

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2020
(The figures have not been audited)

	Note	Quarter ended 31 Mar			Year to date ended 31 Mar		
		2020 RM'000	2019 RM'000	% + / (-)	2020 RM'000	2019 RM'000	% + / (-)
Revenue	B1	42,025	36,502	15.1	42,025	36,502	15.1
Direct costs		<u>(29,922)</u>	<u>(27,060)</u>		<u>(29,922)</u>	<u>(27,060)</u>	
Gross profit		12,103	9,442	28.2	12,103	9,442	28.2
Other operating income		437	384		437	384	
Administrative expenses		(5,262)	(5,186)		(5,262)	(5,186)	
Other operating expenses		<u>(2,208)</u>	<u>(1,780)</u>		<u>(2,208)</u>	<u>(1,780)</u>	
Profit for the year from operations		5,070	2,860	77.3	5,070	2,860	77.3
Finance costs		(1,499)	(1,866)		(1,499)	(1,866)	
Share of results of associates		90	200		90	200	
Profit before taxation		<u>3,661</u>	<u>1,194</u>	206.6	<u>3,661</u>	<u>1,194</u>	206.6
Taxation	B4	<u>(1,381)</u>	<u>(855)</u>		<u>(1,381)</u>	<u>(855)</u>	
Profit for the financial period		2,280	339	572.6	2,280	339	572.6
Other comprehensive (loss)/income: <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation (loss)/gain		(32)	4		(32)	4	
Total comprehensive income for the financial period		<u>2,248</u>	<u>343</u>	555.4	<u>2,248</u>	<u>343</u>	555.4
Profit for the financial period attributable to:-							
Owners of the Company		<u>2,280</u>	<u>339</u>	572.6	<u>2,280</u>	<u>339</u>	572.6
Total comprehensive income attributable to:-							
Owners of the Company		<u>2,248</u>	<u>343</u>	555.4	<u>2,248</u>	<u>343</u>	555.4
Earnings per share (sen)							
- Basic	B11	<u>0.46</u>	<u>0.07</u>	557.1	<u>0.46</u>	<u>0.07</u>	557.1
- Diluted	B11	<u>0.46</u>	<u>0.07</u>	557.1	<u>0.46</u>	<u>0.07</u>	557.1



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

(The figures have not been audited)

	Unaudited as at 31.03.2020 RM'000	Audited as at 31.12.2019 RM'000
ASSETS		
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	4,782	4,718
Intangible assets	8,090	8,997
Goodwill	162,677	162,677
Right-of-use assets	2,631	3,350
Investments in associates	2,017	1,927
Deferred tax assets	120	122
	<u>180,317</u>	<u>181,791</u>
CURRENT ASSETS		
Trade receivables	41,068	41,138
Contract assets	75,559	66,548
Other receivables, deposits and prepayments	3,707	2,980
Tax recoverable	3,305	3,427
Short term deposits with licensed banks	39,788	46,193
Cash and bank balances	4,366	3,782
	<u>167,793</u>	<u>164,068</u>
TOTAL ASSETS	<u>348,110</u>	<u>345,859</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	254,291	254,291
Warrants reserve	29,196	29,196
Foreign currency translation reserve	206	238
Accumulated losses	(67,364)	(69,644)
TOTAL EQUITY	<u>216,329</u>	<u>214,081</u>



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020 (cont'd)

(The figures have not been audited)

		Unaudited as at 31.03.2020 RM'000	Audited as at 31.12.2019 RM'000
NON-CURRENT LIABILITIES	Note		
Retirement benefit obligations		65	61
Deferred tax liabilities		1,847	2,057
Lease liabilities		2	458
Other payable		8,491	8,368
Term loans	B8	46,366	53,694
Hire purchase payables	B8	123	60
		<u>56,894</u>	<u>64,698</u>
CURRENT LIABILITIES			
Trade payables		23,959	19,994
Contract liabilities		7,172	7,734
Other payables, accruals and provisions		8,953	7,360
Amount due to an associate		140	3
Term loans	B8	14,447	13,397
Hire purchase payables	B8	427	557
Lease liabilities		2,724	2,993
Taxation		67	4
Bank overdrafts (secured)	B8	16,998	15,038
		<u>74,887</u>	<u>67,080</u>
TOTAL LIABILITIES		<u>131,781</u>	<u>131,778</u>
TOTAL EQUITY AND LIABILITIES		<u>348,110</u>	<u>345,859</u>
Net assets per share (RM)		<u>0.44</u>	<u>0.43</u>



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 MARCH 2020

(The figures have not been audited)

