

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the financial period ended 30 June 2016

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30 June 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)	30 June 2015 RM'000 (Unaudited)
Revenue	47,519	61,638	128,593	149,601
Cost of Sales	(17,009)	(39,363)	(72,658)	(100,604)
<b>Gross Profit</b>	<u>30,510</u>	<u>22,275</u>	<u>55,935</u>	<u>48,997</u>
Other income	105	224	421	443
Administrative expenses	(2,928)	(3,870)	(5,840)	(6,165)
Operating expenses	(3,242)	(2,827)	(4,151)	(4,474)
<b>Profit from operating activities</b>	<u>24,445</u>	<u>15,802</u>	<u>46,365</u>	<u>38,801</u>
Finance income	36	150	47	219
Finance cost	(1,097)	(285)	(2,688)	(854)
<b>Net finance (cost)/income</b>	<u>(1,061)</u>	<u>(135)</u>	<u>(2,641)</u>	<u>(635)</u>
Share of results of associates	-	-	(20)	-
<b>Profit before tax</b>	<u>23,384</u>	<u>15,667</u>	<u>43,704</u>	<u>38,167</u>
Taxation	(2,500)	(1,500)	(4,000)	(3,998)
<b>Profit for the period</b>	<u>20,884</u>	<u>14,167</u>	<u>39,704</u>	<u>34,168</u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences for foreign operations	-	-	1,157	69
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<u>-</u>	<u>-</u>	<u>1,157</u>	<u>69</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>20,884</u>	<u>14,167</u>	<u>40,861</u>	<u>34,237</u>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	20,347	14,184	39,427	34,278
Non-Controlling Interest	537	(17)	277	(110)
<b>Profit for the period</b>	<u>20,884</u>	<u>14,167</u>	<u>39,704</u>	<u>34,168</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	20,884	14,184	40,861	34,347
Non-Controlling Interest	537	(17)	277	(110)
<b>Total comprehensive income for the period</b>	<u>21,421</u>	<u>14,167</u>	<u>41,138</u>	<u>34,237</u>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
Basic	<u>5.84</u>	<u>3.84</u>	<u>11.34</u>	<u>10.07</u>
Diluted	<u>5.22</u>	<u>3.34</u>	<u>10.14</u>	<u>8.64</u>

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 30 JUNE 2016

	As at 30 June 2016 RM'000 (Unaudited)	As at 31 Dec 2015 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	27,850	12,777
Intangible assets	200	224
Land rights	93,550	75,445
Goodwill	11,048	3,136
Quarrying rights	1,364	1,411
Land and property development costs	51,056	29,192
Investment in Associates	355	0
	<u>185,423</u>	<u>122,185</u>
<b>Current Assets</b>		
Amount due from customers on contracts	-	6,034
Accrued billing in respect of property development costs	131,380	152,375
Land and property development costs	195,217	116,371
Inventories	683	670
Trade receivables	50,044	68,542
Other receivables	40,286	29,464
Fixed deposits	3,624	2,912
Cash and bank balances	31,617	24,600
	<u>452,851</u>	<u>400,968</u>
<b>TOTAL ASSETS</b>	<u>638,275</u>	<u>523,153</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Ordinary share capital	174,486	173,388
Irredeemable Convertible Preference Shares ("ICPS")	79	81
Redeemable Convertible Preference Shares ("RCPS")	180	197
Share premium	32,794	33,517
ESOS reserves	562	231
Warrant reserves	7,720	7,720
Other reserves	(37,407)	(37,407)
Foreign exchange reserve	232	(922)
Retained Profit/ (Accumulated losses)	90,899	51,471
	<u>269,545</u>	<u>228,276</u>
<b>Non-Controlling Interest</b>	11,957	10,234
<b>Total Equity</b>	<u>281,502</u>	<u>238,510</u>
<b>Non-Current Liabilities</b>		
Finance lease liabilities	3,710	2,589
Bank borrowings	25,693	59,001
Deferred tax liabilities	22,541	18,196
	<u>51,944</u>	<u>79,786</u>
<b>Current Liabilities</b>		
Amount owing to customers on contracts	30,183	11,159
Provision for liquidated ascertained damages	62	62
Bank borrowings	122,617	71,974
Trade payables	82,984	47,838
Other payables	43,822	51,604
Finance lease liabilities	1,820	1,401
Tax payable	23,341	20,819
	<u>304,829</u>	<u>204,857</u>
<b>Total Liabilities</b>	<u>356,773</u>	<u>284,643</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>638,275</u>	<u>523,153</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.77</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 30 June 2016

