



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 December 2018

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 December</i>		<i>Year ended 31 December</i>	
	2018 RM'000	2017 (restated) RM'000	2018 RM'000	2017 (restated) RM'000
<i>In thousands of RM</i>				
Continuing operations				
Revenue	151,061	144,229	610,356	420,019
Cost of sales	(128,713)	(117,933)	(520,417)	(341,568)
Gross profit	22,348	26,296	89,939	78,451
Other income	110	93	312	431
Administrative expenses	(7,509)	(5,415)	(20,393)	(16,857)
Results from operating activities	14,949	20,974	69,858	62,025
Finance income	598	330	3,228	2,659
Finance expense	(280)	(102)	(934)	(639)
Net finance income	318	228	2,294	2,020
Profit before tax	15,267	21,202	72,152	64,045
Income tax expense	(3,700)	(5,365)	(18,313)	(16,355)
Profit for the quarter/year	11,567	15,837	53,839	47,690
Other comprehensive income, net of tax	-	-	-	-
Profit and total comprehensive income for the quarter/year	11,567	15,837	53,839	47,690
Profit and total comprehensive income attributable to:				
Owners of the Company	11,545	15,817	53,752	47,607
Non-controlling Interests	22	20	87	83
Profit and total comprehensive income for the quarter/year	11,567	15,837	53,839	47,690
Earnings per share from continuing operations				
Basic/Diluted earnings per ordinary share (sen)	2.10	2.88	9.78	8.66

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 – Fourth Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

In thousands of RM

	31 December 2018	31 December 2017 (restated)
	RM'000	RM'000
ASSETS		
Property, plant and equipment	211,439	161,904
Investment properties	43,915	30,078
Inventories	190,120	171,262
Deferred tax assets	652	-
Total non-current assets	446,126	363,244
Inventories	186,840	183,034
Trade and other receivables	261,996	199,418
Contract assets	54,812	139,174
Deposits and prepayments	14,676	14,692
Current tax recoverable	5,335	3,932
Cash and bank balances	154,499	72,108
Total current assets	678,158	612,358
TOTAL ASSETS	1,124,284	975,602
EQUITY		
Share capital	118,700	118,700
Retained earnings	695,096	655,234
Treasury shares	(37,859)	(37,859)
Total equity attributable to owners of the Company	775,937	736,075
Non-controlling interests	3,207	3,119
TOTAL EQUITY	779,144	739,194
LIABILITIES		
Loans and borrowings	51,536	10,533
Deferred tax liabilities	16,066	14,973
Total non-current liabilities	67,602	25,506
Loans and borrowings	42,628	15,000
Trade and other payables	170,004	149,480
Contract liabilities	64,884	46,397
Current tax payable	22	25
Total current liabilities	277,538	210,902
TOTAL LIABILITIES	345,140	236,408
TOTAL EQUITY AND LIABILITIES	1,124,284	975,602
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.41	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 – Fourth Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2018

<i>In thousands of RM</i> Cash flows from operating activities	Year ended 31 December	
	2018 RM'000	2017 (restated) RM'000
Profit before taxation from continuing operations	72,152	64,045
<i>Adjustments for:-</i>		
Non-cash items	13,904	12,076
Non-operating items	(1,591)	(1,535)
Operating profit before changes in working capital	84,465	74,586
Change in inventories	(1,117)	(16,277)
Change in trade and other receivables, deposits and prepayments	69,060	(62,185)
Change in trade and other payables	(10,254)	46,656
Cash generated from operations	142,154	42,780
Overdraft interest paid	-	(7)
Interest received	1,660	1,417
Income taxes paid	(19,056)	(15,164)
Net cash generated from operating activities	124,758	29,026
Cash flows from investing activities		
Acquisition of property, plant & equipment	(70,156)	(31,236)
Acquisition of investment properties	(14,200)	(11,635)
Proceeds from disposal of property, plant & equipment	5,405	213
Inventories	(18,857)	(8,285)
(Placement)/Withdrawal of FDs with original maturities exceeding three months	(2,086)	(5,537)
Net cash used in investing activities	(99,894)	(56,480)
Cash flows from financing activities		
Dividends paid to owners of the Company	(13,188)	(13,188)
Proceeds from loans and borrowings	68,630	18,967
Net cash generated from/(used in) financing activities	55,442	5,779
Net increase/(decrease) in cash and cash equivalents	80,306	(21,675)
Cash and cash equivalents at 1 January 2018 / 1 January 2017	63,263	84,938
Cash and cash equivalents at 31 December 2018 / 31 December 2017	143,569	63,263

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>	Year ended 31 December	
	2018 RM'000	2017 RM'000
Cash and bank balances	129,049	40,768
Deposits placed with licensed banks	25,450	31,339
Bank overdraft	-	-
Total	154,499	72,107
Fixed deposits with original maturities exceeding three months	(10,930)	(8,844)
	143,569	63,263

