

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial period ended 31 March 2016

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	31 Mar 2016 RM'000 (Unaudited)	31 Mar 2015 RM'000 (Unaudited)	31 Mar 2016 RM'000 (Unaudited)	31 Mar 2015 RM'000 (Unaudited)
Revenue	81,075	87,963	81,075	87,963
Cost of Sales	(55,649)	(61,241)	(55,649)	(61,241)
Gross Profit	25,426	26,722	25,426	26,722
Other income	316	219	316	219
Administrative expenses	(2,912)	(2,295)	(2,912)	(2,295)
Operating expenses	(909)	(1,647)	(909)	(1,647)
Profit from operating activities	21,921	22,999	21,921	22,999
Finance income	10	69	10	69
Finance cost	(1,590)	(569)	(1,590)	(569)
Net finance (cost)/income	(1,580)	(500)	(1,580)	(500)
Share of results of associates	(20)	-	(20)	-
Profit before tax	20,321	22,499	20,321	22,499
Taxation	(1,500)	(2,498)	(1,500)	(2,498)
Profit for the period	18,821	20,001	18,821	20,001
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	1,157	69	1,157	69
Other comprehensive income/(loss) for the period, net of tax	1,157	69	1,157	69
Total comprehensive income for the period, net of tax	19,978	20,070	19,978	20,070
Profit/(Loss) attributable to:				
Owners of the Parent	19,081	20,094	19,081	20,094
Non-Controlling Interest	(260)	(93)	(260)	(93)
Profit for the period	18,821	20,001	18,821	20,001
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	19,978	20,163	19,978	20,163
Non-Controlling Interest	(260)	(93)	(260)	(93)
Total comprehensive income for the period	19,718	20,070	19,718	20,070
Earnings per share attributable to owners of the parent (sen):				
Basic	5.50	5.98	5.50	5.98
Diluted	4.93	5.12	4.93	5.12

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	As at 31 Mar 2016 RM'000 (Unaudited)	As at 31 Dec 2015 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	12,833	12,777
Intangible assets	200	224
Land rights	93,550	75,445
Goodwill	11,048	3,136
Quarrying rights	1,383	1,411
Land and property development costs	34,031	29,192
Investment in Associates	330	0
	<u>153,375</u>	<u>122,185</u>
Current Assets		
Amount due from customers on contracts	6,034	6,034
Accrued billing in respect of property development costs	145,475	152,375
Land and property development costs	123,275	116,371
Inventories	718	670
Trade receivables	65,206	68,542
Other receivables	31,128	29,464
Fixed deposits	2,518	2,912
Cash and bank balances	26,434	24,600
	<u>400,788</u>	<u>400,968</u>
TOTAL ASSETS	<u>554,163</u>	<u>523,153</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	174,077	173,388
Irredeemable Convertible Preference Shares ("ICPS")	80	81
Redeemable Convertible Preference Shares ("RCPS")	186	197
Share premium	33,121	33,517
ESOS reserves	374	231
Warrant reserves	7,720	7,720
Other reserves	(37,407)	(37,407)
Foreign exchange reserve	232	(922)
Retained Profit	70,552	51,471
	<u>248,935</u>	<u>228,276</u>
Non-Controlling Interest	<u>11,390</u>	<u>10,234</u>
Total Equity	<u>260,325</u>	<u>238,510</u>
Non-Current Liabilities		
Finance lease liabilities	2,392	2,589
Bank borrowings	46,357	59,001
Deferred tax liabilities	22,541	18,196
	<u>71,290</u>	<u>79,786</u>
Current Liabilities		
Amount owing to customers on contracts	2,995	11,159
Provision for liquidated ascertained damages	62	62
Bank borrowings	72,460	71,974
Trade payables	63,218	47,838
Other payables	62,942	51,604
Finance lease liabilities	1,385	1,401
Tax payable	19,486	20,819
	<u>222,548</u>	<u>204,857</u>
Total Liabilities	<u>293,838</u>	<u>284,643</u>
TOTAL EQUITY AND LIABILITIES	<u>554,163</u>	<u>523,153</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.72</u>	<u>0.66</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 31 March 2016