	Attributable to Owners of the Parent											
	Non-Distributable					Retained Profit/ (Accumulated Losses)					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	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000		
At 1 January 2016	173,388	82	196	33,517	(922)	7,720	231	(37,407)	51,472	228,277	10,234	238,511
Profit for the financial year	-	-	-	-	-	-	-	39,427	39,427	39,427	277	39,705
Other comprehensive income for the financial year	-	-	-	1,154	-	-	-	1,154	-	1,154	-	1,154
Total comprehensive income for the financial year	-	-	-	1,154	-	-	-	39,427	39,427	40,581	277	40,859
Transactions with owners:												
Issue of ordinary shares	125	(3)	-	-	-	-	-	-	-	-	-	-
Conversion of ICPS	785	-	(16)	(123)	-	-	-	-	-	-	-	-
Exercise of RCPS	-	-	-	(768)	-	-	-	-	-	-	-	-
Exercise of Warrants	188	-	-	169	-	-	(79)	-	-	278	-	278
Share options granted under ESOS	-	-	-	-	-	-	410	-	-	410	-	410
Incorporation of subsidiary companies	-	-	-	-	-	-	-	-	-	1,446	-	1,446
Total transactions with owners	1,098	(3)	(16)	(723)	-	-	331	-	-	687	1,446	2,133
At 30 June 2016	174,486	79	180	32,794	232	7,720	562	(37,407)	90,899	269,545	11,957	281,502

At 30 June 2016

	Attributable to Owners of the Parent											
	Non-Distributable					Retained Profit/ (Accumulated Losses)					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	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000		
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	-	-	-	-	-	-	-	-	70,934	70,934	(660)	70,274
Other comprehensive income for the financial year	-	-	-	(595)	-	-	-	-	(322)	(595)	(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

At 31 December 2015

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the quarter ended 30 June 2016

	6 months ended 30 June 2016 RM'000 (Unaudited)	6 months ended 30 June 2015 RM'000 (Unaudited)
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	43,704	38,166
Adjustments for non-cash items:		
Bad Debt written off	-	-
Depreciation of property, plant and equipment	946	901
Amortisation of intangible assets	63	-
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	-	-
Share-based payment expenses	205	-
Reversal of impairment on trade receivables	-	-
Reversal of impairment on other receivables	-	-
Reversal of over accruals	-	-
Writeback of provision for value added tax	-	-
Finance cost	2,688	854
Finance income	(47)	(219)
<b>Operating profit before working capital changes</b>	<b>47,559</b>	<b>39,686</b>
<b>Movements in working capital</b>		
Land and property development costs	(99,915)	(8,123)
Accrued billing/Progress billing in respect of PDC	20,996	(42,174)
Amount owing by/to customer on contract	25,059	(36)
Inventories	(14)	(49)
Receivables	8,050	(13,485)
Payables	27,361	(961)
<b>Cash generated from / (used in) operations</b>	<b>(18,463)</b>	<b>(64,828)</b>
Interest paid	(3,482)	(854)
Tax paid	(3,415)	(5)
Tax refund	-	2
Payment of liquidated ascertained damages	-	(1,215)
Exchange fluctuation adjustment	-	-
	<b>(6,897)</b>	<b>(2,072)</b>
<b>Net cash from/(used in) operating activities</b>	<b>22,199</b>	<b>(27,214)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(16,019)	(375)
Purchase of intangible assets	(38)	-
Proceeds from disposal of property, plant and equipment	-	19
Interest received	47	219
Acquisition of additional interest in a subsidiary (net)	(19,992)	(29,445)
Acquisition of a new associate company	(355)	-
Contribution from non-controlling interest	30	40
	<b>(36,327)</b>	<b>(29,542)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Repayment of term loan	(13,913)	-
Drawdown of term loan	33,156	12,594
Repayment of hire purchase	1,540	(674)
Proceeds from issuance of shares	-	34,860
Proceeds from exercise on warrants	-	37
Proceeds from exercise on ESOS	219	-
	<b>21,002</b>	<b>46,817</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,874</b>	<b>(9,939)</b>
Effect of changes in foreign exchange rate	1,157	69
Cash and cash equivalent restricted	-	-
<b>OPENING BALANCE</b>	<b>(19,717)</b>	<b>(7,447)</b>
<b>CLOSING BALANCE</b>	<b>(11,687)</b>	<b>(17,317)</b>
<b>Closing balance of cash and cash equivalents comprises:-</b>		
Cash and bank balances	31,617	9,255
Bank overdraft	(46,928)	(31,997)
Fixed deposits with licensed banks	3,624	5,425
	<b>(11,687)</b>	<b>(17,317)</b>

