

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial period ended 31 December 2015

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 Dec 2015 RM'000 (Unaudited)	31 Dec 2014 RM'000 (Unaudited)	31 Dec 2015 RM'000 (Unaudited)	31 Dec 2014 RM'000 (Audited)
Revenue	86,099	75,032	298,546	341,024
Cost of Sales	(48,918)	(41,152)	(188,997)	(241,150)
Gross Profit	37,181	33,880	109,549	99,874
Other income	2,286	2,528	2,912	2,617
Administrative expenses	(2,981)	(2,889)	(11,472)	(7,789)
Operating expenses	(4,851)	(5,772)	(12,019)	(14,447)
Profit from operating activities	31,635	27,747	88,970	80,255
Finance income	47	8	323	398
Finance cost	(998)	(196)	(2,517)	(570)
Net finance (cost)/income	(951)	(188)	(2,194)	(172)
Profit before tax	30,684	27,559	86,776	80,083
Taxation	(11,517)	(7,205)	(16,397)	(12,905)
Profit for the period	19,167	20,354	70,379	67,178
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(40)	112	157	29
Other comprehensive income/(loss) for the period, net of tax	(40)	112	157	29
Total comprehensive income for the period, net of tax	19,127	20,466	70,536	67,207
Profit/(Loss) attributable to:				
Owners of the Parent	19,534	18,913	71,114	65,750
Non-Controlling Interest	(367)	1,441	(735)	1,428
Profit for the period	19,167	20,354	70,379	67,178
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	19,494	19,025	71,271	65,779
Non-Controlling Interest	(367)	1,441	(735)	1,428
Total comprehensive income for the period	19,127	20,466	70,536	67,207
Earnings per share attributable to owners of the parent (sen):				
Basic	5.63	6.09	20.72	25.11
Diluted	4.95	5.15	18.01	17.93

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	As at 31 Dec 2015 RM'000 (Unaudited)	As at 31 Dec 2014 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	12,887	11,708
Land rights	75,445	-
Goodwill	187	-
Land and property development costs	29,191	9,753
	<u>117,710</u>	<u>21,461</u>
Current Assets		
Amount due from customers on contracts	6,034	6,032
Accrued billing in respect of property development costs	152,375	95,464
Land and property development costs	116,194	116,117
Inventories	573	600
Trade receivables	98,969	80,050
Other receivables	30,910	33,344
Fixed deposits	2,612	951
Cash and bank balances	24,798	9,278
	<u>432,465</u>	<u>341,836</u>
TOTAL ASSETS	<u>550,175</u>	<u>363,297</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	173,389	155,629
Irredeemable Convertible Preference Shares ("ICPS")	81	97
Redeemable Convertible Preference Shares ("RCPS")	196	222
Share premium	33,517	16,138
ESOS reserves	231	-
Warrant reserves	7,721	7,734
Other reserves	(29,687)	(29,687)
Foreign exchange reserve	(170)	(327)
Retained Profit/ (Accumulated losses)	43,930	(27,197)
	<u>229,208</u>	<u>122,609</u>
Non-Controlling Interest	13,091	1,098
Total Equity	<u>242,299</u>	<u>123,707</u>
Non-Current Liabilities		
Finance lease liabilities	2,431	2,672
Bank borrowings	60,292	18,247
Deferred tax liabilities	18,107	-
	<u>80,830</u>	<u>20,919</u>
Current Liabilities		
Amount owing to customers on contracts	11,159	9,663
Provision for liquidated ascertained damages	62	1,770
Bank borrowings	65,574	17,676
Trade payables	98,945	90,464
Other payables	29,085	92,314
Finance lease liabilities	1,402	993
Tax payable	20,819	5,791
	<u>227,046</u>	<u>218,671</u>
Total Liabilities	<u>307,876</u>	<u>239,590</u>
TOTAL EQUITY AND LIABILITIES	<u>550,175</u>	<u>363,297</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.66</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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial period ended 31 December 2015

