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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the quarter ended 31 March 2018

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 March</i>		<i>3 months ended 31 March</i>	
	2018 RM'000	2017 (restated) RM'000	2018 RM'000	2017 (restated) RM'000
<i>In thousand of RM</i>				
<b>Continuing operations</b>				
<b>Revenue</b>	<b>131,758</b>	<b>94,919</b>	<b>131,758</b>	<b>94,919</b>
Cost of sales	(109,222)	(77,029)	(109,222)	(77,029)
<b>Gross profit</b>	<b>22,536</b>	<b>17,890</b>	<b>22,536</b>	<b>17,890</b>
Other income	135	31	135	31
Administrative expenses	(4,698)	(3,803)	(4,698)	(3,803)
<b>Results from operating activities</b>	<b>17,973</b>	<b>14,118</b>	<b>17,973</b>	<b>14,118</b>
Finance income	825	906	825	906
Finance expense	(262)	(117)	(262)	(117)
Net finance income	563	789	563	789
<b>Profit before tax</b>	<b>18,536</b>	<b>14,907</b>	<b>18,536</b>	<b>14,907</b>
Income tax expense	(4,736)	(3,721)	(4,736)	(3,721)
<b>Profit for the quarter/period</b>	<b>13,800</b>	<b>11,186</b>	<b>13,800</b>	<b>11,186</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit and total comprehensive income for the quarter/period</b>	<b>13,800</b>	<b>11,186</b>	<b>13,800</b>	<b>11,186</b>
<b>Profit and total comprehensive income attributable to:</b>				
<b>Owners of the Company</b>	<b>13,777</b>	<b>11,166</b>	<b>13,777</b>	<b>11,166</b>
<b>Non-controlling Interests</b>	<b>23</b>	<b>20</b>	<b>23</b>	<b>20</b>
<b>Profit and total comprehensive income for the quarter/period</b>	<b>13,800</b>	<b>11,186</b>	<b>13,800</b>	<b>11,186</b>
<b>Earnings per share from continuing operations</b>				
Basic/Diluted earnings per ordinary share (sen)	2.51	2.03	2.51	2.03

The notes set out on pages 5 to 13 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017




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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at 31 March 2018

*In thousand of RM*

	<b>31 March 2018</b>	<b>31 December 2017 (restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	178,001	161,904
Investment properties	32,626	30,078
Inventories	172,155	171,262
<b>Total non-current assets</b>	<b>382,782</b>	<b>363,244</b>
Inventories	185,204	183,034
Trade and other receivables	354,669	335,801
Deposits and prepayments	17,500	14,692
Current tax refundable	3,591	3,932
Cash and bank balances	47,997	72,108
<b>Total current assets</b>	<b>608,961</b>	<b>609,567</b>
<b>TOTAL ASSETS</b>	<b>991,743</b>	<b>972,811</b>
<b>EQUITY</b>		
Share capital	118,700	118,700
Capital redemption reserves	-	-
Retained earnings	667,766	653,989
Treasury shares	(37,859)	(37,859)
<b>Total equity attributable to owners of the Company</b>	<b>748,607</b>	<b>734,830</b>
<b>Non-controlling interests</b>	<b>3,142</b>	<b>3,119</b>
<b>TOTAL EQUITY</b>	<b>751,749</b>	<b>737,949</b>
<b>LIABILITIES</b>		
Loans and borrowings	12,073	10,533
Deferred tax liabilities	14,060	14,580
<b>Total non-current liabilities</b>	<b>26,133</b>	<b>25,113</b>
Loans and borrowings	37,066	15,000
Trade and other payables	175,167	194,724
Current tax payable	1,628	25
<b>Total current liabilities</b>	<b>213,861</b>	<b>209,749</b>
<b>TOTAL LIABILITIES</b>	<b>239,994</b>	<b>234,862</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>991,743</b>	<b>972,811</b>
<b>Net Assets Per Share Attributable to Ordinary Equity Owners (RM)</b>	<b>1.36</b>	<b>1.34</b>

The notes set out on pages 5 to 13 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017




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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the period ended 31 March 2018