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 – Fourth Quarter Ended 31 December 2018

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2018

	----- Attributable to owners of the Company -----					NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	SHARE CAPITAL RM'000	CAPITAL REDEMPTION RESERVES RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000		
<i>In thousands of RM</i>							
Year ended 31 December 2018							
At 1 January 2018, as previously reported	118,700	-	(37,859)	653,614	734,455	3,119	737,574
Adjustment on initial application of MFRS 15, net of tax	-	-	-	1,619	1,619	-	1,619
Adjustment on initial application of MFRS 9, net of tax	-	-	-	(700)	(700)	-	(700)
At 1 January 2018, restated	118,700	-	(37,859)	654,533	735,374	3,119	738,493
Profit and total comprehensive income for the year	-	-	-	53,752	53,752	87	53,839
Dividends to owners – 2017 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Dividends to owners – 2018 Interim	-	-	-	(5,495)	(5,495)	-	(5,495)
Treasury shares, at cost	-	-	-	-	-	-	-
At 31 December 2018	118,700	-	(37,859)	695,097	775,938	3,206	779,144
Year ended 31 December 2017							
At 1 January 2017, as previously reported	116,535	2,165	(37,859)	620,272	701,113	3,036	704,149
Adjustment on initial application of MFRS 15, net of tax	-	-	-	543	543	-	543
At 1 January 2017, restated	116,535	2,165	(37,859)	620,815	701,656	3,036	704,692
Profit and total comprehensive income for the year, as restated	-	-	-	47,607	47,607	83	47,690
Dividends to owners – 2016 Final	-	-	-	(7,693)	(7,693)	-	(7,693)
Dividends to owners – 2017 Interim	-	-	-	(5,495)	(5,495)	-	(5,495)
Transfer in accordance with Section 618(2) of the CA 2016*	2,165	(2,165)	-	-	-	-	-
Treasury shares, at cost	-	-	-	-	-	-	-
At 31 December 2017, restated	118,700	-	(37,859)	655,234	736,075	3,119	739,194

* In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium has become part of the Company's share capital. The Company had twenty four (24) months upon commencement of Companies Act 2016 on 31 January 2017 to utilise the credit in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (23 months from commencement of Section 74 of Companies Act 2016). As at the date of issuance of the financial statements, the Company did not utilise the share premium amounting to RM2,165,500.

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 the transition.

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 – Fourth Quarter Ended 31 December 2018

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 December 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 Group has migrated to the MFRS accounting framework with effect from 1 January 2018 and the financial statements are the Group's first set of MFRS compliant financial statements. MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in the preparation of the financial statements.

The Group has consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 January 2017 (which is the date of transition) and throughout all comparable interim periods presented, as if these policies had always been in effect. Arising from the adoption of MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contract with Customers*, there are changes to the accounting policies of:-

- i) Financial instruments;
- ii) Revenue recognition; and
- iii) Impairment losses of financial instruments

as compared to those adopted in previous financial statements.

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:

The following tables summarise the impacts arising from the adoption of MFRS 9 and MFRS 15 of the Group's financial statements.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

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

	As previously reported RM	Effect on adopting of MFRSs RM	As restated RM
Assets			
Property, plant and equipment	161,903,745	1,033,285	162,937,030
Investment properties	30,077,788	(1,033,285)	29,044,503
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	(138,341,719)	199,417,657
Contract assets	-	139,173,941	139,173,941
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	832,222	612,358,465
Total assets	974,769,826	832,222	975,602,048
Equity			
Share capital	118,700,700	-	118,700,700
Reserves	615,754,419	1,619,497	617,373,916
Equity attributable to owners of the Company	734,455,119	1,619,497	736,074,616
Non-controlling interests	3,119,467	-	3,119,467
Total equity	737,574,586	1,619,497	739,194,083
Liabilities			
Loans and borrowings	10,533,406	-	10,533,406
Deferred tax liabilities	14,460,900	512,000	14,972,900
Total non-current liabilities	24,994,306	512,000	25,506,306
Loans and borrowings	15,000,000	-	15,000,000
Trade and other payables	197,176,397	(47,696,284)	149,480,113
Contract liabilities	-	46,397,009	46,397,009
Current tax payables	24,537	-	24,537
Total current liabilities	212,200,934	(1,299,275)	210,901,659
Total liabilities	237,195,240	(787,275)	236,407,965
Total equity and liabilities	974,769,826	832,222	975,602,048