	Attributable to Owners of the Parent							Retained Profit/ (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable										
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
(Unaudited)											
At 1 January 2015	155,629	97	222	16,138	(327)	7,734	-	(29,687)	122,609	1,098	123,707
Total comprehensive income for the financial period	-	-	-	-	157	-	-	0	71,114	(735)	70,536
Transactions with owners:											
Conversion of ICPS	813	(16)	-	(797)	-	-	-	-	(0)	-	(0)
Conversion of RCPS	1,246	-	(26)	(1,220)	-	-	-	-	-	-	-
Exercise of Warrants	40	-	-	8	-	(13)	-	-	48	-	48
Exercise of ESOS	99	-	-	90	-	-	231	-	420	-	420
Issuance of shares pursuant to the Private Placement	15,562	-	-	19,298	-	-	-	-	34,860	-	34,860
Contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	12,728	12,728
Total transactions with owners	17,760	(16)	(26)	17,379	-	(13)	231	13	35,328	12,728	48,056
At 31 December 2015	173,389	81	196	33,517	(170)	7,721	231	(29,687)	229,208	13,091	242,299

	Attributable to Owners of the Parent							Retained Profit/ (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Non-Distributable										
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
(Audited)											
At 1 January 2014	51,000	1,020	1,336	115,425	(356)	8,670	-	-	83,212	6,236	89,448
Total comprehensive income for the financial period	-	-	-	-	29	-	-	-	65,779	1,428	67,207
Transactions with owners:											
Conversion of ICPS	46,169	(923)	-	(45,246)	-	-	-	-	-	-	-
Conversion of RCPS	55,706	-	(1,114)	(54,592)	-	-	-	-	-	-	-
Exercise of Warrants	2,754	-	-	551	-	(936)	-	-	3,305	-	3,305
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(29,687)	(29,687)	(6,860)	(6,860)
Incorporation of subsidiary	-	-	-	-	-	-	-	-	-	294	294
Total transactions with owners	104,629	(923)	(1,114)	(99,287)	-	(936)	-	(29,687)	(26,382)	(6,566)	(32,948)
At 31 December 2014	155,629	97	222	16,138	(327)	7,734	-	(29,687)	122,609	1,098	123,707

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 31 December 2015

	12 months ended 31 Dec 2015 RM'000 (Unaudited)	12 months ended 31 Dec 2014 RM'000 (Audited)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	86,776	80,083
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,844	1,194
Impairment of trade receivables	-	235
Gain on disposal of property, plant and equipment	(1,191)	-
(Reversal)/Provision for liquidated ascertained damages	0	(417)
Reversal of impairment on trade receivables	-	(338)
Finance cost	2,517	570
Finance income	(323)	(398)
Operating profit before working capital changes	89,623	80,929
Movements in working capital		
Land and property development costs	(10,390)	(2,498)
Accrued billing/Progress billing in respect of PDC	(56,911)	(125,693)
Amount owing by/to customer on contract	1,493	14,824
Inventories	27	20
Receivables	(15,999)	(17,060)
Payables	(63,768)	13,553
	(145,548)	(116,854)
Cash generated from / (used in) operations		
Interest paid	(2,517)	(708)
Tax paid	(1,372)	(18)
Tax refund	2	-
Payment of liquidated ascertained damages	(1,708)	(19,769)
	(5,595)	(20,495)
Net cash from/(used in) operating activities	(61,520)	(56,420)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21)	(3,994)
Proceeds from disposal of property, plant and equipment	62	-
Interest received	323	398
Acquisition of additional interest in a subsidiary (net)	(29,443)	(36,547)
Contribution from non-controlling interest	40	294
	(29,039)	(39,849)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of term loan	-	(40,000)
Drawdown of term loan	44,461	18,247
Repayment of hire purchase	(1,657)	(217)
Proceeds from issuance of shares	34,860	-
Proceeds from exercise of warrants	48	3,305
Proceeds from exercise of ESOS	420	-
	78,132	(18,665)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,427)	(114,934)
Effect of changes in foreign exchange rate	157	29
OPENING BALANCE	(7,447)	107,458
CLOSING BALANCE	(19,717)	(7,447)
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	24,798	9,278
Bank overdraft	(47,127)	(17,676)
Fixed deposits with licensed banks	2,612	951
	(19,717)	(7,447)

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 has 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.

