

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the financial period ended 30 June 2015

(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Revenue	61,638	88,531	149,601	170,947
Cost of Sales	(39,363)	(67,158)	(100,604)	(133,057)
<b>Gross Profit</b>	<u>22,275</u>	<u>21,373</u>	<u>48,997</u>	<u>37,890</u>
Other income	224	58	443	85
Administrative expenses	(3,870) *	(1,588)	(6,165) *	(3,153)
Operating expenses	(2,827)	(3,307)	(4,474)	(7,082)
<b>Profit from operating activities</b>	<u>15,802</u>	<u>16,536</u>	<u>38,801</u>	<u>27,740</u>
Finance income	150	198	219	342
Finance cost	(285)	-	(854)	(22)
<b>Net finance (cost)/income</b>	<u>(135)</u>	<u>198</u>	<u>(635)</u>	<u>320</u>
<b>Profit before tax</b>	<u>15,667</u>	<u>16,734</u>	<u>38,166</u>	<u>28,060</u>
Taxation	(1,500)	299	(3,998)	299
<b>Profit for the period</b>	<u>14,167</u>	<u>17,033</u>	<u>34,168</u>	<u>28,359</u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	0	(5)	69	(111)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>0</u>	<u>(5)</u>	<u>69</u>	<u>(111)</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>14,167</u>	<u>17,028</u>	<u>34,237</u>	<u>28,248</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	14,184	17,044	34,278	28,356
Non-Controlling Interest	(17)	(11)	(110)	3
<b>Profit for the period</b>	<u>14,167</u>	<u>17,033</u>	<u>34,168</u>	<u>28,359</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	14,184	17,039	34,347	28,245
Non-Controlling Interest	(17)	(11)	(110)	3
<b>Total comprehensive income for the period</b>	<u>14,167</u>	<u>17,028</u>	<u>34,237</u>	<u>28,248</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic	<u>3.84</u>	<u>6.66</u>	<u>10.07</u>	<u>13.29</u>
Diluted	<u>3.34</u>	<u>4.72</u>	<u>8.64</u>	<u>7.80</u>

\*Inclusive of gratuity payment to the retired directors approved by shareholders at the Annual General Meeting held on 18 June 2015.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 30 JUNE 2015

	As at <b>30 June 2015</b> RM'000 (Unaudited)	As at <b>31 Dec 2014</b> RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	12,605	11,708
Land rights	80,810	-
Goodwill	537	-
Land and property development costs	18,266	9,753
	<u>112,218</u>	<u>21,461</u>
<b>Current Assets</b>		
Amount due from customers on contracts	6,068	6,032
Accrued billing in respect of property development costs	137,639	95,464
Land and property development costs	124,230	116,117
Inventories	649	600
Trade receivables	90,033	80,050
Other receivables	37,268	33,344
Fixed deposits	5,425	951
Cash and bank balances	9,255	9,278
	<u>410,567</u>	<u>341,836</u>
<b>TOTAL ASSETS</b>	<u>522,785</u>	<u>363,297</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	172,542	155,629
Irredeemable Convertible Preference Shares ("ICPS")	83	97
Redeemable Convertible Preference Shares ("RCPS")	209	222
Share premium	34,149	16,138
Warrant reserves	7,724	7,734
Other reserves	(29,687)	(29,687)
Foreign exchange reserve	(259)	(327)
Retained Profit/ (Accumulated losses)	7,091	(27,197)
	<u>191,852</u>	<u>122,609</u>
<b>Non-Controlling Interest</b>	<u>13,655</u>	<u>1,098</u>
<b>Total Equity</b>	<u>205,507</u>	<u>123,707</u>
<b>Non-Current Liabilities</b>		
Finance lease liabilities	2,959	2,672
Bank borrowings	29,433	18,247
Deferred tax liabilities	19,394	-
	<u>51,786</u>	<u>20,919</u>
<b>Current Liabilities</b>		
Amount owing to customers on contracts	9,663	9,663
Provision for liquidated ascertained damages	555	1,770
Bank borrowings	53,395	17,676
Trade payables	122,046	90,464
Other payables	68,682	92,314
Finance lease liabilities	1,364	993
Tax payable	9,787	5,791
	<u>265,492</u>	<u>218,671</u>
<b>Total Liabilities</b>	<u>317,278</u>	<u>239,590</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>522,785</u>	<u>363,297</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.56</u>	<u>0.39</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 financial period ended 30 June 2015