	Attributable to Owners of the Parent					Retained Profit/ (Accumulated Losses) RM'000	Total RM'000	Non-Controlling Interest RM'000	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	ESOS Reserve RM'000	Other Reserve RM'000
(Unaudited)												
At 1 January 2016	173,388	81	197	33,517	(922)	7,720	231	(37,407)	51,471	228,276	10,234	238,510
Profit for the financial year	-	-	-	-	-	-	-	-	19,081	19,081	(260)	18,821
Other comprehensive income for the financial year	-	-	-	-	1,154	-	-	-	-	1,154	-	1,154
Total comprehensive income for the financial year	-	-	-	-	1,154	-	-	-	19,081	20,234	(260)	19,975
Transactions with owners:												
Issue of ordinary shares	62	(1)	-	(61)	-	-	-	-	-	-	-	-
Conversion of ICPS	479	-	(11)	(468)	-	-	-	-	-	-	-	-
Conversion of RCPS	-	-	-	-	-	-	-	-	-	-	-	-
Exercise of Warrants	148	-	-	133	-	-	(62)	-	-	219	-	219
Exercise of ESOS	-	-	-	-	-	-	205	-	-	205	-	205
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	-	1,416	1,416
Incorporation of subsidiary companies	-	-	-	-	-	-	-	-	-	-	1,416	1,416
Total transactions with owners	689	(1)	(11)	(396)	-	-	143	-	-	424	1,416	1,840
At 31 March 2016	174,077	80	186	33,121	232	7,720	374	(37,407)	70,552	248,935	11,390	260,325

	Attributable to Owners of the Parent					Accumulated Losses RM'000	Total RM'000	Non-Controlling Interest RM'000	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	ESOS Reserve RM'000	Other Reserve RM'000
(Audited)												
At 1 January 2015	155,629	97	222	16,138	(327)	7,734	-	(37,421)	(19,463)	122,609	1,098	123,707
Profit for the financial year	-	-	-	-	(595)	-	-	-	70,934	70,934	(660)	70,274
Other comprehensive income for the financial year	-	-	-	-	(595)	-	-	-	(322)	(917)	(322)	(917)
Total comprehensive income for the financial year	-	-	-	-	(595)	-	-	-	70,934	70,339	(982)	69,357
Transactions with owners:												
Issue of ordinary shares	15,562	-	-	19,298	-	-	-	-	-	34,860	-	34,860
Conversion of ICPS	812	(16)	-	(796)	-	-	-	-	-	-	-	-
Conversion of RCPS	1,245	-	(25)	(1,220)	-	-	-	-	-	-	-	-
Exercise of Warrants	40	-	-	7	-	(14)	-	14	-	47	-	47
Exercise of ESOS	100	-	-	90	-	(42)	-	-	-	148	-	148
Share options granted under ESOS	-	-	-	-	-	-	273	-	-	273	-	273
Incorporation of subsidiary companies	-	-	-	-	-	-	-	-	-	-	10,118	10,118
Total transactions with owners	17,759	(16)	(25)	17,379	-	(14)	231	14	-	35,328	10,118	45,446
At 31 December 2015	173,388	81	197	33,517	(922)	7,720	231	(37,407)	51,471	228,276	10,234	238,510

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the quarter ended 31 March 2016

	3 months ended 31 Mar 2016 RM'000 (Unaudited)	3 months ended 31 Mar 2015 RM'000 (Unaudited)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	20,321	22,499
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	455	446
Amortisation of intangible assets	34	-
Share-based payment expenses	205	-
Finance cost	1,590	569
Finance income	(10)	(69)
Operating profit before working capital changes	22,595	23,445
Movements in working capital		
Land and property development costs	(10,949)	(5,571)
Accrued billing/Progress billing in respect of PDC	6,900	(20,475)
Amount owing by/to customer on contract	(8,163)	(703)
Inventories	(48)	(51)
Receivables	1,672	(20,503)
Payables	26,715	(10,964)
	16,127	(58,267)
Cash generated from / (used in) operations		
Interest paid	(2,385)	(569)
Tax paid	(3,070)	-
Payment of liquidated ascertained damages	-	(1,153)
	(5,455)	(1,722)
Net cash from/(used in) operating activities	33,267	(36,544)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(511)	(121)
Purchase of intangible assets	(10)	-
Interest received	10	69
Acquisition of additional interest in a subsidiary (net)	(19,992)	-
Acquisition of a new associate company	(330)	-
Contribution from non-controlling interest	0	40
	(20,833)	(12)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of term loan	(13,913)	-
Drawdown of term loan	9,043	11,439
Repayment of hire purchase	(213)	(374)
Proceeds from issuance of shares	-	34,860
Proceeds from exercise on warrants	-	37
Proceeds from exercise on ESOS	219	-
	(4,864)	45,962
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	7,570	9,406
Effect of changes in foreign exchange rate	1,157	69
OPENING BALANCE	(21,325)	(7,447)
CLOSING BALANCE	(12,598)	2,028
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	26,434	9,057
Bank overdraft	(41,550)	(23,060)
Fixed deposits with licensed banks	2,518	16,031
	(12,598)	2,028

