CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial period ended 31 December 2018

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 12 MONTHS ENDED	
	31 Dec 2018 RM'000 (Unaudited)	31 Dec 2017 RM'000 (Unaudited)	31 Dec 2018 RM'000 (Unaudited)	31 Dec 2017 RM'000 (Audited)
Revenue	100,975	68,052	259,955	179,677
Cost of Sales	(76,786)	(40,381)	(174,859)	(93,520)
Gross Profit	24,189	27,671	85,096	86,157
Other income	992	912	3,739	3,060
Administrative expenses	(3,371)	(3,090)	(12,984)	(12,523)
Operating expenses	(7,556)	(6,983)	(18,001)	(15,614)
Profit from operating activities	14,254	18,510	57,850	61,080
Finance income	485	117	2,969	331
Finance cost	(5,430)	(4,636)	(22,923)	(12,051)
Net finance cost	(4,945)	(4,519)	(19,954)	(11,720)
Share of results of associates and joint ventures	-	(600)	-	(605)
Profit before tax	9,309	13,391	37,896	48,755
Taxation	(3,643)	(4,207)	(11,396)	(10,217)
Profit for the period	5,666	9,184	26,500	38,538
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	(21)	(748)	(646)	(840)
Other comprehensive income/(loss) for the period, net of tax	(21)	(748)	(646)	(840)
Total comprehensive income for the period, net of tax	5,645	8,436	25,854	37,698
Profit/(Loss) attributable to:				
Owners of the Parent	6,488	9,407	27,395	40,075
Non-Controlling Interest	(822)	(223)	(895)	(1,537)
Profit for the period	5,666	9,184	26,500	38,538
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	6,477	8,714	26,905	39,402
Non-Controlling Interest	(832)	(278)	(1,051)	(1,704)
Total comprehensive income for the period	5,645	8,436	25,854	37,698
Earnings per share attributable to owners of the parent (sen):				
Basic	**1.73**	**2.51**	**7.31**	**10.69**
Diluted	**1.73**	**2.49**	**7.31**	**10.35**

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	As at 31 Dec 2018 RM'000 (Unaudited)	As at 31 Dec 2017 RM'000 (Audited) (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	150,979	153,536
Investment properties	13,548	13,827
Intangible assets	95	122
Land rights	93,550	93,550
Goodwill	10,978	10,978
Quarrying rights	1,070	1,184
Inventories	9,914	9,882
Investment in joint ventures	0	-
Quarry development costs	5,787	4,034
Investment	1,184	-
	287,105	287,113
Current Assets		
Amount due from customers on contracts	61,546	32,560
Accrued billing in respect of property development costs	34,674	70,052
Inventories	409,580	347,267
Trade receivables	193,738	83,292
Other receivables	52,429	42,452
Amount due from joint venture	99	99
Tax recoverable	277	25
Fixed deposits with licensed banks	9,800	9,919
Cash and bank balances	21,661	22,912
	783,804	608,578
TOTAL ASSETS	1,070,909	895,691
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Ordinary share capital	207,574	207,559
Employee Share Option Reserve ("ESOS Reserve")	766	975
Warrant reserve	-	7,720
Other reserves	(29,687)	(37,407)
Foreign currency translation reserve	(1,469)	(979)
Retained Earnings	185,003	157,399
	362,187	335,267
Non-Controling Interest	13,272	14,278
Total Equity	375,459	349,545
Non-Current Liabilities		
Finance lease liabilities	4,728	7,064
Bank borrowings	201,634	160,122
Deferred tax liabilities	22,452	22,452
	228,814	189,638
Current Liabilities		
Amount owing to customers on contracts	8,482	25,421
Provision for liquidated ascertained damages	13,119	-
Bank borrowings	164,709	136,173
Trade payables	119,908	75,454
Other payables	128,951	93,117
Finance lease liabilities	3,759	2,743
Tax payable	27,708	23,600
	466,636	356,508
Total Liabilities	695,450	546,146
TOTAL EQUITY AND LIABILITIES	1,070,909	895,691
Net assets per share attributable to equity holders of the parent (RM)	0.97	0.89