(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	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000		Retained Profit/ (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interest RM'000
<b>At 1 January 2015</b>	155,629	97	222	16,138	(327)	7,734	(29,687)	(27,197)	122,609	1,098	123,707
Total comprehensive income for the financial period	-	-	-	-	68	-	0	34,278	34,346	(110)	34,236
<b>Transactions with owners:</b>											
Conversion of ICPS	708	(14)	-	(694)	-	-	-	-	-	-	-
Conversion of RCPS	612	-	(13)	(599)	-	-	-	-	-	-	-
Exercise of Warrants	31	-	-	6	-	(10)	-	10	37	-	37
Issuance of shares pursuant to the Private Placement	15,562	-	-	19,298	-	-	-	-	34,860	-	34,860
Contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	12,667	12,667
<b>Total transactions with owners</b>	16,913	(14)	(13)	18,011	-	(10)	-	10	34,897	12,667	47,564
<b>At 30 June 2015</b>	172,542	83	209	34,149	(259)	7,724	(29,687)	7,091	191,852	13,655	205,507

	Attributable to Owners of the Parent							Total Equity RM'000			
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000		Accumulated Losses RM'000	Total RM'000	Non- Controlling Interest RM'000
<b>At 1 January 2014</b>	51,000	1,020	1,336	115,425	(356)	8,670	-	(93,883)	83,212	6,236	89,448
Total comprehensive income for the financial period	-	-	-	-	(111)	-	-	28,356	28,245	3	28,248
<b>Transactions with owners:</b>											
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 from non-controlling interest	-	-	-	-	-	-	(29,687)	-	(29,687)	(6,860)	(6,860)
<b>Total transactions with owners</b>	101,662	(908)	(1,071)	(96,378)	-	(936)	(29,687)	936	(26,382)	(6,860)	(33,242)
<b>At 30 June 2014</b>	152,662	112	265	19,047	(467)	7,734	(29,687)	(64,591)	85,075	(621)	84,454

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 and the accompanying explanatory notes to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the quarter ended 30 June 2015

	6 months ended 30 June 2015 RM'000	6 months ended 30 June 2014 RM'000
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	38,166	28,060
Adjustments for non-cash items:		
Bad Debt written off	-	-
Depreciation of property, plant and equipment	901	153
Deposit written off	-	-
Reversal of fair value adjustment on other receivable	-	-
Impairment of trade receivables	-	-
Impairment on other receivable	-	-
Gain on disposal of non current asset held for sale	-	-
Gain on disposal of property, plant and equipment	(16)	-
Gain on disposal of associated company	-	-
(Reversal) / provision for liquidated ascertained damages	0	1,503
Provision of deferred tax asset	-	-
Reversal of impairment on trade receivables	-	-
Reversal of impairment on other receivables	-	-
Reversal of over accruals	-	-
Writeback of provision	-	-
Finance cost	854	22
Finance income	(219)	(342)
<b>Operating profit before working capital changes</b>	<b>39,686</b>	<b>29,396</b>
<b>Movements in working capital</b>		
Land and property development costs	(8,123)	(39,114)
Accrued billing / Progress billing in respect of PDC	(42,174)	-
Amount owing by customer on contract	(36)	(14,077)
Inventories	(49)	74
Receivables	(13,485)	5,856
Payables	(961)	9,185
<b>Cash generated from / (used in) operations</b>	<b>(64,828)</b>	<b>(38,076)</b>
Interest paid	(854)	(22)
Tax paid	(5)	-
Tax refund	2	-
Payment of liquidated ascertained damages	(1,215)	(8,513)
Exchange fluctuation adjustment	-	-
<b>Net cash from / (used in) operating activities</b>	<b>(2,072)</b>	<b>(8,535)</b>
	<b>(27,214)</b>	<b>(17,215)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(375)	(1,110)
Proceeds from disposal of property, plant and equipment	19	-
Proceeds from disposal of investment in an associated company (net of transaction costs)	-	-
Interest received	219	342
Acquisition of additional interest in a subsidiary (net)	(29,445)	(36,547)
Contribution from non-controlling interest	40	-
	<b>(29,542)</b>	<b>(37,315)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	-	(40,000)
Drawdown of term loan	12,594	-
Repayment of hire purchase	(674)	-
Proceeds from issuance of shares	34,860	-
Proceeds from exercise of warrants	37	3,305
	<b>46,817</b>	<b>(36,695)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,939)</b>	<b>(91,225)</b>
Effect of changes in foreign exchange rate	69	(111)
Cash and cash equivalent restricted	-	-
<b>OPENING BALANCE</b>	<b>(7,447)</b>	<b>107,458</b>
<b>CLOSING BALANCE</b>	<b>(17,317)</b>	<b>16,122</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	9,255	11,300
Bank overdraft	(31,997)	-
Fixed deposits with licensed banks	5,425	4,822
	<b>(17,317)</b>	<b>16,122</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2014 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 2014. 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 2014.