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2015 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 2015. 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 2015.

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 2015.

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 July 2014

Amendments to FRS 119	Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle	
Annual Improvements to MFRSs 2011 - 2013 Cycle	

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.

2. Significant accounting policies (cont'd)

		<u>Effective dates for financial periods beginning on or after</u>
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 101	Disclosure Initiative	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, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 January 2016
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 2015 for the Group is not qualified.

4. Segmental reporting

	Cumulative 3 months			
	Revenue		Profit attributable to owners of the parent	
	31.3.16 RM'000	31.3.15 RM'000	31.3.16 RM'000	31.3.15 RM'000
Business Segment				
Construction	45,366	44,656	4,296	3,855
Property Development	47,175	33,222	16,903	16,341
Building Material	17,935	15,052	452	183
Others	267	-	(1,112)	(706)
Inter-segment eliminations	(29,668)	(4,967)	(1,718)	328
Total before non-controlling interest	81,075	87,963	18,821	20,001
Non-controlling interest	-	-	260	93
Total	81,075	87,963	19,081	20,094

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 March 2016.

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

No dividends have been declared for the current financial quarter.

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

- i) The following equity securities were issued during the financial period under review:
- (a) 125,400 Irredeemable Convertible Preference Shares (“ICPS”) have been converted into 125,400 ordinary shares of RM0.50 each as follows:

Date	No. of ICPS	No. of Shares	Listing Date
16 February 2016	51,600	51,600	18 February 2016
2 March 2016	24,800	24,800	4 March 2016
16 March 2016	39,000	39,000	18 March 2016
24 March 2016	10,000	10,000	28 March 2016

- (b) 954,198 Redeemable Convertible Preference Shares (“RCPS”) have been converted into 954,198 ordinary shares of RM0.50 each as follows:

Date	No. of RCPS	No. of Shares	Listing Date
24 March 2016	954,198	954,198	24 March 2016

- (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:

Granted on 1 September 2015	6,000,900
Exercised during the periods:	
- Quarter 4 2015	(199,700)
- Quarter 1 2016	(296,500)
Outstanding unexercised options as at 31 March 2016	5,504,700

The Scheme is expiring on 20 August 2020.

- ii) There were no issuances, cancellations, repurchases, resale and repayments of debts securities during the financial period under review.

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 9 March 2016, the Company had incorporated a 70% owned subsidiary company, namely New Interconnected Expressway Sdn Bhd (“NICE”) in Malaysia under the Companies Act, 1965 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM100, of which 70 ordinary shares are held by the Company and the remaining of 30 ordinary shares are held by Mohd Arief Aslam Bin Arifin.
- b) On 9 March 2016, the Company had incorporated a 50% owned company, namely KHH Infrastructures Sdn Bhd (“KHHI”) in Malaysia under the Companies Act, 1965 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM100, of which 50 ordinary shares each are held by the Company and KNM Process Systems Sdn Bhd (“KNMPS”) respectively.

12. Changes in contingent liabilities

Status of contingent liabilities as at the relevant financial quarters.

	Group		Company	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	162,532	77,864
- Amount utilised	-	-	49,104	57,369
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	23,500	23,533
- Amount utilised	-	-	9,666	13,734
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	18,437	200	18,237	-

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.

	31.03.2016 RM'000	31.12.2015 RM'000
Capital expenditure		
Approved and contracted for:		
- Purchase of property, plant and equipment	<u>2,093</u>	<u>2,093</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.

Collectively, the Proposed Rights Issue of Shares with free Warrants B, Proposed Rights Issue of RPS with free Warrants C and Proposed Amendments are referred to as the “Proposals”).