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 2016 did not have any significant impact on the unaudited condensed consolidated financial statements of the Group upon their initial application.

#### **FRSs effective 1 July 2016**

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</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 2018.

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 2018.

## 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. Segment reporting

	Cumulative 6 months			
	Revenue		Profit attributable to owners of the parent	
	30.6.16 RM'000	30.6.15 RM'000	30.6.16 RM'000	30.6.15 RM'000
Construction	95,044	67,018	8,413	3,007
Property Development	68,510	68,814	31,181	31,783
Building Material	34,038	32,398	423	352
Others	1,719	-	(800)	(1,150)
Inter- segment eliminations	(70,718)	(18,629)	487	176
Total before non-controlling interest	<b>128,593</b>	<b>149,601</b>	<b>39,704</b>	<b>34,168</b>
Non-controlling interest		-	(277)	110
Total	<b>128,593</b>	<b>149,601</b>	<b>39,427</b>	<b>34,278</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 2016.

#### 6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

#### 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 2016, the Company has announced the fifth 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 RM233,014 which was paid on 13 July 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

i) The following equity securities were issued during the financial period under review:

- (a) 126,100 Irredeemable Convertible Preference Shares (“ICPS”) have been converted into 126,100 ordinary shares of RM0.50 each as follows:

Date	No. of ICPS	No. of Shares	Listing Date
11 May 2016	13,400	13,400	13 May 2016
19 May 2016	36,700	36,700	23 May 2016
26 May 2016	76,000	76,000	30 May 2016

- (b) 613,408 Redeemable Convertible Preference Shares (“RCPS”) have been converted into 613,408 ordinary shares of RM0.50 each as follows:

Date	No. of RCPS	No. of Shares	Listing Date
6 April 2016	168,408	168,408	8 April 2016
11 May 2016	5,000	5,000	13 May 2016
26 May 2016	260,000	260,000	30 May 2016
6 June 2016	180,000	180,000	8 June 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)
- Quarter 2 2016	(78,600)
Outstanding unexercised options as at 30 June 2016	5,426,100

The Scheme is expiring on 20 August 2020.

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

## 11. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter under review.



## 12. Changes in contingent liabilities

### a) Contingent liabilities

	Group		Company	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	166,110	-
- Amount utilised	-	-	89,102	-
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	23,650	23,533
- Amount utilised	-	-	6,157	15,420
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	18,437	100	18,237	100

Save 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 other capital commitment as at the date of this quarterly report.

	30.6.2016 RM'000	31.12.2015 RM'000
Capital expenditure Approved and contracted for:		
- Purchase of property, plant and equipment	4,196	2,093

## 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 and shareholders of the Company on 14 April 2016 and 23 May 2016 respectively.

## **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 as Compared to the Corresponding Six Months in the Previous Year**

	<b>Cumulative 6 months</b>			
	<b>Revenue</b>		<b>Profit attributable to owners of the parent</b>	
<b>Business Segment</b>	<b>30.6.16 RM'000</b>	<b>30.6.15 RM'000</b>	<b>30.6.16 RM'000</b>	<b>30.6.15 RM'000</b>
Construction	95,044	67,018	8,413	3,007
Property Development	68,510	68,814	31,181	31,783
Building Material	34,038	32,398	423	352
Others	1,719	-	(800)	(1,150)
Inter- segment eliminations	(70,718)	(18,629)	487	176
Total before non-controlling interest	<b>128,593</b>	<b>149,601</b>	<b>39,704</b>	<b>34,168</b>
Non-controlling interest		-	(277)	110
Total	<b>128,593</b>	<b>149,601</b>	<b>39,427</b>	<b>34,278</b>

- The Group recorded revenue of RM128.6 million and profit after tax of RM39.4 million for the current six months as compared to last year corresponding period of RM149.6 million and RM34.3 million. The lower group revenue is due to the construction of Aurora Place, Bukit Jalil is near completion.
- The Group Profit After Tax has improved due to the contribution from Construction Division with better profit margin for new jobs secured.