		<u>Effective dates for financial periods beginning on or after</u>
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 12 months			
	Revenue		Profit attributable to owners of the parent	
	31.12.15 RM'000	31.12.14 RM'000	31.12.15 RM'000	31.12.14 RM'000
Business Segment				
Construction	128,245	195,849	22,091	13,464
Property Development	164,073	186,697	52,056	58,070
Building Material	72,039	38,430	1,514	(1,272)
Others	5,630	2,360	1,307	474
Inter-segment eliminations	(71,441)	(82,312)	(6,589)	(3,558)
Total before non-controlling interest	298,546	341,024	70,379	67,178
Non-controlling interest	-	-	735	(1,428)
Total	298,546	341,024	71,114	65,750

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 31 December 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 December 2015, the Company declared the fourth 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 RM247,915.00 which was paid on 15 January 2016.

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. Changes in debts and equity securities

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

- (a) 50,000 ICPS have been converted into 50,000 ordinary shares of RM0.50 each as follows:

Date	No. of ICPS	No. of Shares	Listing Date
8 December 2015	10,000	10,000	10 December 2015
16 December 2015	40,000	40,000	18 December 2015

- (b) 18,050 Warrants 2013/2018 have been exercised and converted into 18,050 ordinary shares of RM0.50 each

Date	No. of ICPS	No. of Shares	Listing Date
25 November 2015	18,050	18,050	27 November 2015

- (c) The movements of the Employees' Share Option Scheme ("the Scheme") for the period under review is as follows:

Number of options of ordinary shares of RM0.50 each at exercise price of RM0.74 each:

Balance as at 31 August 2015	-
Granted on 1 September 2015	6,000,900
Exercised during the period – Quarter 4 2015	(199,700)
Outstanding unexercised options as at 31 December 2015	5,801,200

The Scheme is expiring on 20 August 2020.

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 20 August 2015, Ho Hup Ventures (Johor) Sdn Bhd ("HHVJ"), the 75% owned subsidiary company of the Company, entered into a Share Sale Agreement with I4G Intelliganz Sdn Bhd for the acquisition of 70% equity interest in Intact Corporate Approach Sdn Bhd ("ICA") for a cash consideration of RM20 million ("the Proposed Acquisition"). The Proposed Acquisition inherently also entailed the acquisition by ICA of land from Yayasan Pelajaran Johor Plantation Sdn Bhd (YPJ) for a total consideration of RM107,313,000.00. The Proposed Acquisition was approved by shareholders of Ho Hup on 22 January 2016.
- b) On 30 December 2015, the Company's indirect 70% owned subsidiary, Ho Hup Ventures (Malacca) Sdn Bhd ("HHVM") entered into a Share Sale and Purchase Agreement with Mr. Ong Chin Cheong, Mr. Ong Chin Yet and En. Noor Azman Bin Nordin (collectively referred to as the Vendors) for the acquisition of 1,000,000 ordinary shares of RM1.00 each in Erakuasa Global Sdn Bhd ("EGSB"), representing 100% of the total issued and paid-up share capital of EGSB, by HHVM from the Vendors for a total cash consideration of RM2,000,000. The acquisition was completed on the same date.

12. Changes in contingent liabilities

a) Contingent liabilities

	Group		Company	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Corporate guarantees given to suppliers of goods of a subsidiary company (unsecured)				
- Limit of guarantee	-	-	27,033	21,533
- Amount utilised	-	-	17,188	9,406
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects:				
- Secured	18,077	200	17,877	-
- Unsecured	340	-	340	-

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 were no capital commitment as at the date of this quarterly report.