#### 2. Significant accounting policies

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2014.

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 of the Group 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

2. **Significant accounting policies (cont'd)**

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

The Group have not applied the following new FRSs and amendments to FRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group.

		Effective dates 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
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	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 2014 for the Group was not qualified.

**4. Segment reporting**

	Cumulative 6 months			
	Revenue		Profit attributable to owners of the parent	
Business Segment	30.6.15 RM'000	30.6.14 RM'000	30.6.15 RM'000	30.6.14 RM'000
Construction	67,018	107,083	3,007	5,723
Property Development	68,814	77,246	31,783	25,542
Ready Mixed Concrete	32,398	18,865	352	34
Others	-	2,360	(1,150)	1,441
Inter- segment eliminations	(18,629)	(34,607)	176	(4,381)
Total before non-controlling interest	<b>149,601</b>	<b>170,947</b>	<b>34,168</b>	<b>28,359</b>
Non-controlling interest	-	-	110	(3)
Total	<b>149,601</b>	<b>170,947</b>	<b>34,278</b>	<b>28,356</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 June 2015.

**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 materials and increase in the cost of construction materials for the quarter under review.

**8. Dividends paid**

On 8 June 2015, the Company declared the third 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 RM260,336 which was paid on 13 July 2015.

**9. Valuation of property, plant and equipment**

The property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. No valuations have been undertaken in prior year and financial period to-date.

**10. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review, except for the following:

- (a) 843,100 ICPS have been converted into ordinary shares of RM0.50 each; and
- (b) 332,622 RCPS have been converted into ordinary shares of RM0.50 each.

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

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

- (a) On 12 June 2015, the Company had incorporated a 75% owned subsidiary company, namely Ho Hup Ventures (KK) Sdn Bhd (“HHVKK”) in Malaysia under the Companies Act, 1965 with an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and total issued and paid-up share capital of RM100.00, of which 75 ordinary shares of RM1.00 each are held by the Company and the remaining 25 ordinary shares of RM1.00 each are held by Tribeca Real Estate Asset Management Sdn Bhd (“Tribeca”).
- (b) On 26 June 2015, HHVKK, the 75% owned subsidiary company of the Company, had entered into a Share Sale Agreement with Agro Padi Sdn Bhd for the acquisition of 70% equity interest in Golden Wave Sdn Bhd (“GWSB”) for cash consideration of RM30 million.

**12. Changes in contingent liabilities**

a) Contingent liabilities

	Group		Company	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
Corporate guarantees given to suppliers of goods of a subsidiary company (unsecured)				
- Limit of guarantee	-	-	23,533	16,533
- Amount utilised	-	-	15,420	5,370



Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects:				
- Secured	200	-	-	-
- Unsecured	100	-	100	-

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

Save as disclosed below, there was no capital commitment as at the date of this financial report.

	<b>30.6.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure Approved and contracted for:		
- Purchase of property, plant and equipment	<u>2,720</u>	<u>3,348</u>

### 14. Material Events Subsequent to the End of Interim Period

On 23 July 2015, the Company had incorporated a 75% owned subsidiary company, namely HHVJ in Malaysia under the Companies Act, 1965 with an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and total issued and paid-up share capital of RM100.00, of which 75 ordinary shares of RM1.00 each are held by the Company and the remaining 25 ordinary shares of RM1.00 each are held by Tribeca.