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

The Group recorded revenues of RM47.5 million as compared to RM61.6 million registered for the same corresponding quarter in the previous period.

The Group's recorded Profit After Tax (PAT) of RM20.9 million as compared to RM14.2 million in the same corresponding quarter in the previous period. Overall, the PAT improved by RM6.7 million or 47.2% attributed mainly to newly secured construction projects with better profitability.

Divisional performance is as follows: -

	Revenue		Profit after tax	
	Individual Quarter 3 Months ended			
	30.6.16 RM' million	30.6.15 RM' million	30.6.16 RM' million	30.6.15 RM' million
Business Segment				
Construction	49.7	22.4	4.1	(0.8)
Property Development	21.3	35.6	14.3	15.4
Building Material	16.1	17.3	(0.1)	0.2
Others	1.5	-	0.3	(0.4)
Inter-segment eliminations	(41.1)	(13.7)	2.3	(0.2)
Total	47.5	61.6	20.9	14.2

**Construction Division**

- Revenue from construction increased mainly due to progress from progress of its ongoing projects namely Aurora Place in Bukit Jalil, Polytechnic Kuala Terengganu and Rapid Project Refinery Package ("RAPID") Package 2 & Package B in Johor.
- Profit after tax has increased mainly due to higher profit margin contributed by the newly secured projects.

**Property Development Division**

- Revenue for this Division decreased by RM14.3 million or 40%, mainly due to lower contribution from the progress of Aurora Place Bukit Jalil, nearing full completion. In addition, revenue recognized from the Joint Development Agreement ("JDA") joint venture with Pioneer Haven Sdn Bhd for the current quarter is only RM2.5 million as progress of work is still at foundation and car park stage for service apartments.
- Accordingly, PAT declined by RM1.1 million mainly due to tax provision for the period.

**Building Materials Division**

- Divisional revenue declined by RM1.2 million or 6.9% mainly due to the sub leased of the Cheras Plant to third party operator and the decline in production volume for Putrajaya Plant due to completion of site project.
- PAT declined due to intense competition grossly affected the selling price.

**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 recorded profit before tax (PBT) of RM23.4 million in current quarter as compared to RM20.3 million in the preceding quarter. The improved PBT is mainly due to higher profit contribution from the Construction Division.

**3. a) Current Business Prospects**

The Board expects the overall performance for the financial year ending 2016 to be consistent with last financial year with stable contributions from both the Construction Division and Property Development Division.

Moving forward, the Group is focus on generating more value creation projects to benefit from the synergistic proposition evolving from on-going projects as follows:-

- The Construction Division will continue to actively bid for new local infrastructure projects to build up the Group's order books. With the new construction project in Perak secured during the quarter, the Company's current outstanding order book stands at RM331 million.
- The Property Development Division is expected to continue to provide a steady and recurring stream of income, with contributions from 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 and the proposed township project in Kulai, Johor.
- The Building Material Division is now strengthening and upgrading the quarry operation in Malacca to value-add to the Group's ready mix marketing activities.

**b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced**

There was no financial forecast previously announced by the Group.

**4. Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced.**

Not applicable

**5. Financial estimate, forecast or projection/ profit guarantee**

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

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

This is not applicable.

**7. Taxation**

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

	<b>Current Quarter Ended 30.6.16 RM'000</b>	<b>Cumulative Year to Date 30.6.2016 RM'000</b>
Current period tax expense	2,500	4,000
Deferred tax expense	-	-
	<b>2,500</b>	<b>4,000</b>

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.