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

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

	As previously reported 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	(104,792,933)	179,897,645
Contract assets	-	104,826,470	104,826,470
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	33,537	547,984,741
Total assets	872,904,447	33,537	872,937,984
Equity			
Share capital	116,535,200	-	116,535,200
Reserves	584,577,529	543,331	585,120,860
Equity attributable to owners of the Company	701,112,729	543,331	701,656,060
Non-controlling interests	3,035,995	-	3,035,995
Total equity	704,148,724	543,331	704,692,055
Liabilities			
Loans and borrowings	-	-	-
Deferred tax liabilities	14,341,600	172,000	14,513,600
Total non-current liabilities	14,341,600	172,000	14,513,600
Loans and borrowings	6,802,089	-	6,802,089
Trade and other payables	147,555,330	(32,237,406)	115,317,924
Contract liabilities	-	31,555,612	31,555,612
Current tax payables	56,704	-	56,704
Total current liabilities	154,414,123	(681,794)	153,732,329
Total liabilities	168,755,723	(509,794)	168,245,929
Total equity and liabilities	872,904,447	33,537	872,937,984



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

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

	As previously reported RM	Effect on adopting of MFRSs RM	As restated RM
Revenue	505,906,766	(85,888,300)	420,018,466
Cost of sales	(428,743,108)	87,175,515	(341,567,593)
Gross profit	77,163,658	1,287,215	78,450,873
Other income	431,244	-	431,244
Administrative expenses	(16,857,223)	-	(16,857,223)
Results from operating activities	60,737,679	1,287,215	62,024,894
Finance income	2,280,455	378,754	2,659,209
Finance costs	(389,060)	(249,803)	(638,863)
Net finance income	1,891,395	128,951	2,020,346
Profit before tax	62,629,074	1,416,166	64,045,240
Tax expense	(16,014,807)	(340,000)	(16,354,807)
Profit after tax	46,614,267	1,076,166	47,690,433
Earnings per share	8.47	0.19	8.66

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:

Share Buy Back

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

As at 31 December 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.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

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

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2018					
<i>In thousands of RM</i>					
Segment profit					
Revenue from external customers	526,364	83,992	-	-	610,356
Segment profit before tax, interest, depreciation and other material non-cash items	55,204	29,688	(593)	14	84,313
Depreciation	(13,897)	(128)	(430)	-	(14,455)
Interest income from bank balances	1,529	56	43	-	1,628
Interest income from other financial assets	1,600	-	-	-	1,600
Interest expense on bank balances	-	-	-	-	-
Interest expense on other financial liabilities	(796)	(138)	-	-	(934)
Segment profit before tax	43,640	29,478	(980)	14	72,152
Income tax expense					(18,313)
Profit for the year					53,839
Segment assets	687,236	366,438	70,837	(227)	1,124,284
Segment liabilities	316,366	24,484	4,348	(58)	345,140

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2017, restated					
<i>In thousands of RM</i>					
Segment profit					
Revenue from external customers	343,929	76,089	-	-	420,018
Segment profit before tax, interest, depreciation and other material non-cash items	48,865	25,912	(165)	22	74,634
Depreciation	(12,147)	(36)	(426)	-	(12,609)
Interest income from bank balances	1,334	19	79	-	1,432
Interest income from other financial assets	1,175	52	-	-	1,227
Interest expense on bank balances	-	(7)	-	-	(7)
Interest expense on other financial liabilities	(575)	(57)	-	-	(632)
Segment profit before tax	38,652	25,883	(512)	22	64,045
Income tax expense					(16,355)
Profit for the year					47,690
Segment assets, restated	565,412	358,186	52,246	(242)	975,602
Segment liabilities, restated	183,586	46,579	6,304	(61)	236,408

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

8. Dividend Paid

The first interim single-tier tax exempt dividend of 1.0 sen per ordinary share totaling RM5,495,172 for the year ending 31 December 2018 was paid to shareholders on 10 October 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.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

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 December 2018 till the date of this quarterly report.

12. Property, plant and equipment

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

<i>In thousands of RM</i>	___ year ended 31 December ___	
	2018 RM'000	2017 RM'000
Acquisitions of property, plant and equipment, at cost	70,156	31,236
Disposals of property, plant and equipment, at carrying amount	5,480	242

13. Commitment

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

<i>In thousands of RM</i>	___ As at 31 December ___	
	2018 RM'000	2017 RM'000
Property, plant and equipment		
Contracted but not provided for	25,994	18,336
Authorised but not contracted for	2,096	15,392
	<u>28,090</u>	<u>33,728</u>
Investment property		
Contracted but not provided for	8,649	12,958
Authorised but not contracted for	1,504	3,428
	<u>10,153</u>	<u>16,386</u>

14. Recurrent Related Party Transactions

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

<i>In thousands of RM</i>	___ year ended 31 December ___	
	2018 RM'000	2017 RM'000
Aggregate gross value of significant recurrent related party transactions	121,663	51,321

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 Yiing 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>	___ year ended 31 December ___	
	2018 RM'000	2017 RM'000
Directors' compensation	4,570	3,714
Other key management personnel compensation	4,305	4,194



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2018

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 December 2018

16. Review of Performance

The Group derives revenue from construction and property development activities.