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial period ended 31 December 2018

	Attributable to Owners of the Parent											
	Non-Distributable								Distributable			
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
(Unaudited)												
At 1 January 2018												
- as previously reported	207,559	-	-	-	(979)	7,720	975	(37,407)	157,337	335,205	14,278	349,483
Effect of adopting MFRS	-	-	-	-	-	-	-	-	62	62	-	62
At 1 January 2018	207,559	-	-	-	(979)	7,720	975	(37,407)	157,399	335,267	14,278	349,545
Profit for the financial year	-	-	-	-	-	-	-	-	27,395	27,395	(895)	26,500
Other comprehensive income for the financial year	-	-	-	-	(490)	-	-	-	-	(490)	(156)	(646)
Total comprehensive income for the financial year	-	-	-	-	(490)	-	-	-	27,395	26,905	(1,051)	25,854
Transactions with owners:												
Exercised of warrants	15	-	-	-	-	(4)	-	4	-	15	-	15
Warrants expired	-	-	-	-	-	(7,716)	-	7,716	-	-	-	-
Share option lapsed	-	-	-	-	-	-	(209)	-	209	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	45	45
Total transactions with owners	15	-	-	-	-	(7,720)	(209)	7,720	209	15	45	60
At 31 December 2018	207,574	-	-	-	(1,469)	-	766	(29,687)	185,003	362,187	13,272	375,459

	Attributable to Owners of the Parent											
	Non-Distributable								Distributable			
	Share Capital RM'000	ICPS RM'000	RCPS RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Warrant Reserve RM'000	ESOS Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
(Unaudited)												
At 1 January 2017												
- as previously reported	187,424	-	-	20,115	(306)	7,720	979	(37,407)	117,262	295,787	15,982	311,769
Effect of adopting MFRS	-	-	-	-	-	-	-	-	62	62	-	62
At January 2017	187,424	-	-	20,115	(306)	7,720	979	(37,407)	117,324	295,849	15,982	311,831
Profit for the financial year	-	-	-	-	-	-	-	-	40,075	40,075	(1,537)	38,538
Other comprehensive income for the financial year	-	-	-	-	(673)	-	-	-	-	(673)	(167)	(840)
Total comprehensive income for the financial year	-	-	-	-	(673)	-	-	-	40,075	39,402	(1,704)	37,698
Transaction with owners:												
Exercised of ESOS	20	-	-	-	-	-	(4)	-	-	16	-	16
Total transaction with owners	20	-	-	-	-	-	(4)	-	-	16	-	16
Transition to no-par value regime on 31 January 2017	20,115	-	-	(20,115)	-	-	-	-	-	-	-	-
At 31 December 2017	207,559	-	-	-	(979)	7,720	975	(37,407)	157,399	335,267	14,278	349,545

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

HO HUP CONSTRUCTION COMPANY BERHAD (14034-W)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the quarter ended 31 December 2018