<i>In thousand of RM</i> <b>Cash flows from operating activities</b>	<b>Period ended 31 March</b>	
	<b>2018 RM'000</b>	<b>2017 (restated) RM'000</b>
Profit before taxation from continuing operations	<b>18,536</b>	<b>14,907</b>
<i>Adjustments for:-</i>		
Non-cash items	3,334	3,099
Non-operating items	(304)	(450)
<b>Operating profit before changes in working capital</b>	<b>21,566</b>	<b>17,556</b>
Change in inventories	(2,165)	(6,698)
Change in trade and other receivables, deposits and prepayments	25,593	21,544
Change in trade and other payables	(66,820)	(34,878)
<b>Cash generated from operations</b>	<b>(21,826)</b>	<b>(2,476)</b>
Overdraft interest paid	-	-
Interest received	244	491
Income taxes paid	(3,312)	(3,816)
<b>Net cash generated from operating activities</b>	<b>(24,894)</b>	<b>(5,801)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant & equipment	(18,749)	(6,800)
Acquisition of investment properties	(3,198)	-
Proceeds from disposal of property, plant & equipment	75	-
Inventories	(949)	(2,448)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	(11)	2,938
<b>Net cash used in investing activities</b>	<b>(22,832)</b>	<b>(6,310)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	-	-
Proceeds from loans and borrowings	23,605	2,038
<b>Net cash generated from/used in financing activities</b>	<b>23,605</b>	<b>2,038</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,121)</b>	<b>(10,073)</b>
<b>Cash and cash equivalents at 1 January 2018 / 1 January 2017</b>	<b>63,263</b>	<b>84,938</b>
<b>Cash and cash equivalents at 31 March 2018 / 31 March 2017</b>	<b>39,142</b>	<b>74,865</b>

**Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise the following amounts in condensed consolidated statements of financial position:

<i>In thousand of RM</i>	<b>Period ended 31 March</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
<b>Cash and bank balances</b>	<b>36,847</b>	<b>34,515</b>
<b>Deposits placed with licensed banks</b>	<b>11,150</b>	<b>40,719</b>
<b>Bank overdraft</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>47,997</b>	<b>75,234</b>
<b>Fixed deposits with original maturities exceeding three months</b>	<b>(8,855)</b>	<b>(369)</b>
	<b>39,142</b>	<b>74,865</b>

The notes set out on pages 5 to 13 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017



QUARTERLY REPORT – First Quarter Ended 31 March 2018

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the period ended 31 March 2018

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	TOTAL		
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Period ended 31 March 2018</b>							
At 1 January 2018, as previously stated	118,700	-	(37,859)	653,614	734,455	3,119	737,574
- Effect on adopting of MFRS	-	-	-	375	375	-	375
<b>At 1 January 2018, as restated</b>	<b>118,700</b>	<b>-</b>	<b>(37,859)</b>	<b>653,989</b>	<b>734,830</b>	<b>3,119</b>	<b>737,949</b>
Profit and total comprehensive income for the period	-	-	-	13,777	13,777	23	13,800
Treasury shares, at cost	-	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>118,700</b>	<b>-</b>	<b>(37,859)</b>	<b>667,766</b>	<b>748,607</b>	<b>3,142</b>	<b>751,749</b>
<b>Period ended 31 March 2017</b>							
At 1 January 2017, as previously stated	116,535	2,165	(37,859)	620,271	701,112	3,036	704,148
- Effect on adopting of MFRS	-	-	-	(564)	(564)	-	(564)
<b>At 1 January 2017, as restated</b>	<b>116,535</b>	<b>2,165</b>	<b>(37,859)</b>	<b>619,707</b>	<b>700,548</b>	<b>3,036</b>	<b>703,584</b>
Profit and total comprehensive income for the period	-	-	-	11,166	11,166	20	11,186
Transfer in accordance with Section 618(2) of the CA 2016*	2,165	(2,165)	-	-	-	-	-
Treasury shares, at cost	-	-	-	-	-	-	-
<b>At 31 March 2017 (as restated)</b>	<b>118,700</b>	<b>-</b>	<b>(37,859)</b>	<b>630,873</b>	<b>711,714</b>	<b>3,056</b>	<b>714,770</b>

\* Pursuant to Section 74 of the Companies Act 2016 ("the Act") which came into effect on 31 January 2017, the Company's shares no longer have par or nominal value and any credit amount in the Company's capital redemption reserve account has been transferred to the Company's share capital account.