	<u>Non-Distributable</u>		<u>Distributable</u>		
	Share Capital	Warrants Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	254,291	29,196	238	(69,644)	214,081
Other comprehensive income/(loss):					
- Foreign currency translation loss	-	-	(32)	-	(32)
Profit for the financial period	-	-	-	2,280	2,280
Total comprehensive income for the financial period	-	-	(32)	2,280	2,248
As at 31 March 2020	254,291	29,196	206	(67,364)	216,329



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 MARCH 2020 (cont'd)

(The figures have not been audited)

	<u>Non-Distributable</u>		<u>Distributable</u>		
			Foreign Currency Translation	(Accumulated losses)	Total
	Share Capital RM'000	Warrants Reserve RM'000	Reserve RM'000	RM'000	RM'000
As at 1 January 2019	254,291	29,196	252	(70,820)	212,919
Other comprehensive loss:					
- Foreign currency translation loss	-	-	4	-	4
Profit for the financial period	-	-	-	339	339
Total comprehensive loss for the financial period	-	-	4	339	343
As at 31 March 2019	254,291	29,196	256	(70,481)	213,262

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 MARCH 2020***(The figures have not been audited)*

	Year to date ended	
	31 Mar 2020 RM'000	31 Mar 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,661	1,194
Adjustments for:		
Depreciation of property, plant and equipment and Right-of-use assets	1,105	1,129
Amortisation of intangible assets	921	54
Property, plant and equipment written off	-	1
Reversal of allowance for impairment losses	-	(69)
Interest expenses	12	-
Interest on hire purchase	10	24
Interest on bank overdrafts	198	243
Interest on lease liability	43	82
Interest on term loan	1,113	1,401
Interest on deferred cash consideration	123	116
Net movement in provision for compensated absences	236	156
Share of results of associates	(90)	(200)
Interest income from short term deposits	(336)	(372)
Defined benefit cost	4	4
Loss on disposal of property, plant and equipment	2	115
Operating profit before working capital changes	7,002	3,878
Changes in working capital:		
Decrease in trade receivables	70	15,441
Increase in contract assets	(9,011)	(2,571)
Increase in Right-of-use assets	-	(5,972)
Increase in other receivables, deposits and prepayments	(727)	(215)
Increase/(Decrease) in trade payables	3,965	(6,379)
Decrease in contract liabilities	(562)	(164)
Increase in other payables, accruals and provisions	1,357	3,188
Decrease in amount due to an associate	125	(5,808)
Cash generated from operations	2,219	1,398
Tax refunded	-	-
Tax paid	(1,404)	(1,935)
Net cash from/(used in) operating activities	815	(537)



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 31 MARCH 2020 (cont'd)

(The figures have not been audited)

	Year to date ended	
	31 Mar 2020 RM'000	31 Mar 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(364)	(60)
Purchase of intangible assets	(14)	(46)
Proceeds from disposal of property, plant and equipment	10	14
Interest received on short term deposits	336	372
Net cash (used in)/from investing activities	(32)	280
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on hire purchase financing	(167)	(188)
Placement of fixed deposits and bank balances pledged	(539)	(794)
Repayment of term loan	(6,386)	(5,325)
Lease liabilities	(725)	5,259
Interest paid on hire purchase	(10)	(24)
Interest paid on bank overdrafts	(198)	(243)
Interest paid on lease liabilities	(43)	(82)
Interest paid on term loan	(1,006)	(1,239)
Net cash (used in) financing activities	(9,074)	(2,636)
Net decrease in cash and cash equivalents during financial period	(8,291)	(2,893)
Effect of exchange rate changes on cash and cash equivalents	(29)	14
Cash and cash equivalents at beginning of financial period	22,100	34,386
Cash and cash equivalents at end of financial period	13,780	31,507



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED
31 MARCH 2020 (cont'd)**

(The figures have not been audited)

Components of cash and cash equivalents as at 31 March 2020 is as follows:

	31 Mar 2020 RM'000	31 Mar 2019 RM'000
Cash and bank balances	4,366	916
Short term deposits with licensed banks	39,788	57,227
Bank overdrafts (secured)	(16,998)	(16,762)
	<u>27,156</u>	<u>41,381</u>
Less: short term deposits and bank balances pledged with licensed banks	(13,376)	(9,874)
	<u>13,780</u>	<u>31,507</u>

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of HSS Engineers Berhad ("**HEB**" or the "**Company**") and its subsidiaries ("**the Group**") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134- Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 and accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 except for the adoption of the following applicable Amendments to Standards or new Standards during the current financial period which is effective from 1 January 2020:

MFRSs (Including The Consequential Amendments)

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 7, Financial Instruments: Disclosures, MFRS 9, Financial Instruments (2014) and MFRS 139, Financial Instruments: Recognition and Measurement – Interest Rate Benchmark Reform
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

A3. Auditors' report on preceding audited financial statements

The preceding year's audited financial statements of the Company, HSS Engineering Sdn Bhd, SMHB Engineering Sdn Bhd, HSS BIM Solutions Pvt Ltd and BIM Global Ventures Sdn Bhd were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group's business operations are not materially affected by seasonal or cyclical factors on an annual basis but varies on a quarterly basis.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT

A6. Material changes in estimates

There were no changes in estimates of amounts reported in previous financial years that have a material effect on the results for the current financial period under review.