	12 months ended 31-Dec-18 RM'000 (Unaudited)	12 months ended 31-Dec-17 RM'000 (Audited) (Restated)
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	37,896	48,755
Adjustments for non-cash items:		
Bad Debts written off	-	101
Depreciation of property, plant and equipment	3,597	3,023
Depreciation of investment properties	280	237
Amortisation of intangible assets	128	131
Impairment of trade receivables	-	174
Share of results of associates and joint ventures	-	605
(Gain)/Loss on disposal of property, plant and equipment	(1,104)	(170)
Gain on unrealised foreign exchange	-	(4)
PPE written off	1	-
Finance cost	22,923	12,051
Finance income	(2,969)	(331)
Operating profit before working capital changes	60,752	64,572
Movements in working capital		
Accrued billing/Progress billing in respect of property development costs	35,378	(15,014)
Amount owing by/to customer on contract	(44,123)	8,546
Inventories	(55,302)	(105,914)
Receivables	(112,922)	(12,985)
Payables	81,277	74,190
	(95,692)	(51,177)
Cash generated from / (used in) operations		
Interest paid	(34,213)	(21,915)
Tax paid	(7,539)	(14,090)
Interest received	-	331
	(41,752)	(35,674)
Net cash used in operating activities	(76,692)	(22,279)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,096)	(31,274)
Purchase of investment properties	-	(15,840)
Proceeds from disposal of property, plant and equipment & investment properties	14,151	1,949
Quarry development cost	(1,638)	(3,764)
Interest received	2,969	-
Investment in shares	(1,184)	-
Changed in pledged deposits	(3,825)	(3,273)
Contribution from non-controlling interest	45	-
Net cash from/(used in) investing activities	9,422	(52,202)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(37,578)	(109,614)
Drawdown of borrowings	98,602	177,034
Repayment of hire purchase	(3,216)	(2,715)
Proceeds from exercise on warrants	15	-
Proceeds from exercise on ESOS	-	16
Net cash from financing activities	57,823	64,721
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,447)	(9,760)
Effect of changes in foreign exchange rate	(0)	(27)
OPENING BALANCE	(4,613)	5,174
CLOSING BALANCE	(14,060)	(4,613)
Closing balance of cash and cash equivalents comprises:-		
Cash and bank balances	21,661	22,912
Bank overdraft	(32,032)	(27,779)
Fixed deposits with licensed banks	9,800	9,919
Cash and cash equivalents restricted from use	(13,489)	(9,665)
	(14,060)	(4,613)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements

A) EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB"). For the periods up to and including the financial year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the financial year ending 31 December 2018. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transaction 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 2017.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position is set out in Note 2 below. These notes include reconciliations of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statements of comprehensive income and statements of cash flows.

2. Significant accounting policies

The Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS") for the periods up to and including the financial year ended 31 December 2017. The transition to MFRS Framework does not have material financial impact to the condensed consolidated interim financial statements of the Group except as discussed below:

(a) Application of MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services.*

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

(a) Application of MFRS 15 *Revenue from Contracts with Customers* (cont'd)

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Under FRS, the Group recognised provision for expected liquated ascertained damages based on the terms of the applicable sale and purchase agreements. Upon adoption of MFRS 15, the amount of liquidated ascertained damages is accounted for as a reduction in the transaction price which would then be accounted for in profit or loss over the tenure of the respective property development project.

(b) Impact of FRS 204 *Property Development Activities*

FRS 201 is a locally developed standard with no equivalent standard under IFRS and therefore does not form part of the MFRS Framework. With the removal of FRS 201, the Group has reclassified its entire land held for property development and property development costs as at the transition date and 31 December 2017 to inventories as these are properties which are held for planned development. Under the FRS framework, land held for property development was carried at cost less accumulated impairment loss which is comparable to net realisable value when classified as inventory under MFRS. As such, there is no financial impact to the income statement arising from this reclassification.

The effect arising from the adoption of MFRS Framework on the statements of financial position is as follows:

	As previously reported under FRS Framework RM'000	**Effects of transitioning to MFRS and reclassification RM'000**	**As restated under MFRS Framework RM'000**
<u>As at 31 December 2017</u>			
Retained earnings	157,337	62	157,399
Total Equity	349,483	62	349,545
Non-Current Assets			
Land held for property development	9,882	(9,882)	-
Inventories	-	9,882	9,882
Current Assets			
Property development costs	347,069	(347,069)	-
Inventories	198	347,069	347,267
Current Liabilities			
Provision for liquidated ascertained damages	62	(62)	-

2. Significant accounting policies (cont'd)

The effect arising from the adoption of MFRS Framework on the statements of cash flows is as follows:

	As previously reported under FRS Framework RM'000	Effects of transitioning to MFRS and reclassification RM'000	As restated under MFRS Framework RM'000
<u>For the period ended 31 December 2017</u>			
Cash Flows From Operating Activities			
Movements in working capital			
Land held for property development and property development costs	(106,080)	106,080	-
Inventories	166	(106,080)	(105,914)

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective for adoption by the Group:

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group intends to adopt the above MFRSs, IC Interpretations and amendments to MFRSs when they become effective.

