



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 June 2018

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 June		6 months ended 30 June	
	2018 RM'000	2017 (restated) RM'000	2018 RM'000	2017 (restated) RM'000
<i>Thousand of RM</i>				
Continuing operations				
Revenue	154,245	75,896	286,003	170,815
Cost of sales	(132,524)	(59,916)	(241,745)	(136,945)
Gross profit	21,721	15,980	44,258	33,870
Other income	-	163	134	194
Administrative expenses	(3,474)	(3,684)	(8,171)	(7,487)
Results from operating activities	18,247	12,459	36,221	26,577
Finance income	823	752	1,648	1,657
Finance expense	(218)	(96)	(480)	(212)
Net finance income	605	656	1,168	1,445
Profit before tax	18,852	13,115	37,389	28,022
Income tax expense	(4,713)	(3,321)	(9,450)	(7,042)
Profit for the quarter/period	14,139	9,794	27,939	20,980
Other comprehensive income, net of tax	-	-	-	-
Profit and total comprehensive income for the quarter/period	14,139	9,794	27,939	20,980
Profit and total comprehensive income attributable to:				
Owners of the Company	14,118	9,782	27,895	20,948
Non-controlling Interests	21	12	44	32
Profit and total comprehensive income for the quarter/period	14,139	9,794	27,939	20,980
Earnings per share from continuing operations				
Basic/Diluted earnings per ordinary share (sen)	2.57	1.78	5.08	3.81

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



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2018

Thousand of RM

	30 June 2018	31 December 2017 (restated)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	187,816	161,904
Investment properties	38,297	30,078
Inventories	173,762	171,262
Total non-current assets	399,875	363,244
Inventories	185,591	183,034
Trade and other receivables	261,542	335,801
Deposits and prepayments	16,589	14,692
Current tax refundable	3,933	3,932
Cash and bank balances	139,848	72,108
Total current assets	607,503	609,567
TOTAL ASSETS	1,007,378	972,811
EQUITY		
Share capital	118,700	118,700
Retained earnings	674,191	653,989
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	755,032	734,830
Non-controlling interests	3,163	3,119
TOTAL EQUITY	758,195	737,949
LIABILITIES		
Loans and borrowings	12,073	10,533
Deferred tax liabilities	14,396	14,580
Total non-current liabilities	26,469	25,113
Loans and borrowings	36,392	15,000
Trade and other payables	183,121	194,724
Current tax payable	3,201	25
Total current liabilities	222,714	209,749
TOTAL LIABILITIES	249,183	234,862
TOTAL EQUITY AND LIABILITIES	1,007,378	972,811
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.37	1.34

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



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 June 2018

<i>Thousand of RM</i> Cash flows from operating activities	Period ended 30 June	
	2018 RM'000	2017 (restated) RM'000
Profit before taxation from continuing operations	37,389	28,022
<i>Adjustments for:-</i>		
Non-cash items	6,227	6,137
Non-operating items	(649)	(908)
Operating profit before changes in working capital	42,967	33,251
Change in inventories	(2,549)	(15,817)
Change in trade and other receivables, deposits and prepayments	120,680	33,887
Change in trade and other payables	(59,429)	(30,630)
Cash generated from operations	101,669	20,691
Overdraft interest paid	-	-
Interest received	651	888
Income taxes paid	(6,457)	(8,110)
Net cash generated from operating activities	95,863	13,469
Cash flows from investing activities		
Acquisition of property, plant & equipment	(33,602)	(12,812)
Acquisition of investment properties	(7,367)	-
Proceeds from disposal of property, plant & equipment	108	120
Inventories	(2,500)	(5,291)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	(2,086)	2,638
Net cash used in investing activities	(45,447)	(15,345)
Cash flows from financing activities		
Dividends paid to owners of the Company	(7,693)	(7,693)
Proceeds from loans and borrowings	22,931	(6,566)
Net cash generated from/(used in) financing activities	15,238	(14,259)
Net increase/(decrease) in cash and cash equivalents	65,654	(16,135)
Cash and cash equivalents at 1 January 2018 / 1 January 2017	63,263	84,938
Cash and cash equivalents at 30 June 2018 / 30 June 2017	128,917	68,803