The Proposals have been approved by Bursa Malaysia Securities Berhad on 14 April 2016.

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 achieved RM81.1 million in revenue as compared to RM88.0 million registered for the same corresponding quarter in the previous period.

Revenue for the current quarter is attributed mainly from ongoing progress billings from existing projects such as Aurora Place, Polytechnic Kuala Terengganu and Rapid Project Refinery Package (“RAPID”). The marginal decline in revenue by RM6.9 million or 7.8% is due to no progress billings for the quarter pertaining to the Joint Development Agreement (“JDA”) with Pioneer Haven Sdn Bhd in relation to the joint venture in Bukit Jalil City and Tower C joint venture with Gemilang Eramaju Sdn Bhd.

The Group’s recorded Profit After Tax (PAT) of RM18.8 million as compared to RM20.0 million in the same corresponding quarter in the previous period. PAT declined by RM1.2 million or 5.9% due to additional financing cost incurred for corporate acquisitions and to fund new projects development cost.

Divisional performance is as follows: -

Business Segment	Revenue		Profit after Tax	
	Individual Quarter 3 Months ended			
	31.03.16 RM' million	31.03.15 RM' million	31.03.16 RM' million	31.03.15 RM' million
Construction	45.4	44.7	4.3	3.9
Property Development	47.2	33.2	16.9	16.3
Building Material	17.9	15.1	0.4	0.2
Others	0.3	-	(1.1)	(0.7)
Inter-segment eliminations	(29.7)	(5.0)	(1.7)	0.3
Total	81.1	88.0	18.8	20.0

Construction Division

- Revenue from construction activities increased marginally by 1.5% due to contributions from Aurora Place in Bukit Jalil, Polytechnic Kuala Terengganu and Rapid Project Refinery Package (“RAPID”) in Johor. Polytechnic Kuala Terengganu and RAPID have commenced site possession in quarter 4 last year and has contributed RM15.7 million in billings for the quarter under review.
- Profit after tax has increased by 10.3% due to the higher profit margins arising from the newly secured projects.

Property Development Division

- Revenue for property development activities increased by RM14.0 million or 42% mainly from the good progress of Aurora Place Bukit Jalil. As for the Joint Development Agreement (“JDA”) joint venture with Pioneer Haven Sdn Bhd, there is no billing in the current period as the work progress is based on the completion of foundation work for the service apartments. Accordingly, progress billing is expected by Quarter 2, upon the completion of the foundation work.
- Profit after tax has increased marginally by 3.6% due to better cost management initiatives implemented.

Building Materials Division

- Revenue for this Division increased by RM2.8 million or 18.5% due to higher sales volume contributed by Bukit Jalil and Subang operating activities.
- Profit after tax increased by RM0.2 million or 100% due to savings in variable cost arising from on-going rationalisation of plants at strategic locations and lower raw material cost due to better volume rebate from suppliers.

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

	Profit before taxation	
	Individual Quarter 3 Months ended	
Business Segment	31.3.16 RM' million	31.12.15 RM' million
Construction	4.3	15.9
Property Development	18.4	17.8
Building Material	0.4	0.8
Others	(1.1)	0.9
Inter-segment eliminations	(1.7)	(4.7)
Total	20.3	30.7

The Group's profit before tax (PBT) of RM20.3 million in current quarter was lower as compared to RM30.7 million reported in the preceding quarter, mainly due to the Construction Division recovery of bad debts of RM5.5 million and contribution from joint venture profit of Tower C of RM 5.4 million recorded in the preceding quarter.

Property Development Division profit in current quarter of RM18.4 million comprises of only Aurora Place project as compared to the preceding quarter of RM17.8 million, which has recognized RM8.6 million from JDA income and RM2.7 million from joint venture of Tower C.

3. Business Prospects

The Board expects financial year 2016 to be another sustainable growth year, after the various consolidation efforts and corporate acquisitions initiated in previous financial year.