The Group is currently assessing the financial impact that may arise from the adoption of the aforesaid above MFRSs, IC Interpretations and amendments to MFRSs.

3. **Audit report on preceding annual financial statements**

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2017.

4. **Segment reporting**

	Cumulative 12 months			
	Revenue		Profit attributable to owners of the parent	
Business Segment	**31.12.18 RM'000**	**31.12.17 RM'000**	**31.12.18 RM'000**	**31.12.17 RM'000**
Construction	154,653	168,054	2,726	14,005
Property Development	102,467	123,769	31,929	25,529
Building Material	47,943	26,867	(2,036)	(1,924)
Others	1,324	1,557	(1,999)	(3,713)
Inter-segment eliminations	(46,432)	(140,570)	(4,120)	4,641
Total before non-controlling interest	**259,955**	**179,677**	**26,500**	**38,538**
Non-controlling interest	-	-	**895**	1,537
Total	**259,955**	**179,677**	**27,395**	**40,075**

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 2018.

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:

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

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

	No. of Options
Granted on 1 September 2015	6,000,900
Outstanding unexercised options as at 31 December 2017 Exercised during the periods: - Quarter 1, 2018 - Quarter 2, 2018 - Quarter 3, 2018 - Quarter 4, 2018 Lapsed during the period	4,157,900 - - - - (509,100)
Outstanding unexercised options as at 31 December 2018	3,648,800

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

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

12. Changes in contingent liabilities

	Group		**Company**	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies				
- Limit of guarantee	-	-	606,067	251,787
- Amount utilised	-	-	243,248	168,303
Corporate guarantees given to a supplier of goods to subsidiary companies				
- Limit of guarantee	-	-	28,850	28,650
- Amount utilised	-	-	2,337	3,035
Guarantees issued by financial institutions in connection with performance bonds, security and tender deposits in favour of third parties for construction projects	8,677	21,587	8,677	21,587

12. Changes in contingent liabilities (cont'd)

Apart from the above, there were no changes in contingent liabilities (other than the material litigations disclosed under Note B12 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.

	31.12.2018 RM'000	**31.12.2017 RM'000**
Capital expenditure		
Approved and contracted for:		
- Purchase of property, plant and equipment	526	789

14. Subsequent Material Event

Save and except for the progress on the status of material litigations as disclosed below under explanatory note B 12 Changes in Material Litigations and matters as set out herein, in the opinion of the Directors, the financial statements for the interim period have not been affected by any material event that has occurred between the end of the interim period and the date of this report.

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

1. Group Performance Review

A) Performance of Current Quarter compared with Previous Year Corresponding Quarter

Business Segment	Individual Quarter 3 months ended							
	Revenue				Profit attributable to owners of the parent			
	31.12.18	31.12.17	Changes		31.12.18	31.12.17	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	99,946	68,515	31,431	45.9	2,132	4,524	(2,392)	(52.9)
Property Development	28,927	29,293	(366)	(1.2)	7,449	8,675	(1,226)	(14.1)
Building Material	13,193	5,042	8,151	>100.0	(2,021)	133	(2,154)	>(100.0)
Others	151	405	(254)	(62.7)	(98)	(157)	59	37.6
Inter-segment eliminations	(41,242)	(35,203)	(6,039)	(17.2)	(1,796)	(3,991)	2,195	55.0
Total before non-controlling interest	**100,975**	**68,052**	**32,923**	**48.4**	**5,666**	**9,184**	**(3,518)**	**(38.3)**
Non-controlling interest	-	-	-	-	**822**	**223**	**599**	**>100.0**
Total	**100,975**	**68,052**	**32,923**	**48.4**	**6,488**	**9,407**	**(2,919)**	**(31.0)**

