



QUARTERLY REPORT – Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 30 September 2018

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	2018 RM'000	2017 (restated) RM'000	2018 RM'000	2017 (restated) RM'000
<i>In thousands of RM</i>				
Continuing operations				
Revenue	173,291	104,975	459,294	275,790
Cost of sales	(149,958)	(86,691)	(391,703)	(223,635)
Gross profit	23,333	18,284	67,591	52,155
Other income	68	144	202	338
Administrative expenses	(4,714)	(3,954)	(12,884)	(11,442)
Results from operating activities	18,687	14,474	54,909	41,051
Finance income	982	672	2,630	2,329
Finance expense	(173)	(325)	(654)	(537)
Net finance income	809	347	1,976	1,792
Profit before tax	19,496	14,821	56,885	42,843
Income tax expense	(5,163)	(3,948)	(14,612)	(10,990)
Profit for the quarter/period	14,333	10,873	42,273	31,853
Other comprehensive income, net of tax	-	-	-	-
Profit and total comprehensive income for the quarter/period	14,333	10,873	42,273	31,853
Profit and total comprehensive income attributable to:				
Owners of the Company	14,312	10,842	42,207	31,790
Non-controlling Interests	21	31	66	63
Profit and total comprehensive income for the quarter/period	14,333	10,873	42,273	31,853
Earnings per share from continuing operations				
Basic/Diluted earnings per ordinary share (sen)	2.60	1.97	7.68	5.79

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 – Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2018

In thousands of RM

	30 September 2018	31 December 2017 (restated)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	196,075	161,904
Investment properties	39,765	30,078
Inventories	188,322	171,262
Total non-current assets	424,162	363,244
Inventories	191,840	183,034
Trade and other receivables	380,246	335,801
Deposits and prepayments	16,947	14,692
Current tax refundable	3,344	3,932
Cash and bank balances	77,828	72,108
Total current assets	670,205	609,567
TOTAL ASSETS	1,094,367	972,811
EQUITY		
Share capital	118,700	118,700
Retained earnings	688,503	653,989
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	769,344	734,830
Non-controlling interests	3,185	3,119
TOTAL EQUITY	772,529	737,949
LIABILITIES		
Loans and borrowings	16,223	10,533
Deferred tax liabilities	15,082	14,580
Total non-current liabilities	31,305	25,113
Loans and borrowings	30,345	15,000
Trade and other payables	257,255	194,724
Current tax payable	2,933	25
Total current liabilities	290,533	209,749
TOTAL LIABILITIES	321,838	234,862
TOTAL EQUITY AND LIABILITIES	1,094,367	972,811
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.40	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 – Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 September 2018

<i>In thousands of RM</i> Cash flows from operating activities	Period ended 30 September	
	2018 RM'000	2017 (restated) RM'000
Profit before taxation from continuing operations	56,885	42,843
<i>Adjustments for:-</i>		
Non-cash items	10,128	8,747
Non-operating items	(1,182)	(1,273)
Operating profit before changes in working capital	65,831	50,317
Change in inventories	(7,760)	(11,352)
Change in trade and other receivables, deposits and prepayments	1,240	14,375
Change in trade and other payables	15,081	(19,830)
Cash generated from operations	74,392	33,510
Overdraft interest paid	-	(7)
Interest received	1,121	1,153
Income taxes paid	(10,614)	(11,517)
Net cash generated from operating activities	64,899	23,139
Cash flows from investing activities		
Acquisition of property, plant & equipment	(50,885)	-
Acquisition of investment properties	(9,960)	(30,394)
Proceeds from disposal of property, plant & equipment	5,386	131
Inventories	(17,060)	(7,190)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	(2,086)	(5,537)
Net cash used in investing activities	(74,605)	(42,990)
Cash flows from financing activities		
Dividends paid to owners of the Company	(7,693)	(7,693)
Proceeds from loans and borrowings	21,034	(6,566)
Net cash generated from/(used in) financing activities	13,341	(14,259)
Net increase/(decrease) in cash and cash equivalents	3,635	(34,110)
Cash and cash equivalents at 1 January 2018 / 1 January 2017	63,263	84,938
Cash and cash equivalents at 30 September 2018 / 30 September 2017	66,898	50,828

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 thousands of RM</i>	Period ended 30 September	
	2018 RM'000	2017 RM'000
Cash and bank balances	40,178	47,033
Deposits placed with licensed banks	37,650	12,639
Bank overdraft	-	-
Total	77,828	59,672
Fixed deposits with original maturities exceeding three months	(10,930)	(8,844)
	66,898	50,828