## 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 Cumulative Six Months Compared with Previous Year Six Months

For the cumulative six months, the Group's Profit After Tax (PAT) increased by RM5.8 million as compared to cumulative six months of previous year due to work from Parcel A and the Joint Development income from Pioneer Haven Sdn Bhd which generate higher gross profit margin.

With current quarter profit, the Group has reversed the accumulated losses from previous years to achieve a retained profit of RM7.1 million.

**b) Performance of the Current Quarter Compared with Previous Year Corresponding Quarter**

For the second quarter ended 30 June 2015, the Group posted revenue of RM61.6 million, a decrease of RM26.9 million as compared to the corresponding quarter of the preceding year of RM88.5 million. For the second quarter, the Group posted profit after tax of RM14.2 million as compared to the corresponding quarter of the preceding year of RM17.0 million.

Divisional performance is as follows: -

- The Construction Division registered revenue of RM22.4 million with a loss after tax of RM0.85 million in the current quarter against last year corresponding quarter revenue of RM49.1 million and profit after tax of RM5.0 million. The lower revenue as compared to the preceding year's quarter was mainly due to Kem Askar Johor and Karbala Project in Iraq reaching completion stages in current quarter.

The RM0.85 million loss after tax in the current quarter is mainly due to the lower revenue recorded and the provision of gratuity payment of RM1.3 million, approved by shareholders at the Company's Annual General Meeting held on 18 June 2015 for the retired directors.

- Property Development Division registered revenue of RM35.6 million and profit after tax of RM15.4 million in the current quarter as compared to last year's corresponding quarter of RM44.0 million and profit after tax of RM12.5 million. The lower revenue was mainly attributable by the Aurora Place, Parcel A project which was at certain stage of basement construction that necessitate a lower contribution pace. The Joint Venture Development with Pioneer Haven Sdn Bhd contributed RM10.7 million to the current quarter's revenue. Profit after tax is higher by RM2.9 million or 23% in current quarter mainly due to lower operating expenses recorded in the current quarter.
- Ready Mix Concrete Division reported a revenue of RM17.3 million and a profit after tax of RM169,000 in the current quarter against last year corresponding quarter revenue of RM8.8 million and a marginal after tax loss of RM105,000. Revenue increased by RM8.5 million or 96% mainly due to higher revenues recorded for the Bukit Jalil Plant and Putrajaya plants. The increase in profit in current quarter is due to the higher sales volume.

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

The Group registered a profit before tax of RM15.7 million in the current quarter ended 30 June 2015 as compared to a profit before tax of RM22.5 million in the immediate preceding quarter ended 31 March 2015. The lower profit before tax was mainly due to lower profit contribution from the Parcel A Aurora Place project and the provision of gratuity to the retired directors.

### 3. Business Prospects

Accounting for the second quarter 2015 profits, the Group's successfully eliminated its accumulated losses to a positive accumulated profits position.

The Group's Property Division is still the growth segment contributed by the Aurora Place and the residential development launched by Pioneer Haven Sdn Bhd which recorded significant market traction.

Moving forward, the Group's entrance into the property market in Kota Kinabalu via its acquisition of 70% equity interest in Golden Wave Sdn Bhd is expected to contribute positively in the next 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 30.6.2015 RM'000</b>	<b>6 Months Ended 30.6.2015 RM'000</b>
Current period tax expense	1,500	3,998
Deferred tax expense	-	-
	<u>1,500</u>	<u>3,998</u>

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to utilization of previous year unabsorbed losses.

### 6. Status of current corporate proposals

There were no 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.