The Company may exercise its right to utilise the credit amount of RM2,165,500 transferred from the capital redemption reserve account with twenty-four (24) months after the commencement of the Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. During the financial period, the Company has not utilised any of the credit amount in the capital redemption reserve account which is now part of share capital.

The notes set out on pages 5 to 13 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2017



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## QUARTERLY REPORT – First Quarter Ended 31 March 2018

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### NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 2018

#### 1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting issued by Malaysian Accounting Standard Board. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

#### 2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in 2017 financial statements except for the adoption of the new and revised MFRSs, IC Interpretations and Amendments that are applicable to the Group for the financial period beginning 1 January 2017. The adoption of these MFRSs, interpretations and amendments do not have any material impact on the financial statements of the Group.

The financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with the MFRS Framework. The date of transition to the MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS to MFRS as disclosed as follows:

##### **MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In order to measure the consequences of this view standard, the Group has reviewed the business model corresponding to the different portfolios of financial assets and of the characteristics of these financial assets.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

##### **MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 established a new five-step model that applies to revenue arising 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*.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Upon adoption of MFRS 15, the Group still recognises the revenue from contracts with customers based on over-time recognition on the basis that the contracts are specifically negotiated for the construction of an asset for a specific customer. However, the Group has assessed that for services where arrangement has been made for another party to provide the service, the Group recognises revenue at net.




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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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The following reconciliations provide the actual of the financial impact upon initial application of new MFRS Framework, MFRS 9 and MFRS 15 on the Statement of Financial Position and Statement of profit or loss and other comprehensive income of the Group.

**(a) Reconciliation of Statement of financial position as at 31 December 2017**

	As previously stated RM'000	Effect on adopting of MFRSs RM'000	As restated RM'000
<b>Assets</b>			
Property, plant and equipment	161,903,745	-	161,903,745
Investment properties	30,077,788	-	30,077,788
Land held for property development	171,262,050	(171,262,050)	-
Inventories	-	171,262,050	171,262,050
<b>Total non-current assets</b>	<b>363,243,583</b>	<b>-</b>	<b>363,243,583</b>
Property development costs	157,537,244	(157,537,244)	-
Inventories	25,497,333	157,537,244	183,034,577
Trade and other receivables	337,759,376	(1,958,534)	335,800,842
Deposits and prepayments	14,692,299	-	14,692,299
Current tax recoverable	3,932,432	-	3,932,432
Cash and cash equivalents	72,107,559	-	72,107,559
<b>Total current assets</b>	<b>611,526,243</b>	<b>(1,958,534)</b>	<b>609,567,709</b>
<b>Total assets</b>	<b>974,769,826</b>	<b>(1,958,534)</b>	<b>972,811,292</b>
<b>Equity</b>			
Share capital	118,700,700	-	118,700,700
Reserves	615,754,419	375,248	616,129,667
<b>Equity attributable to owners of the Company</b>	<b>734,455,119</b>	<b>375,248</b>	<b>734,830,367</b>
Non-controlling interests	3,119,467	-	3,119,467
<b>Total equity</b>	<b>737,574,586</b>	<b>375,248</b>	<b>737,949,834</b>
<b>Liabilities</b>			
Loans and borrowings	10,533,406	-	10,533,406
Deferred tax liabilities	14,460,900	119,000	14,579,900
<b>Total non-current liabilities</b>	<b>24,994,306</b>	<b>119,000</b>	<b>25,113,306</b>
Loans and borrowings	15,000,000	-	15,000,000
Trade and other payables	197,176,397	(2,452,782)	194,723,615
Current tax payables	24,537	-	24,537
<b>Total current liabilities</b>	<b>212,200,934</b>	<b>(2,452,782)</b>	<b>209,748,152</b>
<b>Total liabilities</b>	<b>237,195,240</b>	<b>(2,333,782)</b>	<b>234,861,458</b>
<b>Total equity and liabilities</b>	<b>974,769,826</b>	<b>(1,958,534)</b>	<b>972,811,292</b>