The Group's revenue for the current quarter increased by RM32.9 million (48.4%) as compared to previous year corresponding quarter due to the following progress:

a) **Construction Division**
The revenue increased by RM31.4 million or 45.9% due to on-going works for the following projects:
- Breakwater rehabilitation works in Terengganu;
- Construction works for technical college and highway project in Johor; and
- The immigration quarter and bridge work projects in Perak.

b) **Property Development Division**
The revenue recorded were attributable by the 18% entitlement from Pioneer Haven Sdn Bhd in relation to the Bukit Jalil Project and new revenue generated by The Crown Project in Kota Kinabalu. Reduced recognition from the Phase 2 Park Residence accounted for the decrease in overall revenue.

c) **Building Material Division**
The increase in revenue was generated by the improved contribution from the Quarry operation for the supply of rocks and aggregates for the rehabilitation works in Terengganu. Ready mix business contributed a slight increase of RM0.5 million during the current quarter.

Overall, the Group recorded a profit after tax (PAT) of RM5.7 million in the current quarter, a decrease of RM3.5 million or 38.3% from RM9.2 million in the same corresponding quarter in the previous year. The decrease was mainly caused by the higher finance costs with additional funding required for working capital of the Group and marketing expenses incurred for the newly launched project, The Crown in Kota Kinabalu, Sabah.

1. **Group Performance Review (cont'd)**

B) Performance of Current Cumulative Twelve Months compared with Previous Year Corresponding Twelve Months

Business Segment	Cumulative 12 months ended							
	Revenue				Profit attributable to owners of the parent			
	31.12.18	**31.12.17**	**Changes**		**31.12.18**	**31.12.17**	**Changes**	
	RM'000	**RM'000**	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**	**%**
Construction	154,653	168,054	(13,401)	(8.0)	2,726	14,005	(11,279)	(80.5)
Property Development	102,467	123,769	(21,302)	(17.2)	31,929	25,529	6,400	25.1
Building Material	47,943	26,867	21,076	78.4	(2,036)	(1,924)	(112)	(5.8)
Others	1,324	1,557	(233)	(15.0)	(1,999)	(3,713)	1,714	46.2
Inter-segment eliminations	(46,432)	(140,570)	94,138	67.0	(4,120)	4,641	(8,761)	>(100.0)
Total before non-controlling interest	**259,955**	**179,677**	**80,278**	**44.7**	**26,500**	**38,538**	**(12,038)**	**(31.2)**
Non-controlling interest	-	-	-	-	**895**	1,537	**(642)**	**(41.8)**
Total	**259,955**	**179,677**	**80,278**	**44.7**	**27,395**	**40,075**	**(12,680)**	**(31.6)**

The Group recorded revenue of RM260.0 million with a profit after tax of RM26.5 million for the financial year ended 31 December 2018 as compared to the same corresponding year of RM179.7 million and RM38.5 million respectively. The Divisional revenue and profit after tax are explained as follows:-

a) **Construction Division**
The cumulative revenue for Quarter 4, 2018 decreased by RM13.4 million with the completion of our in-house project, the Aurora Place. Tabulated below the project mix which accounted for the higher external sales of RM48.3 million.

RM'000	**Cumulative 31.12.2018**	**Cumulative 31.12.2017**	**Variance**
Aurora Place (in house project)	32,675	102,762	(70,087)
Polytechnic College Hulu Terengganu	16,608	31,424	(14,816)
Highway project in Johor	19,612	-	19,612
Breakwater rehabilitation works	35,564	9,639	25,925
Bridge works in Perak	16,726	13,269	3,457
Technical college in Johor (sub-contract awarded by subsidiary)	8,418	-	8,418
Technical college in Johor	13,090	5,463	7,627
Immigration quarters in Perak	11,960	5,844	6,116
Kem Askar	-	1,222	(1,222)
RAPID soil improvement works	-	(1,569)	1,569
Total	154,653	168,054	(13,401)
Less: In house project;			
- Aurora Place	(32,675)	(102,762)	70,087
- Technical College in Johor	(8,418)	-	(8,418)
Total external sales	**113,560**	**65,292**	**48,268**

