributed by on-going projects in Malaysia. The low profit after tax were due to once-off costs incurred for securing bank loans and higher operational overheads due to active participation in tendering for new projects.
- Property Development Division current quarter registered a revenue of RM62.1 million and profit after tax of RM19.3 million as compared last year corresponding quarter revenue of RM14.4 million and profit after tax of RM4.9 million. The better performance for the current quarter was attributed by the development progress of Parcel A Aurora Place project though no profit recognized from the joint-venture development with Pioneer Haven Sdn Bhd, as work-in-progress has not reached the second stage of progress billing.
- Ready Mix Concrete Division current quarter reported a revenue of RM11.1 million and a loss after tax of RM139,000 against last year corresponding quarter revenue of RM8.3 million and loss after tax of RM118,000. The poor results was mainly due to higher costs associated with the on-going expansion of the ready mix plants and increased depreciation charges for new capital expenditure.

##### b) Performance of the 9 months financial period

The Group's overall performance for the financial period ended 30 September 2014 recorded a revenue of RM266.0 million and a profit after tax of RM46.8 million as compared to a revenue of RM101.5 million and a profit after tax of RM11.2 million for the same period in the previous year.

The major contributor is the Property Development Division which continues to record strong performance due to the strategic location of its landbank.

**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 RM24.5 million in the current quarter ended 30 September 2014 as compared to profit before tax of RM16.7 million in the immediate preceding quarter ended 30 June 2014. The increase in profit before tax for the current quarter is mainly from on-going development of Parcel A Aurora Place and Aurora Sovo.

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

The Group has entered a new phase to reposition its growth strategies and reshape its capital management initiatives, after successfully completed its restructuring exercise with the last instalment of its Scheme of Arrangement with its creditors fully settled in October 2014.

The Group is still expanding on its overseas presence and had secured development rights to construct residential properties in Myanmar scheduled to commence by early 2015. Active tendering for both construction and property development projects are still on-going in the country, in line with the major infrastructure opportunities initiated by the Government.

Accordingly, the Group's overall business performance is expected to be better for the current financial year.

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

This is not applicable.

**5. Taxation**

The breakdown of tax expense for the quarter and financial year-to-date are as follows:

	<b>3 Months Ended 30.9.2014 RM'000</b>	<b>9 Months Ended 30.9.2014 RM'000</b>
Current period tax expense	499	200
Deferred tax expense	5,500	5,500
	<u>5,999</u>	<u>5,700</u>

Higher effective tax rate was mainly due to realisation of deferred tax assets to profit or loss.

**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.

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, which was completed with the last installment paid in October 2014.

- b) 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 proceeds raised has been fully utilized as at the date of this report are described as below:

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Expected Timeframe for Utilisation</b>
To fund future projects	8,000	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	3,000	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
<b>Total Proceeds</b>	<b>51,000</b>	<b>51,000</b>	

- c) On 5 September 2014, Ho Hup announced that the Company proposed to implement a private placement of up to 38,856,195 new ordinary shares of RM0.50 each in Ho Hup to independent third party investors to be identified at a later date.

On 10 September 2014, Ho Hup had submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ("Bursa Securities"). On 10 November 2014, Bursa Securities had approved the listing and quotation for up to 38,856,195 new ordinary shares of RM1.00 each in Ho Hup to be issued pursuant to the Proposed Private Placement, on the Main Market of Bursa Securities, subject to the following conditions:-

- (i) Ho Hup and M&A Securities must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Private Placement.
- (ii) Ho Hup and M&A Securities are to inform Bursa Securities upon the completion of the Private Placement.
- (iii) Ho Hup is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Private Placement is completed.

7. Group borrowings and debt securities	30.9.2014 RM'000	31.12.2013 RM'000
Short term borrowings denominated in Ringgit Malaysia:		
Secured	3,348	40,000
Unsecured	-	-
Total Borrowings	3,348	40,000

#### 8. Derivative Financial instrument

For the quarter ended 30 September 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 September 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 September 2014 RM'000	As At 31 December 2013 RM'000
Accumulated Losses- Realised	(81,734)	(140,945)
Accumulated Losses - Unrealised	2,000	7,500
Less: consolidated adjustments	33,624	39,562
	(46,110)	(93,883)

#### 11. Changes in material litigations

- (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 4 December 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 4 December 2014 and 7 December 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 BJDSB ("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 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").

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 has been fixed for Hearing on 30 October 2014. However, Zen Courts filed an application to adjourn the same due to its appointment of a new counsel. The Leave Application is now fixed for Hearing on 5 March 2015.

Meanwhile, Zen Courts has further filed a Notice of Appeal to the Court of Appeal against the decision of Y.A. Tuan Abu Bakar Bin Jais on 15 October 2014 where the Judge affirmed the decision of the Deputy Registrar to rectify the order of the High Court given on 18 July 2013 by Y.A. Datuk Mary Lim ("Order") to correct the clerical error which omitted the words "By Consent" as to the payment of interest by the Company at 5% per annum from the date of that Order. The Court of Appeal has yet to fix Hearing date for such appeal.

On February 2014, the Company's application for the Consequential Orders was allowed by the High Court. The transfer of the BJDSB 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.

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.

The Defendant, being dissatisfied with the judgment granted by the Court of Appeal, has subsequently filed an application for leave to appeal to the Federal Court ("Leave Application"). The Federal Court has fixed a Case Management for the Leave Application on 26 December 2014.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 27 November 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 under review.

### 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 30.9.2014	Preceding year corresponding quarter 30.9.2013	Financial period to-date 30.9.2014	Preceding year corresponding period to-date 30.9.2013
Net profit for the period attributable to owners of the parent (RM'000)	18,481	2,773	46,837	9,597
Weighted average number of ordinary shares ('000)	308,107	102,000	245,329	102,000
<b>Basic EPS (sen)</b>	<b>6.00</b>	<b>2.72</b>	<b>19.09</b>	<b>9.41</b>

#### **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 30.9.2014	Preceding year corresponding quarter 30.9.2013	Financial period to-date 30.9.2014	Preceding year corresponding period to-date 30.9.2013
Net profit for the period attributable to owners of the parent (RM'000)	18,481	-	46,837	-
Adjustment for convertible preference dividend (RM'000)	-	-	340	-
<b>Adjusted net profit for the period attributable to owners of the parent (RM'000)</b>	<b>18,481</b>	<b>-</b>	<b>47,177</b>	<b>-</b>
Weighted average number of ordinary shares ('000)	308,107	-	245,329	-
Adjustment for ICPS ('000)	10,554	-	49,469	-
Adjustment for RCPS ('000)	24,408	-	45,206	-
Adjustment for Warrants ('000)	26,797	-	28,603	-
<b>Adjusted weighted average number of ordinary shares in issue ('000)</b>	<b>369,866</b>	<b>-</b>	<b>368,607</b>	<b>-</b>
<b>Diluted EPS (sen)</b>	<b>5.00</b>	<b>N/A*</b>	<b>12.80</b>	<b>N/A*</b>

*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 September 2013.*

### 14. Significant Related Party Transactions

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

15. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment	102	62	255	374
Finance cost	352	244	374	720
(Reversal of)/Provision for liquidated ascertained damages	(1,920)	764	(417)	2,223
<b>And Crediting:-</b>				
Gain on disposal of associated company	-	105	-	9,164
Gain on disposal of property, plant and equipment	-	-	-	1
Finance income	48	19	390	32

**By Order of the Board**  
Wong Kit-Leong  
Chief Executive Officer  
Kuala Lumpur  
27 November 2014