- (a) On 23 January 2015, Ho Hup had completed the private placement following the listing of and quotation for 31,125,000 new ordinary shares of RM0.50 each in Ho Hup ("Placement Shares"). The Company had raised gross proceeds of RM34.86 million based on the issue price of RM1.12 per placement share. The proceeds of the private placement is fully utilised as at the date of this report as described below:

	<b>Proposed Utilisation</b>		<b>Actual Utilisation</b>
	<b>Minimum RM'000</b>	<b>Maximum RM'000</b>	<b>RM'000</b>
Working capital	40,559	50,867	34,101
To defray expenses relating to the private placement	1,000	1,200	759
<b>Total</b>	<b>41,559</b>	<b>52,067</b>	<b>34,860</b>

## 6. Status of current corporate proposals (cont'd)

- (b) On 24 April 2015, Ho Hup announced that the Company proposes to establish and implement an Employees' Share Option Scheme ("Scheme") of up to ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares, if any) at any one time during the duration of the Scheme, for the employees and Directors (excluding alternate directors, if any) of Ho Hup and its subsidiaries (excluding foreign and dormant subsidiaries) who fulfilled the eligibility criteria ("Proposed ESOS"). The application of the Company for the Scheme has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 12 May 2015.

On 25 May 2015, Bursa Securities had approved the listing of such number of new ordinary shares of RM0.50 each in the Company ("Ho Hup Shares"), representing up to 10% of the issued and paid-up share capital of Ho Hup to be issued pursuant to the exercise of options under the Scheme subject to the following:

- (i) TA Securities Holdings Berhad is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(2) of the Main Market Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting;
- (ii) Payment of additional listing fees, if relevant. In this respect, Ho Hup is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Proposed ESOS listed as at the end of each quarter together with a detail computation of listing fees payable; and
- (iii) To incorporate Bursa Securities' comments in respect of the draft circular.

On 18 June 2015, the shareholders of the Company have approved the Proposed ESOS during the Company's Extraordinary General Meeting held on that day.

The Company will announce the effective date of implementation of the Scheme in due course.

## 7. Group borrowings and debt securities

	30.6.2015 RM'000	31.12.2014 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	2,959	2,672
Bank borrowings	29,433	18,247
<u>Current</u>		
Bank borrowings	53,395	17,676
Finance lease liabilities	1,364	993
Total Borrowings	<u>87,151</u>	<u>39,588</u>

## 8. Derivative Financial instrument

For the quarter ended 30 June 2015, 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 2015, 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.

	<b>As At 30.6.2015 RM'000</b>	<b>As At 31.12.2014 RM'000</b>
Accumulated Losses- Realised	(26,780)	(60,787)
Accumulated Losses - Unrealised	-	-
Less: consolidated adjustments	33,871	33,590
	<b>7,091</b>	<b>(27,197)</b>

## 11. Changes in material litigations

### (a) Arbitration between Ho Hup Construction Company (India) Pte Ltd ("HHCCI") against Andhra Pradesh Housing Board

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

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

On 2 May 2005, HHCCI commenced an arbitration claim for damages amounting to Rs.2,544,512,230 being the unlawful termination of the abovementioned contract. The award in HHCCI's favour was published in 19 May 2008 ("Award").

The Company has since appointed Messrs Y. Ramarao to represent HHCCI in respect of the execution of the Award as well as the appeal lodged by APHB against same (“Appeal”). HHCCI filed its defence to the Appeal on 18 November 2013 and submitted to the Court *inter alia* that the Award does not suffer any infirmities and hence cannot be interfered: particularly, APHB had failed to make out a case to set-aside the Award as none of the grounds stated under Section 34 of the Arbitration and Conciliation Act, 1996 were raised by APHB in its appeal. In such circumstances, the appeal is devoid of merits and liable to be dismissed with costs. The next Hearing for this case fixed for 17 July 2015 but it has been postponed to a date to be fixed later .