	31.12.2015 RM'000	31.12.2014 RM'000
Capital expenditure Approved and contracted for:		
- Purchase of property, plant and equipment	<u>2,093</u>	<u>3,348</u>

14. Material Events Subsequent to the End of Interim Period

On 26 January 2016, Ho Hup announced that the Company proposed to undertake the following:

- (i) proposed renounceable rights issue of up to 85,137,570 Rights Shares on the basis of one (1) Rights Share for every five (5) existing Ho Hup Shares, together with up to 85,137,570 Warrants B, on the basis of one (1) Warrant B for every one (1) Rights Share subscribed on the Entitlement Date;
- (ii) proposed renounceable rights issue of up to 85,137,570 redeemable preference shares ("RPS") on the basis of one (1) RPS for every five (5) existing Ho Hup

Shares, together with up to 85,137,570 Warrants C, on the basis of one (1) Warrant C for every one (1) RPS subscribed on the Entitlement Date; and

- (iii) proposed amendments to the Memorandum and Articles of Association of Ho Hup to facilitate the Proposed Rights Issue of RPS with free Warrants C.

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 revenues of RM86.1 million and a profit after tax of RM19.2 million compared to revenues of RM75.0 million and a profit after tax of RM20.4 million registered for the same corresponding quarter in the previous period.

Divisional performance is as follows: -

	Revenue		Profit after tax	
	Individual Quarter 3 Months ended			
	31.12.15 RM' million	31.12.14 RM' million	31.12.15 RM' million	31.12.14 RM' million
Construction	44.0	33.1	15.9	7.8
Property Development	54.3	47.3	6.3	13.2
Building Material	20.5	8.5	0.8	(1.2)
Others	2.9	-	0.9	(0.8)
Inter-segment eliminations	(35.6)	(13.9)	(4.7)	1.4
Total	86.1	75.0	19.2	20.4

Construction Division

- Revenue and profit after are mainly contributed from the ongoing Aurora Place Project and Kem Askar.
- Slight contribution from the commencement of the two newly secured projects, Polytechnic Kuala Terengganu and Rapid Refinery Package 2 during current quarter.

Property Development Division

- Revenue is mainly contributed from Parcel A, Aurora Place project and JDA entitlements.
- Decrease in profit after tax is mainly due to lower profit contribution from Parcel A, Aurora Place project and higher tax provision as unabsorbed losses were fully utilized in the last financial year.

Building Materials Division

- The return to profitability is mainly attributed to the increase in sales revenue by all plants and the improved gross profit margin due to higher production efficiency, following the re-organisation of the batching plants and higher production volumes from new batching plants and trucks.

1. Group Performance Review (cont'd)

b) Performance of Current Full Year Compared with Previous Year Full Year

The Group recorded revenues of RM298.5 million and a profit after tax of RM70.4 million for cumulative twelve months period ended 31 December 2015, compared to revenues of RM341.0 million and a profit after tax of RM67.2 million for the twelve months in 2014.

The full year revenue is lower by RM42.5 million, as revenue recognition from Iraq projects has been suspended due to uncertainties in Iraq.

However, new construction projects with higher profit margin namely Polytechnic Kuala Terengganu and Rapid Project Refinery Package 2 which will contribute positively in the coming quarters as work has commence in Quarter 4, 2015.

The Group's Profit After Tax (PAT) for the full year improved from RM67.2 million in the preceding year to RM70.4 million, an increase of RM3.2 million or 4.8%. The higher overall profit performance is mainly due to the turnaround in the concrete mix division which recorded RM1.5 million cumulative profit after tax for the twelve months compared to a loss after tax of RM1.3 million in the preceding year.