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>Thousand of RM</i>	Period ended 30 June	
	2018 RM'000	2017 RM'000
Cash and bank balances	126,397	50,103
Deposits placed with licensed banks	13,450	19,369
Bank overdraft	-	-
Total	139,847	69,472
Fixed deposits with original maturities exceeding three months	(10,930)	(669)
	128,917	68,803

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 – Second Quarter Ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 30 June 2018

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	TOTAL		
<i>Thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 June 2018							
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
At 1 January 2018, as restated	118,700	-	(37,859)	653,989	734,830	3,119	737,949
Profit and total comprehensive income for the period	-	-	-	27,895	27,895	44	27,939
Dividends to owners – 2017 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 June 2018	118,700	-	(37,859)	674,191	755,032	3,163	758,195
Period ended 30 June 2017							
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)
At 1 January 2017, as restated	116,535	2,165	(37,859)	619,707	700,548	3,036	703,584
Profit and total comprehensive income for the period	-	-	-	20,948	20,948	32	20,980
Dividends to owners – 2016 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Transfer in accordance with Section 618(2) of the CA 2016*	2,165	(2,165)	-	-	-	-	-
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 June 2017 (as restated)	118,700	-	(37,859)	632,962	713,803	3,068	716,871

* Pursuant to Section 74 of the new Companies Act 2016 ("the Act"), the Company's shares no longer have par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618(2) of the Act, any amount standing to the credit of the Company's capital redemption reserve has become part of the Company's share capital.

Included in share capital is the capital redemption reserve amounting to RM2,165,500 that is available to be utilised in accordance with Section 618(4) of the Act on or before 30 January 2019 (24 months from commencement of Section 74).

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



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 June 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 30 June 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.



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

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
Assets			
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
Total non-current assets	363,243,583	-	363,243,583
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
Total current assets	611,526,243	(1,958,534)	609,567,709
Total assets	974,769,826	(1,958,534)	972,811,292
Equity			
Share capital	118,700,700	-	118,700,700
Reserves	615,754,419	375,248	616,129,667
Equity attributable to owners of the Company	734,455,119	375,248	734,830,367
Non-controlling interests	3,119,467	-	3,119,467
Total equity	737,574,586	375,248	737,949,834
Liabilities			
Loans and borrowings	10,533,406	-	10,533,406
Deferred tax liabilities	14,460,900	119,000	14,579,900
Total non-current liabilities	24,994,306	119,000	25,113,306
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
Total current liabilities	212,200,934	(2,452,782)	209,748,152
Total liabilities	237,195,240	(2,333,782)	234,861,458
Total equity and liabilities	974,769,826	(1,958,534)	972,811,292



QUARTERLY REPORT – Second Quarter Ended 30 June 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
Assets			
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
Total non-current assets	324,953,243	-	324,953,243
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
Total current assets	547,951,204	(2,645,010)	545,306,194
Total assets	872,904,447	(2,645,010)	870,259,437
Equity			
Share capital	116,535,200	-	116,535,200
Reserves	584,577,529	(563,587)	584,013,942
Equity attributable to owners of the Company	701,112,729	(563,587)	700,549,142
Non-controlling interests	3,035,995	-	3,035,995
Total equity	704,148,724	(563,587)	703,585,137
Liabilities			
Loans and borrowings	-	-	-
Deferred tax liabilities	14,341,600	(177,000)	14,164,600
Total non-current liabilities	14,341,600	(177,000)	14,164,600
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
Total current liabilities	154,414,123	(1,904,423)	152,509,700
Total liabilities	168,755,723	(2,081,423)	166,674,300
Total equity and liabilities	872,904,447	(2,645,010)	870,259,437



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

(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
Revenue	505,906,766	(87,354,030)	418,552,736
Cost of sales	(428,743,108)	87,175,515	(341,567,593)
Gross profit	77,163,658	(178,515)	76,985,143
Other income	431,244	-	431,244
Administrative expenses	(16,857,223)	-	(16,857,223)
Results from operating activities	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
Profit before tax	62,629,074	494,248	63,123,322
Tax expense	(16,014,807)	(119,000)	(16,133,807)
Profit after tax	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 30 June 2017