1. **Group Performance Review (cont'd)**

B) Performance of Current Cumulative Twelve Months compared with Previous Year Corresponding Twelve Months (cont'd)

b) Property Development Division

Cumulative revenue declined by RM21.3 million or 17.2% as compared to the last financial year mainly due to:

- There was no revenue recognition from the Aurora Place due to its final stage of completion; and
- Lower revenue recognition from Ho Hup Tower.

c) Building Material Division

The increase in revenue was attributable by the higher contribution from the Quarry operation for the supply of rocks and aggregates for the rehabilitation works in Terengganu. The ready mix business recorded a decrease of RM5.3 million (28.4%) due to the lower demand and price competition in the industry.

The Group profit after tax (PAT) for the year declined by RM12.0 million or 31.2% as compared to the previous financial year mainly due to the higher finance cost and marketing expenses incurred for The Crown in Kota Kinabalu, Sabah.

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

Business Segment	Individual Quarter 3 months ended							
	Revenue				Profit before tax			
	31.12.18	30.9.18	Changes		31.12.18	30.9.18	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Construction	99,946	9,444	90,502	>100.0	2,135	(1,559)	3,694	>100.0
Property Development	28,927	24,812	4,115	16.6	11,037	10,545	492	4.7
Building Material	13,193	14,336	(1,143)	(8.0)	(2,021)	27	(2,048)	>(100.0)
Others	151	381	(230)	(60.4)	(98)	(1,070)	972	90.8
Inter-segment eliminations	(41,242)	(150)	(41,092)	>(100.0)	(1,744)	401	(2,145)	>(100.0)
Total	**100,975**	**48,823**	**52,152**	**>100.0**	**9,309**	**8,344**	**965**	**11.6**

Revenue in Quarter 4 was RM52.2 million higher compared to previous quarter contributed by higher revenue by the Construction Division on-going projects. The current quarter profit before tax increased marginally due to the increase of the revenue as explained above.

3. **(a) Financial Year 2019 Prospects**

The Board is mindful of the challenging market environment but expects to deliver a sustainable performance by instituting the following strategic initiatives:-

- On-going JDA entitlement with Pioneer Haven Sdn Bhd, based on its expected sales activities;
- Intensify sales for higher priced units for The Crown in Kota Kinabalu;
- Marketing of Aurora Duo, a high end condominium situated next to Aurora Place in Bukit Jalil, and
- Initial launch of the Laman Iskandaria township development in Kulai situated adjacent to the upcoming Johore International Skill Hub in the second half of 2019;

(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 current quarter under review is as follow:

	Current Quarter Ended 31.12.2018 RM'000	Cumulative Year to Date 31.12.2018 RM'000
Current period tax expense	3,643	11,396
Deferred tax expense	-	-
	3,643	11,396

The Group's effective tax rate for the current quarter was higher than the statutory tax rate mainly due to higher non-allowable expenses during the current quarter.

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.

9. Group borrowings and debt securities

	31.12.2018 RM'000	31.12.2017 RM'000
Borrowings denominated in Ringgit Malaysia:		
Secured		
Non-Current		
Finance lease liabilities	4,728	7,064
Bank borrowings	201,634	160,122
Current		
Finance lease liabilities	3,759	2,743
Bank borrowings	164,709	136,173
Total Borrowings	374,830	306,102

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. Changes in material litigations

(a) Andhra Pradesh Housing Board ("Petitioner") and Ho Hup Construction Company (India) Pte Ltd ("Respondent")
Hon'ble II Chief Judge City Civil Court, Hyderabad O.P.No. 2039 of 2008

On 9 March 2005, Ho Hup Construction Company (India) Pte Ltd ("HHCCI"), a wholly-owned subsidiary of Ho Hup, entered into a joint development agreement with the Andhra Pradesh Housing Board ("APHB") to develop an integrated township at Raviryal Village, Maheshwaran Mandal, Rangareddy District, Andhra Pradesh ("Joint Development Agreement").