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 – Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 30 September 2018

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	TOTAL		
<i>In thousands of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 September 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	-	-	-	42,207	42,207	66	42,273
Dividends to owners – 2017 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Treasury shares, at cost	-	-	-	-	-	-	-
At 30 September 2018	118,700	-	(37,859)	688,503	769,344	3,185	772,529
Period ended 30 September 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	-	-	-	31,790	31,790	63	31,853
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 September 2017 (as restated)	118,700	-	(37,859)	643,804	724,645	3,099	727,744

* 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 – Third Quarter Ended 30 September 2018

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 September 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 2018. 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 September 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 – Third Quarter Ended 30 September 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	Effect on adopting of MFRSs RM	As restated RM
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 – Third Quarter Ended 30 September 2018

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

	As previously stated RM	Effect on adopting of MFRSs RM	As restated RM
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 – Third Quarter Ended 30 September 2018

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

	As previously stated RM	Effect on adopting of MFRSs RM	As restated RM
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 September 2017

	As previously stated RM	Effect on adopting of MFRSs RM	As restated RM
Revenue	337,897,484	(62,107,205)	275,790,279
Cost of sales	(285,472,744)	61,836,565	(223,636,179)
Gross profit	52,424,740	(270,640)	52,154,100
Other income	337,501	-	337,501
Administrative expenses	(11,441,502)	-	(11,441,502)
Results from operating activities	41,320,739	(270,640)	41,050,099
Finance income	1,899,339	429,805	2,329,144
Finance costs	(286,981)	(249,803)	(536,784)
Net finance income	1,612,358	180,002	1,792,360
Profit before tax	42,933,097	(90,638)	42,842,459
Tax expense	(11,011,664)	21,544	(10,990,120)
Profit after tax	31,921,433	(69,094)	31,852,339
Earnings per share	5.80	(0.01)	5.79

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 – Third Quarter Ended 30 September 2018

Share Buy Back

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

As at 30 September 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 September 2018					
<i>In thousands 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>	403,169	56,125	-	-	459,294
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	45,986	20,236	(813)	8	65,417
Depreciation	(10,159)	(27)	(322)	-	(10,508)
Interest income from bank balances	1,154	40	33	-	1,227
Interest income from other financial assets	1,403	-	-	-	1,403
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(654)	-	-	-	(654)
Segment profit before tax	37,730	20,249	(1,102)	8	56,885
Income tax expense					(14,612)
Profit for the period					42,273
Segment assets	665,540	373,257	55,804	(234)	1,094,367
Segment liabilities	271,777	39,149	10,971	(59)	321,838

For the period ended 30 September 2017, as restated					
<i>In thousands 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>	291,827	58,452	-	(74,489)	275,790
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	31,292	18,994	(50)	19	50,255
Depreciation	(8,858)	(27)	(319)	-	(9,204)
Interest income from bank balances	1,079	13	71	-	1,163
Interest income from other financial assets	1,114	52	-	-	1,166
Interest expense on bank balances	-	(7)	-	-	(7)
Interest expense on other financial liabilities	(530)	-	-	-	(530)
Segment profit before tax	24,097	19,025	(298)	19	42,843
Income tax expense					(10,990)
Profit for the period					31,853
Segment assets	513,913	335,738	51,343	(19,861)	881,133
Segment liabilities	137,197	30,052	5,185	(19,677)	152,757

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



QUARTERLY REPORT – Third Quarter Ended 30 September 2018

8. Dividend Paid

There was no dividend paid during the quarter ended 30 September 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 30 September 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 September 2018 were as follows:-

<i>In thousands of RM</i>	<u>9 months ended 30 September</u>	
	2018	2017
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	50,885	30,394
Disposals of property, plant and equipment, at carrying amount	<u>5,433</u>	<u>194</u>

13. Commitment

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

<i>In thousands of RM</i>	<u>As at 30 September</u>	
	2018	2017
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	14,438	23,653
Approved but not contracted for	<u>7,142</u>	<u>9,036</u>
	<u>21,580</u>	<u>32,689</u>
Acquisition of investment property		
Approved and contracted for	14,912	11,993
Approved but not contracted for	<u>3,313</u>	<u>12,124</u>
	<u>18,225</u>	<u>24,117</u>