**8. 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, except for the disclosure under Note A 14 above.

**9. Group borrowings and debt securities**

	<b>30.6.2016 RM'000</b>	<b>31.12.2015 RM'000</b>
Borrowings denominated in Ringgit Malaysia:		
Secured		
<u>Non-Current</u>		
Finance lease liabilities	3,710	2,589
Bank borrowings	25,693	59,001
<u>Current</u>		
Finance lease liabilities	1,820	1,401
Bank borrowings	122,617	71,974
Total Borrowings	<u>153,840</u>	<u>134,965</u>

**10. Derivative Financial instrument**

This is not applicable.

**11. 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.

## 12. Breakdown of Realised and Unrealised Profits or Losses of the Group

The breakdown of the retained profits of the Group as at 30 June 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.

	<b>As At 30.6.2016 RM'000</b>	<b>As At 30.6.2015 RM'000</b>
Retained profits /(accumulated losses) - Realised	63,045	(26,780)
Accumulated losses – Unrealised	-	-
Less: consolidated adjustments	27,854	33,871
<b>Total Group retained profits</b>	<b>90,899</b>	<b>7,091</b>

## 13. 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 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, 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 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 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 which was fixed on 7 July 2016 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 23 August 2016. The case has been adjourned to a date to be fixed by the court later.

- (c) **Zen Courts Sdn. Bhd. ("Zen Courts") against Bukit Jalil Development Sdn. Bhd. ("BJDSB"), Ho Hup Construction Company Berhad & Ho Hup Equipment Rental Sdn Bhd ("HHERSB") 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, the Company and HHERSB alleging the Company and HHERSB had oppressed its rights as a minority shareholder of BJDSB. The High Court in finding that there was an oppression, had ordered the Company 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; and

- (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.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 24 August 2016, being the latest practicable date from the date of the issue of this quarterly report.

#### 14. Dividends paid

On 8 June 2016, the Company announced the fifth 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 RM233,014 which was paid on 13 July 2016.

#### 15. Significant Related Party Transactions

There were no significant related party transactions occurred during the financial quarter ended 30 June 2016.

#### 16. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
<b>Profit before tax is arrived at after charging:-</b>				
Depreciation of property, plant and equipment	491	455	946	901
Finance cost	1,097	285	2,688	854
<b>And Crediting:-</b>				
Rental income	94	35	245	69
Finance income	36	150	47	219

#### 17. Earnings per share

##### **Basic Earnings Per Share (Basic EPS)**

Basic earnings per share for the financial period to-date are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

	Current quarter 30.6.2016	Preceding year corresponding quarter 30.6.2015	Financial period to-date 30.6.2016	Preceding year corresponding period to-date 30.6.2015
Net profit for the period attributable to owners of the parent (RM'000)	20,347	14,184	39,427	34,278
Weighted average	348,572	369,142	347,802	340,360



number of ordinary shares ('000)				
<b>Basic EPS (sen)</b>	<b>5.84</b>	<b>3.84</b>	<b>11.34</b>	<b>10.07</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 30.6.2016</b>	<b>Preceding year corresponding quarter 30.6.2015</b>	<b>Financial period to-date 30.6.2016</b>	<b>Preceding year corresponding period to-date 30.6.2015</b>
Net profit for the period attributable to owners of the parent (RM'000)	20,347	14,184	39,427	34,278
Adjustment for convertible preference dividend (RM'000)	-	-	248	-
<b>Adjusted net profit for the period attributable to owners of the parent (RM'000)</b>	<b>20,347</b>	<b>14,184</b>	<b>39,675</b>	<b>34,278</b>
Weighted average number of ordinary shares ('000)	348,572	369,142	347,802	340,360
Adjustment for ICPS ('000)	7,857	8,357	7,927	9,006
Adjustment for RCPS ('000)	18,391	20,747	18,983	21,445
Adjustment for Warrants ('000)	14,094	26,071	15,470	25,824
Adjustment for ESOS ('000)	815	-	1,039	-
<b>Adjusted weighted average number of ordinary shares in issue ('000)</b>	<b>389,729</b>	<b>424,317</b>	<b>391,221</b>	<b>396,635</b>
<b>Diluted EPS (sen)</b>	<b>5.22</b>	<b>3.34</b>	<b>10.14</b>	<b>8.64</b>

**By Order of the Board**  
Dato' Wong Kit-Leong  
Chief Executive Officer  
Kuala Lumpur  
24 August 2016