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 proceeding claimed for expenses incurred and damages due to the unlawful termination of the Joint Development Agreement. On 19 May 2008, an arbitration 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

12. Changes in material litigations (cont'd)

(a) Andhra Pradesh Housing Board ("Petitioner") and Ho Hup Construction Company (India) Pte Ltd ("Respondent") Hon'ble II Chief Judge City Civil Court, Hyderabad O.P.No. 2039 of 2008 (cont'd)

(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 against the Award and apply for the application to set aside the Award. The Appellate Court having heard the appeal filed by APHB. The appeal was dismissed and ruled in favour of HHCCI on 19 January 2018. There being no further appeal filed by APHB against the ruling of the Appellate Court, the judgment is now deemed final and absolute.

Thus, APHB is obligated to honour the judgment made against it. However, APHB yet to comply with the terms of the Judgment despite demand on the Judgment has been made on it against APHB.

Hence, HHCCI had instructed our solicitors to pursue further and to commence immediately recovery proceeding to enforce the Judgment against APHB.

(b) 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 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 oppression, had ordered the Company to buy out the Zen Courts'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, FHMH valued the 30% shareholding stake in BJDSB held by Zen Courts to be RM35,970,000 ("Valuation Report"). Dissatisfied with the Valuation Report, Zen Courts filed an application to make representations on the Valuation Report for determination of the value of the shares ("Enclosure 80"). The Company on the other hand, filed an application to fix the value of the shares as recommended in the Valuation Report ("Enclosure 84"). The High Court dismissed Enclosure 80 and allowed Enclosure 84 by fixing the value of the shares as per the Valuation Report on 31 December 2012 and for the buy out to be completed within (4) four months ("the Valuation Order").

Zen Courts appealed to the Court of Appeal against the dismissal of Enclosure 80 and the Valuation Order. These appeals were dismissed by the Court of Appeal on 19 February 2014 ("Court of Appeal's Orders").

12. Changes in material litigations (cont'd)

(b) 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 (cont'd)

Zen Courts subsequently applied for leave to appeal to the Federal Court in relation to the Court of Appeal's Orders. On 5 May 2015, the Federal Court granted leave to Zen Courts to appeal to the Federal Court based on two (2) leave questions ("FC Appeals").

At the hearing of the appeals on 26 April 2016, the Federal Court allowed the FC Appeals without answering the leave questions ("Federal Court Order").The effect of the FC Order is that Enclosure 80 is allowed and the Valuation Order is set aside. Both Enclosures 80 and Enclosures 84 have been remitted to the High Court for determination of the value of the buy-out. The evidence-taking expert witnesses in respect of the valuation of the 30% shares took 6 days between 20 March 2018 to 28 March 2018, after which parties filed their respective written arguments. Oral submission by respective parties was heard on 1 June 2018, 9 and 10 October 2018. This matter which was fixed for decision on 25 January 2019 has now been adjourned to 12 March 2019 for a case management for the share valuers to attend before the learned judge to take further instructions from him to build a model to value the 30% shares.

Meanwhile, Zen Courts had on 22 August 2016 filed an application to the High Court to restore the status quo ante (the previously existing state of affairs) of them in BJDSB from the Company pending the disposal of Enclosure 80 ("Restoration Application"). This Restoration Application was dismissed with costs by the High Court on 27 March 2017. Zen Courts subsequently appealed to the Court of Appeal on 18 April 2017 against such dismissal and the appeal had then been dismissed by the Court of Appeal with costs on 2 August 2017 ("COA Decision").