	As previously stated RM'000	Effect on adopting of MFRSs RM'000	As restated RM'000
Revenue	211,568,151	(40,752,720)	170,815,431
Cost of sales	(177,603,650)	40,658,895	(136,944,755)
Gross profit	33,964,501	(93,825)	33,870,676
Other income	194,111	-	194,111
Administrative expenses	(7,487,491)	-	(7,487,491)
Results from operating activities	26,671,121	(93,825)	26,577,296
Finance income	1,363,668	293,853	1,657,521
Finance costs	(212,478)	-	(212,478)
Net finance income	1,151,190	293,853	1,445,043
Profit before tax	27,822,311	200,028	28,022,339
Tax expense	(6,993,941)	(48,171)	(7,042,112)
Profit after tax	20,828,370	151,857	20,980,227
Earnings per share	3.78	0.03	3.81

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 – Second Quarter Ended 30 June 2018

Share Buy Back

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

As at 30 June 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

For the period ended 30 June 2018					
<i>Thousand of RM</i>					
	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit					
<i>Revenue from external customers</i>	252,999	33,004	-	-	286,003
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	32,179	10,996	(203)	6	42,978
Depreciation	(6,525)	(17)	(215)	-	(6,757)
Interest income from bank balances	560	28	25	-	613
Interest income from other financial assets	1,035	-	-	-	1,035
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(480)	-	-	-	(480)
Segment profit before tax	26,769	11,007	(393)	6	37,389
Income tax expense					(9,450)
Profit for the period					27,939

Segment assets	595,298	354,681	57,634	(235)	1,007,378
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Segment liabilities	207,308	31,639	10,295	(59)	249,183
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For the period ended 30 June 2017, as restated					
<i>Thousand of RM</i>					
	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit					
<i>Revenue from external customers</i>	139,943	30,872	-	-	170,815
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	22,442	10,162	(23)	11	32,592
Depreciation	(5,785)	(18)	(212)	-	(6,015)
Interest income from bank balances	781	10	61	-	852
Interest income from other financial assets	805	-	-	-	805
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(212)	-	-	-	(212)
Segment profit before tax	18,031	10,154	(174)	11	28,022
Income tax expense					(7,042)
Profit for the period					20,980

Segment assets	479,891	330,996	49,475	(253)	860,109
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Segment liabilities	104,804	34,892	3,192	(62)	142,826
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The activities of the Group are carried out in Malaysia and as such, segmental reporting by geographical locations is not presented.



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

8. Dividend Paid

The final single-tier tax exempt dividend of 1.4 sen per ordinary share totaling RM7,693,233 for the year ended 31 December 2017 was paid on 21 June 2018.

9. Subsequent Material Events

There were 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 30 June 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 30 June 2018 were as follows:-

<i>Thousand of RM</i>	___ 6 months ended 30 June ___	
	2018 RM'000	2017 RM'000
Acquisitions of property, plant and equipment, at cost	33,602	12,812
Disposals of property, plant and equipment, at carrying amount	73	192

13. Commitment

The amounts of commitment not provided for in the interim financial report as at 30 June 2018 were as follows:-

<i>Thousand of RM</i>	___ As at 30 June ___	
	2018 RM'000	2017 RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	17,057	28,293
Approved but not contracted for	2,518	15,382
	19,575	43,675
Acquisition of investment property		
Approved and contracted for	13,488	7,385
Approved but not contracted for	1,528	20,641
	15,016	28,026

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the period ended 30 June 2018 were as follows:-

<i>Thousand of RM</i>	___ 6 months ended 30 June ___	
	2018 RM'000	2017 RM'000
Aggregate gross value of significant recurrent related party transactions	45,708	23,088

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 Yiiing 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>Thousand of RM</i>	___ 6 months ended 30 June ___	
	2018 RM'000	2017 RM'000
Directors' compensation	1,796	1,669
Other key management personnel compensation	1,894	1,711



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 30 June 2018

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM154.25 million, an increase of 103% as compared to the preceding year corresponding quarter's figure of RM75.90 million (after restatement of preceding year's figure in line with new accounting policies adopted). The construction segment contributed RM138.69 million (90%) whilst the property development segment registered a contribution of RM15.56 million (10%) to the Group's revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM18.85 million, an increase of 44% as compared to RM13.12 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 30 June 2018, the revenue and net profit before tax are RM138.69 million and RM13.33 million compared to the previous year's corresponding quarter figures of RM59.15 million (as restated) and RM7.26 million (as restated) respectively. The revenue for the current quarter has improved by 134% as compared to the previous year's corresponding quarter while profit before tax has increased by 84%. This was mainly due to higher construction activities carried out during the quarter.