## QUARTERLY REPORT – First Quarter Ended 31 March 2018

## (b) Reconciliation of Statement of financial position as at 1 January 2017

	As previously stated RM'000	Effect on adopting of MFRSs RM'000	As restated RM'000
<b>Assets</b>			
Property, plant and equipment	153,425,153	-	153,425,153
Investment properties	8,551,067	-	8,551,067
Land held for property development	162,977,023	(162,977,023)	-
Inventories	-	162,977,023	162,977,023
<b>Total non-current assets</b>	<b>324,953,243</b>	<b>-</b>	<b>324,953,243</b>
Property development costs	141,213,711	(141,213,711)	-
Inventories	25,628,699	141,213,711	166,842,410
Trade and other receivables	284,690,578	(2,645,010)	282,045,568
Deposits and prepayments	3,239,956	-	3,239,956
Current tax recoverable	4,696,102	-	4,696,102
Cash and cash equivalents	88,482,158	-	88,482,158
<b>Total current assets</b>	<b>547,951,204</b>	<b>(2,645,010)</b>	<b>545,306,194</b>
<b>Total assets</b>	<b>872,904,447</b>	<b>(2,645,010)</b>	<b>870,259,437</b>
<b>Equity</b>			
Share capital	116,535,200	-	116,535,200
Reserves	584,577,529	(563,587)	584,013,942
<b>Equity attributable to owners of the Company</b>	<b>701,112,729</b>	<b>(563,587)</b>	<b>700,549,142</b>
Non-controlling interests	3,035,995	-	3,035,995
<b>Total equity</b>	<b>704,148,724</b>	<b>(563,587)</b>	<b>703,585,137</b>
<b>Liabilities</b>			
Loans and borrowings	-	-	-
Deferred tax liabilities	14,341,600	(177,000)	14,164,600
<b>Total non-current liabilities</b>	<b>14,341,600</b>	<b>(177,000)</b>	<b>14,164,600</b>
Loans and borrowings	6,802,089	-	6,802,089
Trade and other payables	147,555,330	(1,904,423)	145,650,907
Current tax payables	56,704	-	56,704
<b>Total current liabilities</b>	<b>154,414,123</b>	<b>(1,904,423)</b>	<b>152,509,700</b>
<b>Total liabilities</b>	<b>168,755,723</b>	<b>(2,081,423)</b>	<b>166,674,300</b>
<b>Total equity and liabilities</b>	<b>872,904,447</b>	<b>(2,645,010)</b>	<b>870,259,437</b>




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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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**(c) Reconciliation of Statement of profit or loss and other comprehensive income for the year ended 31 December 2017**

	As previously stated RM'000	Effect on adopting of MFRSs RM'000	As restated RM'000
<b>Revenue</b>	505,906,766	(87,354,030)	418,552,736
Cost of sales	(428,743,108)	87,175,515	(341,567,593)
<b>Gross profit</b>	77,163,658	(178,515)	76,985,143
Other income	431,244	-	431,244
Administrative expenses	(16,857,223)	-	(16,857,223)
<b>Results from operating activities</b>	60,737,679	(178,515)	60,559,164
Finance income	2,280,455	922,566	3,203,021
Finance costs	(389,060)	(249,803)	(638,863)
Net finance income	1,891,395	672,763	2,564,158
<b>Profit before tax</b>	62,629,074	494,248	63,123,322
Tax expense	(16,014,807)	(119,000)	(16,133,807)
<b>Profit after tax</b>	46,614,267	375,248	46,989,515
Earnings per share	8.47	0.07	8.54