Building on the business momentum and operating scale, the Group is entering a new level of growth based on the following developments:-

- The Construction Division had secured two new construction projects in Johor and Perak, contributing to an outstanding order book stands at some RM384 million.
- The Property Development Division is expected to remain resilient with the on-going Aurora Place development and from the 18% entitlement under the joint development of the Bukit Jalil City project. We expect more phases of the Bukit Jalil City project to be launched in 2016. In addition, the Group has also initiated its development planning for service apartments and hotel in Kota Kinabalu, together with the proposed township project in Kulai, Johor.
- The Building Material Division had commenced initial marketing activities for the quarry operation in Malacca and continuously explore synergistic value chain activities to further strengthen the 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 31.3.2016 RM'000
Current period tax expense	1,500
Deferred tax expense	-
	<u>1,500</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

Except for Note 14 above, 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

	31.3.2016 RM'000	31.12.2015 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	2,392	2,589
Bank borrowings	46,357	59,001
<u>Current</u>		
Finance lease liabilities	1,385	1,401
Bank borrowings	72,460	71,974
Total Borrowings	<u>122,594</u>	<u>134,965</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 March 2016, 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 31.3.2016 RM'000	As At 31.3.2015 RM'000
Retained profits/(accumulated losses) - Realised	44,733	(41,111)
Accumulated losses – Unrealised	-	-
Less: consolidated adjustments	25,819	34,018
Total Group retained profits/(accumulated losses)	70,552	(7,093)

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. The hearing of this case has been adjourned to a date to be informed by the Court 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

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 and the same is now fixed for hearing on 2 August 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 appeals. The Plaintiff subsequently applied for a leave applications to the Federal Court in relation to the dismissal of its appeals at the Court of Appeal stage. The leave was granted by the Federal Court and the Federal Court has fixed these appeals for hearing on 26 April 2016.

On 26 April 2016, the Federal Court has ordered the followings:

- (i) that the matter be sent back to the High Court for a High Court Judge (not being any of the High Court Judges who has so far heard applications on this matter) to hear cross-examinations of the persons who had written the valuation report dated 31 December 2012 by FHMH, valuation report dated 31 July 2012 by Henry Butcher Malaysia Sdn Bhd and also valuation report by Hartanah Consultant (Valuation) Sdn Bhd;
- (ii) costs of RM50,000 be paid to Zen Courts in respect of proceedings at the High Court, the Court of Appeal and the Federal Courts level.

(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 with costs of RM50,000.

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”). On 7 April 2016, the Federal Court dismissed the Motion with costs of RM20,000. Hence, the Defendant has ordered to pay the Company USD2.5 million with the total costs of RM70,000.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 23 May 2016, being the latest practicable date from the date of the issue of this quarterly report.

12. Dividends paid

No dividends have been declared for the current financial quarter.

13. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 31 March 2016.

14. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31.3.2016 RM’000	31.3.2015 RM’000	31.3.2016 RM’000	31.3.2015 RM’000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment	455	446	455	446
Finance cost	1,590	569	1,590	569
And Crediting:-				
Rental income	151	34	151	34
Finance income	10	69	10	69

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 31.3.2016	Preceding year corresponding quarter 31.3.2015	Financial period to-date 31.3.2016	Preceding year corresponding period to-date 31.3.2015
Net profit for the period attributable to owners of the parent (RM'000)	19,081	20,094	19,081	20,094
Weighted average number of ordinary shares ('000)	347,031	336,102	347,031	336,102
Basic EPS (sen)	5.50	5.98	5.50	5.98

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 31.3.2016	Preceding year corresponding quarter 31.3.2015	Financial period to-date 31.3.2016	Preceding year corresponding period to-date 31.3.2015
Net profit for the period attributable to owners of the parent (RM'000)	19,081	20,094	19,081	20,094
Adjustment for convertible preference dividend (RM'000)	248	-	248	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	19,329	20,094	19,329	20,094
Weighted average number of ordinary shares ('000)	347,031	336,102	347,031	336,102
Adjustment for ICPS ('000)	7,996	9,432	7,996	9,432
Adjustment for RCPS ('000)	19,575	21,792	19,575	21,792
Adjustment for Warrants ('000)	16,426	25,542	16,426	25,542
Adjustment for ESOS ('000)	1,207	-	1,207	-
Adjusted weighted average number of ordinary shares in issue ('000)	392,235	392,868	392,235	392,868
Diluted EPS (sen)	4.93	5.12	4.93	5.12

By Order of the Board
Dato' Wong Kit-Leong
Chief Executive Officer
Kuala Lumpur
23 May 2016