In view of the COA Decision, Zen Courts further filed an application in the Federal Court for leave to appeal against the COA Decision. Leave to appeal was granted by the Federal Court on 4 December 2017 and fixed for hearing on 11 February 2019. On 11 February 2019, the Federal Court has ordered by the consent of parties that Restoration Application be remitted to the High Court for hearing and disposal. During the case management on 18 February 2019, the High Court has indicated that the Restoration Application should be determined after the completion of the re-valuation exercise and fixed this matter for mention on 12 March 2019.

Except as disclosed above, there were no other material changes in material litigations since the last annual financial year and made up to 26 February 2019, being the latest practicable date from the date of the issue of this quarterly report.

13. Dividend

No interim dividend proposed for this quarter under review.

14. Related Party Disclosures

The Group carried out the following related party transactions during the period under review:

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
Transaction with Directors of the Company				
-Progress billing received/receivable	-	172	246	434
Transaction with companies in which a substantial shareholder has interest				
-Progress billing received/receivable	-	-	496	-
Transaction with Directors of related companies				
-Progress billing received/receivable	-	-	165	310
Transaction with a major shareholder				
-Progress billing received/receivable	-	-	544	5,100
Transaction with subsidiary companies of a corporate shareholder with a significant influence over the Company				
-Progress billing received/receivable	-	-	400	1,423
-Interest expenses paid/payable	(2,321)	(1,829)	(10,185)	(5,598)
-Drawdown of term loans	-	8,000	19,000	40,000
-Repayment of term loans	-	-	(12,000)	(250)
Transaction with a minority shareholder of a subsidiary company				
-Project management fee paid/payable	(1,106)	(210)	(2,011)	(840)
Transaction with a company in which a Director of the Company has interest				
-Progress claims paid/payable	(3,447)	-	(5,701)	-
Transaction with a company in which a Director of a related company has interest				
-Progress billing received/receivable	-	-	123	-

15. Profit before Tax

	Individual Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Profit before tax is arrived at after charging:-				
Depreciation of property, plant and equipment ("PPE")	884	494	3,597	3,023
Depreciation of investment properties ("IP")	70	237	280	237
Amortisation of intangible asset	32	33	128	131
Bad debts written off	-	101	-	101
PPE written off	1	-	1	-
Impairment on trade receivables	-	174	-	174
Liquidated ascertained damages compensation charges	-	196	-	196
Rental expenses	202	337	983	810
Finance cost	5,430	4,636	22,923	12,051
And Crediting:-				
Gain on disposal of PPE & IP (net)	-	-	1,104	170
Gain on unrealised foreign exchange	-	4	-	4
Rental income	308	566	1,790	1,483
Finance income	485	117	2,969	331

16. 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 31.12.2018	Preceding year corresponding quarter 31.12.2017	Financial period to-date 31.12.2018	Preceding year corresponding period to-date 31.12.2017
Net profit for the period attributable to owners of the parent (RM'000)	6,488	9,407	27,395	40,075
Weighted average number of ordinary shares ('000)	374,874	374,870	374,871	374,868
Basic EPS (sen)	**1.73**	**2.51**	**7.31**	**10.69**

16. 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 31.12.2018	**Preceding year corresponding quarter 31.12.2017**	**Financial period to-date 31.12.2018**	**Preceding year corresponding period to-date 31.12.2017**
Net profit for the period attributable to owners of the parent (RM'000)	6,488	9,407	27,395	40,075
Adjustment for convertible preference dividend (RM'000)	-	-	-	-
Adjusted net profit for the period attributable to owners of the parent (RM'000)	**6,488**	**9,407**	**27,395**	**40,075**
Weighted average number of ordinary shares ('000)	374,874	374,870	374,871	374,868
Adjustment for Warrants ('000)	-	2,838	-	11,774
Adjustment for ESOS ('000)	-	-	-	401
Adjusted weighted average number of ordinary shares in issue ('000)	**374,874**	**377,708**	**374,871**	**387,043**
Diluted EPS (sen)	**1.73**	**2.49**	**7.31**	**10.35**

By Order of the Board
Dato' Wong Kit-Leong
Chief Executive Officer
Kuala Lumpur
26 February 2019