**(d) Reconciliation of Statement of profit or loss and other comprehensive income for the period ended 31 March 2017**

	As previously stated RM'000	Effect on adopting of MFRSs RM'000	As restated RM'000
<b>Revenue</b>	105,179,370	(10,259,705)	94,919,665
Cost of sales	(87,015,394)	9,985,918	(77,029,476)
<b>Gross profit</b>	18,163,976	(273,787)	17,890,189
Other income	31,299	-	31,299
Administrative expenses	(3,803,322)	-	(3,803,322)
<b>Results from operating activities</b>	14,391,953	(273,787)	14,118,166
Finance income	769,769	135,953	905,722
Finance costs	(116,743)	-	(116,743)
Net finance income	653,026	135,953	788,979
<b>Profit before tax</b>	15,044,979	(137,834)	14,907,145
Tax expense	(3,753,791)	33,003	(3,720,788)
<b>Profit after tax</b>	11,291,188	(104,831)	11,186,357
Earnings per share	2.05	(0.02)	2.03

**3. Seasonality and Cyclicity of Operations**

The business operations of the Group are not materially affected by any seasonal or cyclical factors except that the level of construction activities in the first quarter of the year and during rainy season is generally lower.

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial period to date.

**5. Changes in estimates**

There were no changes in estimates reported in prior financial years that have a material effect in the current interim period.

**6. Debt and Equity Securities etc**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:





QUARTERLY REPORT – First Quarter Ended 31 March 2018

**Share Buy Back**

During the current quarter under review, the Company did not buy back any shares.

As at 31 March 2018, the number of treasury shares held were 33,158,781 shares at a total cost of RM37,858,954 and all the repurchase transactions were financed by internally generated funds. None of the shares purchased back was resold or cancelled during the quarter under review.

**7. Operating Segment**

The Group has two reportable segments, as described below, which are the Group's strategic units.

Construction : Marine and civil engineering works and construction  
 Property development : Development of residential and commercial properties

<b>For the period ended 31 March 2018</b>					
<i>In thousand of RM</i>					
	<b>Construction</b>	<b>Property Development</b>	<b>Other non-Reportable segment</b>	<b>Inter-Segment elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>					
<i>Revenue from external customers</i>	114,311	17,447	-	-	131,758
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	15,878	5,392	(56)	4	21,218
Depreciation	(3,129)	(9)	(107)	-	(3,245)
Interest income from bank balances	271	9	9	-	289
Interest income from other financial assets	536	-	-	-	536
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(262)	-	-	-	(262)
<b>Segment profit before tax</b>	<b>13,294</b>	<b>5,392</b>	<b>(154)</b>	<b>4</b>	<b>18,536</b>
Income tax expense					(4,736)
<b>Profit for the period</b>					<b>13,800</b>
<b>Segment assets</b>	582,391	356,318	53,271	(237)	991,743
<b>Segment liabilities</b>	193,990	38,578	7,486	(60)	239,994

<b>For the period ended 31 March 2017, as restated</b>					
<i>In thousand of RM</i>					
	<b>Construction</b>	<b>Property Development</b>	<b>Other non-Reportable segment</b>	<b>Inter-Segment elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment profit</b>					
<i>Revenue from external customers</i>	80,800	14,119	-	-	94,919
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	12,899	4,205	(10)	2	17,096
Depreciation	(2,863)	(9)	(106)	-	(2,978)
Interest income from bank balances	532	7	39	-	578
Interest income from other financial assets	328	-	-	-	328
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(117)	-	-	-	(117)
<b>Segment profit before tax</b>	<b>10,779</b>	<b>4,203</b>	<b>(77)</b>	<b>2</b>	<b>14,907</b>
Income tax expense					(3,721)
<b>Profit for the period</b>					<b>11,186</b>
<b>Segment assets</b>	460,073	322,542	49,867	(262)	858,220
<b>Segment liabilities</b>	108,402	31,631	3,483	(66)	143,450

The activities of the Group are carried out in Malaysia and as such, segmental reporting by geographical locations is not presented.



QUARTERLY REPORT – First Quarter Ended 31 March 2018

**8. Dividend Paid**

There was no dividend paid during the quarter ended 31 March 2018.

**9. Subsequent Material Events**

There was no material events subsequent to the end of the period reported on till the date of this quarterly report.