- (b) **Dato’ Low Tuck Choy (“DLTC”) against Datuk Lye Ek Seang, Lim Ching Choy, Low Teik Kien, Dato’ Liew Lee Leong, Low Kim Leng, Lai Moo Chan, Long Md Nor Amran bin Long Ibrahim, Faris Najhan Bin Hashim, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir & Ho Hup (“Defendants”)**  
**Kuala Lumpur High Court Civil Suit No. S-22-525-2010**

On 31 July 2009, the Company was served by DLTC (“Plaintiff”) with a Writ of Summons KL High Court Civil Suit No. S-22-525-2009 seeking *inter alia* for special damages in the amount of United States Dollar (“USD”) 39,881,066.85 to be paid by the 1<sup>st</sup> to 9<sup>th</sup> Defendants to the Company. After the full trial on 27 March 2015, the High Court had dismissed the Plaintiff’s claim with costs in the sum of RM40,000.00 to be paid by the Plaintiff to the 1<sup>st</sup>, 2<sup>nd</sup> and 9<sup>th</sup> Defendants. The Plaintiff has subsequently filed a Notice of Appeal before the Court of Appeal on 9 April 2015 and the Records of Appeal (“ROA”) on 4 June 2015. However, the ROA is incomplete pending the completion of the Notes of Proceedings and the issuance of the Grounds of Judgment by the High Court which are to be included in the ROA. The Registrar has fixed for a next case management on 6 October 2015 for parties to give an update on the status of the ROA.

- (c) **Zen Courts Sdn. Bhd. (“Zen Courts”) against Bukit Jalil Development Sdn. Bhd. (“BJDSB”) & 2 others**  
**Kuala Lumpur High Court Petition No.26NCC-42-2011**

Pursuant to an Agreement dated 12 September 1995 (“the 1995 JVA”), the Company and United Engineers (Malaysia) Berhad (“UEM”) entered into a joint venture whereby the Company and UEM agreed to subscribe for shares in BJDSB in a 70%-30% ratio respectively. Subsequently, on 28 September 2009, Zen Courts entered into a Sale and Purchase Agreement to buy shares held by UEM in BJDSB. On 9 June 2011, Zen Courts served a sealed copy of the 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 had allegedly oppressed them and would not recognise their rights under the 1995 JVA.

On 27 March 2012, the High Court, after hearing the Petition, ordered a buy-out of Zen Court’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, of which Ferrier Hodgson MH Sdn. Bhd. (“FHMH”) was, by consensus, appointed as the independent valuer on 19 June 2012. The valuation report was issued by FHMH on 31 December 2012; in summary, having considered

all relevant factors, FHMH valued the 30% shareholding stake in BJDSB held by Zen Courts to be RM35,970,000.00 .

Zen Courts subsequently filed applications to review the valuation and for an interim payment of the amount so valued viz. RM35,970,000.00. The Company further filed an application to confirm the valuation pursuant to the Buy-Out Order. On 18 July 2013, the High Court dismissed the applications filed by Zen Courts and further ordered, *inter alia*, that the Company shall purchase the 4,500,000 shares (“the 30% Shares”) in BJDSB held by Zen Courts at the aggregate purchase price of RM35,970,000.00 (“Purchase Price”), which works out to the price of about RM7.99 per share. The High Court also ordered, with the consent of the parties, that interest at 5% per annum be payable from 18 July 2013 to the date of full payment of the Purchase Price (“the Order”).

As Zen Courts failed or refused to comply with the Order given by the High Court to transfer the 30% Shares, the Company further applied for a consequential order to direct the Form of Transfer of the 30% Shares (Form 32A) to be executed by the Deputy Registrar of the High Court and the Company to deliver banker’s cheques for the Purchase Price and interest. On 25 February 2014 the High Court granted the consequential order. In compliance with the consequential order, the Deputy Registrar executed the Form of Transfer and the Company delivered the banker’s cheques for the total Purchase Price and interest. Accordingly, the transfer of the 30% Shares of Zen Courts to the Company as ordered by the Court was completed on 7 March 2014.

Meanwhile, on 14 August 2013, Zen Courts filed two (2) Notices of Appeal to the Court of Appeal (“Valuation Appeals”) in respect of Orders made on 18 July 2013 by the High Court, *inter-alia*, (i) dismissing Zen Courts’ application to make further representations on the Valuation Report and FHMH to be subjected to cross-examination and; (ii) fixing the Purchase Price of the Shares at RM35,970,000.00 and related orders. The Appeals have since been dismissed by the Court of Appeal on 19 February 2014. Dissatisfied, Zen Courts filed an application for leave to the Federal Court to appeal against the dismissal of its Appeals (“Leave Application”). The Leave Application was heard by the Federal Court on 5 May 2015 and the Federal Court gave leave to appeal on two (2) questions of law i.e. it has allowed Zen Courts to file its appeal proper for the Valuation Appeals to be heard by the Federal Court. The Federal Court has fixed this appeal for a case management on 16 November 2015.