Property development segment: For the 3-month period ended 30 June 2018, the revenue and net profit before tax are RM15.56 million and RM5.52 million compared to the previous year's corresponding quarter figures of RM16.75 million and RM5.86 million respectively. Revenue recorded during the current quarter was slightly lower compared to 2017 due to the timing of sales recognised 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 RM18.85 million compared to RM18.54 million for the immediate preceding quarter on the back of the Group's revenue of RM154.25 million and RM131.76 million respectively.

18. Current Year Prospects

With a record order book of RM3.1 billion of which some RM2.5 billion is unbilled, the Group continues to be busy on work execution. There has been an increase in the construction activities which has translated into higher revenue since the Fourth Quarter 2017. Revenue growth has been registered in both its construction and property development sector in the second quarter of 2018 and such trend is expected to continue. Overall profit margin has improved compared to that of 2017. The Group remains competitive in our tendering and project procurement will continue to be undertaken in line with our prudent project management strategies, taking due consideration of the capacity and capabilities of the Group vis-a-vis the rising needs for developments in the State. 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.



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

20. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2018	2017 (restated)	2018	2017 (restated)
<i>Thousand of RM</i>	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/period	4,377	3,469	9,634	7,495
Under provision in prior year	-	-	-	-
Deferred Tax Expense - Malaysian				
Current quarter/period	336	(148)	(184)	(453)
Under/(Over) provision in prior year	-	-	-	-
Income tax expense	4,713	3,321	9,450	7,042

Reconciliation of effective tax expense

Profit for the quarter/period	14,139	9,794	27,939	20,980
Total income tax expense	4,713	3,321	9,450	7,042
Profit before taxation	18,852	13,115	37,389	28,022
Income tax using Malaysian tax rates	4,524	3,146	8,973	6,723
Non-deductible expenses	189	175	477	319
Under/(Over) provision in prior year	-	-	-	-
Income tax expense	4,713	3,321	9,450	7,042

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 loan and borrowings as at 30 June 2018 as follows:-

<i>Thousand of RM</i>	As at 30 June	
	2018 RM'000	2017 RM'000
Non-current		
Unsecured - Term Loan	12,073	-
	12,073	-
Current		
Unsecured - Banker Acceptance	16,392	-
- Revolving Credit	20,000	-
	36,392	-
Total	49,139	-

23. Material Litigation

There was no material litigation pending since 30 June 2018 till the date of this Quarterly Report.

24. Dividend

The Board of Directors has declared a first interim single-tier tax exempt dividend of 1 sen per ordinary share for the year ending 31 December 2018, payable to the shareholders on 10 October 2018. The dividend entitlement date shall be 19 September 2018.



QUARTERLY REPORT – Second Quarter Ended 30 June 2018

25. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2018	2017 (restated)	2018	2017 (restated)
Net profit attributable to ordinary owners of the Company (RM'000)	14,118	9,782	27,895	20,948
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	2.57	1.78	5.08	3.81

26. Profit before tax

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

<i>Thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30 June		30 June	
	2018 RM,000	2017 (restated) RM,000	2018 RM,000	2017 (restated) RM,000
Interest income from bank balances	324	411	613	852
Interest income from other financial assets	499	341	1,035	805
Other income including investment income	17	27	36	54
Interest expense on bank balances	-	-	-	-
Interest expense on other financial liabilities	218	95	480	212
Depreciation and amortization	3,511	3,037	6,757	6,015
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	19	47	35	47
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	(314)	(27)	10	(191)
Foreign exchange gain/(loss)	(25)	18	-	21
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 30 June 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 30 June 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 16 August 2018.

Issue Date: 16 August 2018