**10. Changes in the Composition of the Group**

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

**11. Contingent Liabilities**

There were no contingent liabilities in respect of the Group that have arisen since 31 March 2018 till the date of this quarterly report.

**12. Property, plant and equipment**

The acquisitions and disposals of property, plant and equipment for the period ended 31 March 2018 were as follows:-

<i>In thousand of RM</i>	<u>3 months ended 31 March</u>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Acquisitions of property, plant and equipment, at cost	19,308	6,800
Disposals of property, plant and equipment, at carrying amount	<u>51</u>	<u>188</u>

**13. Commitment**

The amounts of commitment not provided for in the interim financial report as at 31 March 2018 were as follows:-

<i>In thousand of RM</i>	<u>As at 31 March</u>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Acquisition of property, plant and equipment		
Approved and contracted for	14,945	4,088
Approved but not contracted for	<u>13,898</u>	<u>35,820</u>
	<u>28,843</u>	<u>39,908</u>
Acquisition of investment property		
Approved and contracted for	11,210	2,888
Approved but not contracted for	<u>2,874</u>	<u>7,977</u>
	<u>14,084</u>	<u>10,865</u>

**14. Recurrent Related Party Transactions**

The aggregate gross value of significant recurrent related party transactions for the period ended 31 March 2018 were as follows:-

<i>In thousand of RM</i>	<u>3 months ended 31 March</u>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate gross value of significant recurrent related party transactions	<u>16,919</u>	<u>15,682</u>

The significant related party transactions comprise transactions with companies controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely Yu Chee Hoe, Yii Chee Sing, Lau Kiing Kang, Lau Kiing Yiang and Estate of the Late Yu Chee Lieng.

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

**15. Key Management Personnel Compensation**

<i>In thousand of RM</i>	<u>3 months ended 31 March</u>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors' compensation	886	840
Other key management personnel compensation	<u>948</u>	<u>855</u>



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## QUARTERLY REPORT – First Quarter Ended 31 March 2018

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### **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**

For the quarter ended 31 March 2018

#### **16. Review of Performance**

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM131.76 million, an increase of 39% as compared to the preceding year corresponding quarter's figure of RM94.92 million (after restatement of preceding year's figure in line with new accounting policies adopted – see Note 2). The construction segment contributed RM114.31 million (87%) whilst the property development segment registered a contribution of RM17.45 million (13%) to the Group's revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM18.54 million, an increase of 24% as compared to RM14.91 million (as restated) for the preceding year's corresponding quarter.

The changes in revenue and net profit before tax were contributed by the following segments:

Construction segment: For the 3-month period ended 31 March 2018, the revenue and net profit before tax are RM114.31 million and RM13.24 million compared to the previous year's corresponding quarter figures of RM80.80 million (as restated) and RM10.80 million (as restated) respectively. The revenue for the current quarter has improved by 41% as compared to the previous year's corresponding quarter while profit before tax has increased by 22%. This was mainly due to higher construction activities carried out during the quarter.

Property development segment: For the 3-month period ended 31 March 2018, the revenue and net profit before tax are RM17.45 million and RM5.30 million compared to the previous year's corresponding quarter figures of RM14.12 million (as restated) and RM4.11 million (as restated) respectively. The revenue for the current quarter has increased by 24% as compared to the previous year's corresponding quarter while profit before tax has increased by 29%. Higher revenue was recorded during the current quarter due to recognition of sales while profit margins remained stable.

#### **17. Variation of Results against Immediate Preceding Quarter**

The net profit before tax of the Group for the current quarter is RM18.54 million compared to RM20.14 million (as restated) for the immediate preceding quarter on the back of the Group's revenue of RM131.76 million and RM142.76 million (as restated) respectively.