Zen Courts has also filed another application for leave to the Federal Court to appeal against the entire decision of the Court of Appeal made on 12 March 2014 (which dismissed its appeal against the decision of the High Court on 15 October 2014 to rectify the Order due to a clerical error which omitted the words “By Consent” as to the payment of interest by Ho Hup at 5% per annum from the date of such Order (“Clerical Error Leave Application)). The Clerical Error Leave Application has since been dismissed by the Federal Court on 2 July 2015 with costs of RM20,000 to be paid to the Company and HHER.

With this result, Zen Courts has exhausted avenues of appeal against the “*by consent*” aspects of the Order, and will not be allowed further to challenge the Order that interest at 5% per annum on the Purchase Price for 30% Shares in BJDSB shall be calculated from the date of the Order (i.e 18 July 2013).

(d) **Ho Hup Construction Company Berhad against Woo Thin Choy (“Defendant”)**  
**Kuala Lumpur High Court Suit No. 22NCVC-873-09/2011**

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 United States Dollar (“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 for the sum of USD 2.5 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 had not proven its claim and dismissed the same with costs of RM40,000.00. The Company had further appealed 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 had allowed the Appeal, reversing 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 Leave Application is now fixed for a case management on 28 September 2015 pending the Court of Appeal to release its Grounds of Judgment.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 19 August 2015, being the latest practicable date from the date of the issue of this quarterly report.

## **12. Dividends paid**

On 8 June 2015, the Company declared the third 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 RM260,336 which was paid on 13 July 2015.



### 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.

	<b>Current quarter 30.6.2015</b>	<b>Preceding year corresponding quarter 30.6.2014</b>	<b>Financial period to-date 30.6.2015</b>	<b>Preceding year corresponding period to-date 30.6.2014</b>
Net profit for the period attributable to owners of the parent (RM'000)	14,184	17,044	34,278	28,356
Weighted average number of ordinary shares ('000)	369,142	256,444	340,360	213,420
<b>Basic EPS (sen)</b>	<b>3.84</b>	<b>6.66</b>	<b>10.07</b>	<b>13.29</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 shares.

	<b>Current quarter 30.6.2015</b>	<b>Preceding year corresponding quarter 30.6.2014</b>	<b>Financial period to-date 30.6.2015</b>	<b>Preceding year corresponding period to-date 30.6.2014</b>
Net profit for the period attributable to owners of the parent (RM'000)	14,184	17,044	34,278	28,356
Adjustment for convertible preference dividend (RM'000)	-	340	-	340
<b>Adjusted net profit for the period attributable to owners of the parent (RM'000)</b>	<b>14,184</b>	<b>17,384</b>	<b>34,278</b>	<b>28,696</b>
Weighted average number of ordinary shares ('000)	369,142	256,444	340,360	213,420
Adjustment for ICPS ('000)	8,357	50,265	9,006	69,249
Adjustment for RCPS ('000)	20,747	32,610	21,445	55,777
Adjustment for Warrants ('000)	26,071	29,144	25,824	29,660
<b>Adjusted weighted average number of ordinary shares in issue ('000)</b>	<b>424,317</b>	<b>368,463</b>	<b>396,635</b>	<b>368,106</b>
<b>Diluted EPS (sen)</b>	<b>3.34</b>	<b>4.72</b>	<b>8.64</b>	<b>7.80</b>

### 14. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 30 June 2015.

**15. Profit before Tax**

	Individual Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30.6.2015 RM'000	30.6.2014 RM'000	30.6.2015 RM'000	30.6.2014 RM'000
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment	455	75	901	153
Finance cost	285	-	854	22
Provision for liquidated ascertained damages	-	756	-	1,503
<b>And Crediting:-</b>				
Rental income	35	34	69	69
Finance income	150	198	219	342

**By Order of the Board**  
Wong Kit-Leong  
Chief Executive Officer  
Kuala Lumpur  
19 August 2015