14. Recurrent Related Party Transactions

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

<i>In thousands of RM</i>	<u>9 months ended 30 September</u>	
	2018	2017
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>78,708</u>	<u>36,273</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 Ying 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 thousands of RM</i>	<u>9 months ended 30 September</u>	
	2018	2017
	RM'000	RM'000
Directors' compensation	2,664	2,480
Other key management personnel compensation	<u>2,800</u>	<u>2,624</u>



QUARTERLY REPORT – Third Quarter Ended 30 September 2018

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 30 September 2018

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM173.29 million, an increase of 65% as compared to the preceding year corresponding quarter's figure of RM104.98 million (after restatement of preceding year's figure in line with new accounting policies adopted). The construction segment contributed RM150.17 million (87%) whilst the property development segment registered a contribution of RM23.12 million (13%) to the Group's revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM19.50 million, an increase of 32% as compared to RM14.82 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 September 2018, the revenue and net profit before tax are RM150.17 million and RM10.35 million compared to the previous year's corresponding quarter figures of RM77.40 million (as restated) and RM6.04 million (as restated) respectively. The revenue for the current quarter has improved by 94% as compared to the previous year's corresponding quarter while profit before tax has increased by 71%. This was mainly due to higher construction activities carried out during the quarter.

Property development segment: For the 3-month period ended 30 September 2018, the revenue and net profit before tax are RM23.12 million and RM9.15 million compared to the previous year's corresponding quarter figures of RM27.58 million (as restated) and RM8.78 million (as restated) 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 RM19.50 million compared to RM18.85 million for the immediate preceding quarter on the back of the Group's revenue of RM173.29 million and RM154.25 million respectively.

18. Current Year Prospects

With a record order book of RM3 billion with some RM2.4 billion unbilled, the Group will 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 the construction and property development sector in the third quarter of 2018 compared to the second quarter and such trend is expected to continue with improved profits. The State Government of Sarawak recently rolled out several mega sized projects such as the Coastal Road and Trunk Road Project as well as water works projects and these contracts are mostly in pre-qualification or tendering stage. Project procurement is undertaken in line with our prudent project management strategies, taking due consideration of the capacity, capabilities and competitive advantages 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.



QUARTERLY REPORT – Third Quarter Ended 30 September 2018

20. Income Tax Expense

	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2018	2017 (restated)	2018	2017 (restated)
	RM'000	RM'000	RM'000	RM'000
<i>In thousands of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/period	4,476	3,517	14,110	11,012
Under provision in prior year	-	87	-	87
Deferred Tax Expense - Malaysian				
Current quarter/period	687	339	502	(114)
Under/(Over) provision in prior year	-	5	-	5
Income tax expense	5,163	3,948	14,612	10,990

Reconciliation of effective tax expense

Profit for the quarter/period	14,333	10,873	42,273	31,853
Total income tax expense	5,163	3,948	14,612	10,990
Profit before taxation	19,496	14,821	56,885	42,843
Income tax using Malaysian tax rates	4,678	3,554	13,651	11,277
Non-deductible expenses	485	302	961	621
Under/(Over) provision in prior year	-	92	-	92
Income tax expense	5,163	3,948	14,612	11,990

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 September 2018 as follows:-

	As at 30 September	
	2018	2017
	RM'000	RM'000
<i>In thousands of RM</i>		
Non-current		
Unsecured - Term Loan	16,223	-
	16,223	-
Current		
Unsecured - Banker Acceptance	15,345	-
- Revolving Credit	15,000	-
	30,345	-
Total	46,568	-

23. Material Litigation

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

24. Dividend

The first interim single-tier tax exempt dividend of one (1) sen per ordinary share for the year ending 31 December 2018 has been paid to shareholders on 10 October 2018.



QUARTERLY REPORT – Third Quarter Ended 30 September 2018

25. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2018	2017 (restated)	2018	2017 (restated)
Net profit attributable to ordinary owners of the Company (RM'000)	14,312	10,842	42,207	31,790
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	2.60	1.97	7.68	5.79

26. Profit before tax

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

<i>In thousands of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2018 RM,000	2017 (restated) RM,000	2018 RM,000	2017 (restated) RM,000
Interest income from bank balances	614	310	1,227	1,163
Interest income from other financial assets	368	361	1,403	1,166
Other income including investment income	31	26	73	80
Interest expense on bank balances	-	7	-	7
Interest expense on other financial liabilities	173	317	654	529
Depreciation and amortization	3,751	3,189	10,508	9,204
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	(81)	7	(46)	54
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	329	(16)	339	(207)
Foreign exchange gain/(loss)	51	58	51	79
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 30 September 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 September 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 29 November 2018.

Issue Date: 29 November 2018