#### **18. Current Year Prospects**

With a record order book of RM3 billion and some RM2.5 billion of this unbilled, the Group will be busy on work execution. There has been an increase in construction activities which has translated into higher revenue since the Fourth Quarter of 2017. This trend is expected to continue. Margins are also recovering. The Group is optimistic given the reiteration of the present Federal Government that good infrastructure is key to economic development and its indication that as much as 30% of the national budget allocation for development is to be deployed for Sabah and Sarawak. This augurs well for contract opportunities for the Group. Project procurement will be undertaken in line with our prudent project management strategies, taking due consideration of the capacity and capabilities of the Group. HSL foresees the property development segment, with a variety of products on offer, will make a greater impact on the business of HSL Group in 2018 and beyond.

#### **19. Actual profit vs forecast profit / Profit guarantee**

This note is not applicable, as no profit forecast was published and the Group is not required to give any profit guarantee.




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**QUARTERLY REPORT – First Quarter Ended 31 March 2018**


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**20. Income Tax Expense**

	Individual Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2018	2017 (restated)	2018	2017 (restated)
	RM'000	RM'000	RM'000	RM'000
<i>In thousand of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/period	5,256	4,059	5,256	4,059
Under provision in prior year	-	-	-	-
Deferred Tax Expense - Malaysian				
Current quarter/period	(520)	(338)	(520)	(338)
Under/(Over) provision in prior year	-	-	-	-
<b>Income tax expense</b>	<b>4,736</b>	<b>3,721</b>	<b>4,736</b>	<b>3,721</b>

**Reconciliation of effective tax expense**

Profit for the quarter/period	13,800	11,186	13,800	11,186
Total income tax expense	4,736	3,721	4,736	3,721
Profit before taxation	18,536	14,907	18,536	14,907
Income tax using Malaysian tax rates	4,448	3,577	4,448	3,577
Non-deductible expenses	288	144	288	144
Under/(Over) provision in prior year	-	-	-	-
<b>Income tax expense</b>	<b>4,736</b>	<b>3,721</b>	<b>4,736</b>	<b>3,721</b>

**21. Status of Corporate Proposals**

There was no corporate proposal announced but not completed at the date of this quarterly report.

**22. Group Borrowings and Debt Securities**

The Group has short term borrowings as at 31 March 2018 as follows:-

	As at 31 March	
	2018	2017
	RM'000	RM'000
<i>In thousand of RM</i>		
<b>Current</b>		
Unsecured - Banker Acceptance	7,066	8,604
- Bank Overdraft	-	-
- Revolving Credit	30,000	-
- Term Loan	12,073	-
	<u>49,139</u>	<u>8,604</u>

**23. Material Litigation**

There was no material litigation pending since 31 March 2018 till the date of this Quarterly Report.

**24. Dividend**

The shareholders have approved the final single-tier exempt dividend of 1.4 sen per ordinary share for the financial year ended 31 December 2017 at the Annual General Meeting held on 24 May 2018. The entitlement date for the dividend shall be 11 June 2018 and the dividend shall be paid on 25 June 2018.



QUARTERLY REPORT – First Quarter Ended 31 March 2018

**25. Earnings per Share**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2018	2017 (restated)	2018	2017 (restated)
Net profit attributable to ordinary owners of the Company (RM'000)	13,777	11,166	13,777	11,166
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	2.51	2.03	2.51	2.03

**26. Profit before tax**

Profit before tax is arrived at after charging/(crediting) the followings:

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2018 RM,000	2017 (restated) RM,000	2018 RM,000	2017 (restated) RM,000
Interest income from bank balances	289	578	289	578
Interest income from other financial assets	536	328	536	328
Other income including investment income	19	27	19	27
Interest expense on bank balances	-	-	-	-
Interest expense on other financial liabilities	262	117	262	117
Depreciation and amortization	3,246	2,978	3,246	2,978
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	16	-	16	-
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	322	(164)	322	(164)
Foreign exchange gain/(loss)	25	3	25	3
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

**27. Derivative Financial Instruments**

There were no derivative financial instruments as at 31 March 2018.

**28. Gains/Losses arising from fair value changes of financial liabilities**

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2018.

**29. Audit Report**

The auditors have expressed an unqualified opinion on the Group's and Company's statutory financial statements for the year ended 31 December 2017 in their report dated 26 March 2018.

**30. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2018.

Issue Date: 24 May 2018