The Group achieved revenue of RM610.36 million and net profit before tax of RM72.15 million for the year ended 31 December 2018 as compared to previous year's figures of RM420.02 million (after restatement of preceding year's figure in line with new accounting policies adopted) and RM64.05 million respectively.

Revenue for the quarter under review is RM151.06 million as compared to the preceding year corresponding quarter's figure of RM144.23 million (as restated). The construction segment contributed RM123.20 million (82%) whilst the property development segment registered a contribution of RM27.86 million (18%) to the Group's revenue during the quarter.

The net profit before tax of the Group for the current quarter is RM15.27 million as compared to RM21.20 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 December 2018, the revenue and net profit before tax are RM123.20 million and RM6.13 million compared to the previous year's corresponding quarter figures of RM126.59 million (as restated) and RM14.43 million (as restated) respectively. The revenue recorded during the current quarter was slightly lower compared to 2017. Lower profit margin was due to more projects secured via open tender and the general increase in cost of construction.

Property development segment: For the 3-month period ended 31 December 2018, the revenue and net profit before tax are RM27.86 million and RM9.14 million compared to the previous year's corresponding quarter figures of RM17.64 million (as restated) and RM6.77 million (as restated) respectively. Higher revenue was recorded during the current quarter due to the timing of 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 RM15.27 million compared to RM19.50 million for the immediate preceding quarter on the back of the Group's revenue of RM151.06 million and RM173.29 million respectively.

18. Current Year Prospects

With a record order book of RM3.1 billion with some RM2.2 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 as compared to 2017 and such trend is expected to continue. The State Government of Sarawak had 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 tendering stage after pre-qualification and all these offer new contracts opportunity for the Group. 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 continue to make an impact on the business of HSL Group in 2019 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 – Fourth Quarter Ended 31 December 2018

20. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		year ended	
	31 December		31 December	
	2018	2017	2018	2017
		(restated)		(restated)
<i>In thousands of RM</i>	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/year	3,595	5,137	17,706	16,149
Under provision in prior year	(55)	-	(55)	87
Deferred Tax Expense - Malaysian				
Current quarter/year	160	228	662	114
Under/(Over) provision in prior year	-	-	-	5
Income tax expense	3,700	5,365	18,313	16,355

Reconciliation of effective tax expense

Profit for the quarter/year	11,567	15,837	53,839	47,690
Total income tax expense	3,700	5,365	18,313	16,355
Profit before taxation	15,267	21,202	72,152	64,045
Income tax using Malaysian tax rates	3,663	5,126	17,314	15,403
Non-deductible expenses	92	239	1,054	860
Under/(Over) provision in prior year	(55)	-	(55)	92
Income tax expense	3,700	5,365	18,313	16,355

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 31 December 2018 as follows:-

<i>In thousands of RM</i>	As at 31 December	
	2018	2017
	RM'000	RM'000
Non-current		
Term Loan – Secured	21,536	-
Term Loan – Unsecured	30,000	10,533
	<u>51,536</u>	<u>10,533</u>
Current		
Banker Acceptance – Unsecured	20,628	-
Revolving Credit – Unsecured	22,000	15,000
	<u>42,628</u>	<u>15,000</u>
Total	<u><u>94,164</u></u>	<u><u>25,533</u></u>

23. Material Litigation

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

24. Dividend

The directors have proposed a final single-tier tax exempt dividend of 1.4 sen per ordinary share for the financial year ended 31 December 2018 for the approval of the shareholders at the forthcoming Annual General Meeting. The entitlement and payment date shall be announced at a later date.



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25. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended		year ended	
	31 December		31 December	
	2018	2017 (restated)	2018	2017 (restated)
Net profit attributable to ordinary owners of the Company (RM'000)	11,545	15,817	53,752	47,607
Weighted average number of ordinary shares ('000)	549,517	549,517	549,517	549,517
Basic earnings per share (sen)	2.10	2.88	9.78	8.66

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		year ended	
	31 December		31 December	
	2018 RM,000	2017 (restated) RM,000	2018 RM,000	2017 (restated) RM,000
Interest income from bank balances	401	269	1,628	1,432
Interest income from other financial assets	197	134	1,600	1,227
Other income including investment income	55	5	128	85
Interest expense on bank balances	806	169	2,519	473
Interest expense on other financial liabilities	280	103	934	632
Depreciation and amortization	3,947	3,405	14,455	12,609
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	8	44	(38)	98
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	(262)	150	77	(57)
Foreign exchange gain/(loss)	28	39	79	118
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 31 December 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 year ended 31 December 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 26 February 2019.

Issue Date: 26 February 2019