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

	Profit before tax	
	Individual Quarter 3 Months ended	
Business Segment	31.12.15 RM' million	30.9.15 RM' million
Construction	15.9	3.2
Property Development	17.8	14.9
Building Material	0.8	0.4
Others	0.9	1.5
Inter-segment eliminations	(4.7)	(2.1)
Total	30.7	17.9

The increase in profit before tax of RM12.8 million is mainly due to gross profit contribution from the development of Tower C and the joint development with Pioneer Haven Sdn Bhd. However this profit has been offset partially against the higher cost of operations of the Group due to increased business activities and the expansion of operations.

3. Business Prospects

The Board expects the new financial year 2016 to be another growth year, after the effective implementation of the Group's business rationalization exercise.

Moving forward, the Group is well position to strengthen its business momentum as follows: -

- The Construction Division is actively bidding for new local infrastructure project and its current outstanding order book stands at RM358.0 million.

- The Property Development Division has initiated an integrated development plan for service apartments and hotel in Kota Kinabalu. Development planning activities for the Kulai proposed township project is ongoing.
- The Building Material Division with the successful acquisition of a quarry operation in Malacca provides synergistic value chain and also strengthens our ready mix marketing activities.

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:

	3 Months Ended 31.12.2015 RM'000	12 Months Ended 31.12.2015 RM'000
Current period tax expense	11,517	16,397
Deferred tax expense	-	-
	<u>11,517</u>	<u>16,397</u>

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

7. Group borrowings and debt securities

	31.12.2015 RM'000	31.12.2014 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	2,431	2,672
Bank borrowings	60,292	18,247
<u>Current</u>		
Bank borrowings	65,574	17,676
Finance lease liabilities	1,402	993
Total Borrowings	<u>129,699</u>	<u>39,588</u>

8. Derivative Financial instrument

This is not applicable.

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 retained profits of the Group as at 31 December 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.

	As At 31.12.2015 RM'000	As At 31.12.2014 RM'000
Retained profits/(accumulated losses) - Realised	16,419	(60,787)
Accumulated losses – Unrealised	-	-
Less: consolidated adjustments	27,511	33,590
Total Group retained profits/(accumulated losses)	43,930	(27,197)

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, HHCCI, a wholly-owned subsidiary of Ho Hup, 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 (“Joint Development Agreement”) into an integrated township, wherein HHCCI shall pay APHB development fees of India Rupee (“Rs”)101,175,000 (or equivalent to approximately RM6,537,110) over 5 years.

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

On 2 May 2005, HHCCI commenced an arbitration claim for damages amounting to Rs2,391,512,230 (or equivalent to approximately RM154,520,000), being the unlawful termination of the Joint Development Agreement. On 19 May 2008, an award was published in HHCCI’s favour (“Award”). The Award was in relation to the following:-

- (i) The upfront fee in the amount of Rs16,796,250 (or equivalent to approximately RM1,085,240) together with interest at the rate of 12% per

annum to be refunded to HHCCI, interest of which is to be calculated from 1 February 2006 to the date of the refund being made; and

- (ii) Compensation for expenses incurred in the amount of Rs600,000 (or equivalent to approximately RM38,767.10) together with interest at the rate of 9% per annum, interest of which is to be calculated from 6 January 2006.

On 18 November 2013, APHB filed an appeal to set aside the Award.

HHCCI had appointed Messrs Y. Ramarao to represent it in respect of the enforcement of the Award and to file its defence in relation to the appeal filed by APHB on the grounds that, *inter-alia*, the Award does not cause APHB to suffer any infirmities and hence should not be appealed against. APHB had also failed to present a substantial 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 is liable to be dismissed with costs. The Hearing of this case has been further postponed.

- (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

This is a derivative action brought by DLTC ("Plaintiff") on behalf of Ho Hup pertaining to the decision of the Board to discontinue/withdraw an arbitration proceeding against the Government of Madagascar. The Plaintiff claimed, on behalf of Ho Hup, for general damages and an injunction against the Defendants. Pursuant to the trial held on 27 March 2015, the High Court had dismissed the Plaintiff's claim. The Plaintiff subsequently appealed the matter to the Court of Appeal. Case management has been fixed for 4 March 2016.

- (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

Zen Courts ("the Plaintiff") had initiated a petition vide Kuala Lumpur High Court Petition No. 26NCC-42-2011 against the respondents, namely BJDSB, Ho Hup and HHERSB alleging Ho Hup and HHERSB had oppressed its rights as a minority shareholder of BJDSB. The High Court in finding that there was an oppression, had ordered Ho Hup to buy out the Plaintiff's shares in BJDSB. Such shares were to be valued by Ferrier Hodgson MH Sdn Bhd ("FHMH") who was, by consensus, appointed as the independent valuer on 19 June 2012. The valuation report was issued by FHMH on 31 December 2012 after having considered all relevant factors and, FHMH valued the 30% shareholding stake in BJDSB held by Zen Courts to be RM35,970,000.

The Plaintiff further appealed to the Court of Appeal, *inter alia*, challenging the value of their shares in BJDSB. However, on 19 February 2014, the Court of Appeal upheld the High Court's decision and dismissed the Plaintiff's

appeal. The Plaintiff subsequently applied for a leave application to the Federal Court in relation to the dismissal of its appeal at the Court of Appeal stage. The leave was granted by the Federal Court and the Federal Court has fixed this appeal for hearing on 23 March 2016.

**(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 the Defendant, the Company’s former Project Director. The Company claimed that the Defendant caused the Company to suffer loss and damages of USD2.5 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 the High Court for, inter-alia an order for payment for 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 had not proven its claim and dismissed the same. 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 allowed the Appeal and set aside the High Court judgment and inter-alia ordered the Defendant to pay the Company USD2.5 million.

The Defendant, being dissatisfied with the judgment granted by the Court of Appeal, subsequently filed an application for Notice of Motion for leave to appeal to the Federal Court (“Motion”). The Motion which was fixed for hearing on 24 February 2016 has now been adjourned to 7 April 2016.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 15 February 2016, being the latest practicable date from the date of the issue of this quarterly report.

12. Dividends paid

On 8 December 2015, the Company declared the fourth 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 RM247,915 which was paid on 15 January 2016.

13. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 31 December 2015.

14. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment	476	939	1,844	1,194
Finance cost	998	196	2,517	570
Provision for liquidated ascertained damages	-	-	-	(417)
And Crediting:-				
Rental income	93	34	174	138
Finance income	47	8	323	398

15. 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 31.12.2015	Preceding year corresponding quarter 31.12.2014	Financial period to-date 31.12.2015	Preceding year corresponding period to-date 31.12.2014
Net profit for the period attributable to owners of the parent (RM'000)	19,534	18,913	71,114	65,750
Weighted average number of ordinary shares ('000)	346,684	310,747	343,148	261,818
Basic EPS (sen)	5.63	6.09	20.72	25.11

15. Earnings per share (cont'd)

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.

	Current quarter 31.12.2015	Preceding year corresponding quarter 31.12.2014	Financial period to-date 31.12.2015	Preceding year corresponding period to-date 31.12.2014
Net profit for the period attributable to owners of the parent (RM'000)	19,534	18,913	71,114	65,750
Adjustment for convertible preference dividend (RM'000)	-	-	551	340
Adjusted net profit for the period attributable to owners of the parent (RM'000)	19,534	18,913	71,665	66,090
Weighted average number of ordinary shares ('000)	346,684	310,747	343,148	261,818
Adjustment for ICPS ('000)	8,078	9,849	8,580	39,483
Adjustment for RCPS ('000)	19,659	22,473	20,861	39,476
Adjustment for Warrants ('000)	18,439	24,333	23,088	27,874
Adjustment for ESOS ('000)	1,567	-	2,345	-
Adjusted weighted average number of ordinary shares in issue ('000)	394,427	367,402	398,022	368,651
Diluted EPS (sen)	4.95	5.15	18.01	17.93

By Order of the Board

Dato' Wong Kit-Leong

Chief Executive Officer

Kuala Lumpur

25 February 2016