A7. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current financial period under review.

A8. Dividend paid

There was no dividend paid during the current quarter under review.

A9. Segmental information

The Group's activities are conducted within a single industry segment comprising provision of engineering and project management services and provision of Building Information Modeling ("BIM") services. As such, the operating revenue and results of this segment is reflected in the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The segment assets and liabilities are as presented in the Unaudited Condensed Consolidated Statement of Financial Position.

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial period under review.

A11. Capital commitments

The capital commitments of the Group as at 31 March 2020 were as follows:-

	RM'000
Authorised but not contracted for:	<u>1,126</u>

A12. Material events subsequent to the end of the current financial period

The aggressive containment strategy the Government has rightfully adopted since the announcement of the Movement Control Order ("MCO") on 16 March 2020 demanded the Group to quickly adapt to the 'next normal' in order to mitigate the impact upon operations and financial performance of the Group.

Business continuity through working from home procedures, continuous & effective communication with our employees, clients and business partners, as well as our employee's health and safety were and will continue to be our priorities in operating our business during this period. Through our ongoing efforts since the start of MCO, we have not only stabilise operations but also mitigated the financial impact on the Group by continuous engagement with our clients in terms of project billings and collections.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT

A12. Material events subsequent to the end of the current financial period (cont'd)

In light of the approval the Group has obtained from MITI, we have recommenced operations since 27 April 2020 and the Group will continue to support the Government's efforts in the combat against the virus through strict compliance with all the relevant standard operating procedures and guidelines issued by relevant competent authority that we have implemented in ensuring the best recommended practices are being adhered to at all times.

As we embrace the 'next normal', we intend to pursue innovation or even pivot new business models which will pave the way for greater improvement towards operational and financial efficiency whilst always considering the health and safety of our staff.

A13. Effect of Changes in composition of the Group

On 6 February 2020, the Company subscribed for 2 ordinary shares at the issue price of RM1.00 each representing 100% equity interest in a newly incorporated subsidiary, HEB Energy Sdn Bhd for a total cash consideration of RM2.00. HEB Energy Sdn Bhd, a company incorporated in Malaysia, is to be involved in activities on development of energy projects.

A14. Contingent assets or contingent liabilities

The Group has no contingent assets or contingent liabilities as at the date of this report.

A15. Related party transactions

There were no related party transactions entered into during the current period under review.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

For the current quarter under review, the Group recorded a total revenue of RM42.0 million, representing an increase of RM5.5 million or 15.1% from RM36.5 million achieved in the corresponding quarter in 2019.

(a) Analysis of our revenue by activities is as follows:-

	Quarter ended				Year to date ended			
	31 Mar 2020	31 Mar 2019	Variance		31 Mar 2020	31 Mar 2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Engineering services								
- Engineering design	18,029	7,792	10,237	>100	18,029	7,792	10,237	>100
- Construction supervision	17,680	18,683	(1,003)	(5.4)	17,680	18,683	(1,003)	(5.4)
Project management	4,354	6,646	(2,292)	(34.5)	4,354	6,646	(2,292)	(34.5)
BIM services	498	628	(130)	(20.7)	498	628	(130)	(20.7)
Reimbursable income	1,464	2,753	(1,289)	(46.8)	1,464	2,753	(1,289)	(46.8)
TOTAL	42,025	36,502	5,523	15.1	42,025	36,502	5,523	15.1

Engineering design

Engineering design segment recorded revenue of RM18.0 million for the current quarter which was higher by RM10.2 million as compared to RM7.8 million in the previous year corresponding quarter. This was mainly attributable to revenue recognised from the newly secured projects which includes East Coast Rail Line ("ECRL") scheme and prelim design and Projek Perintis Sistem Pengangkutan Bus Rapid Transit di 3 Laluan Berkapasiti Tinggi dan Pembinaan Laluan Khas (Busway).

Construction supervision

In line with the progress of projects, construction supervision segment revenue for the current quarter was flattish at RM17.7 million as compared to RM18.7 million for the corresponding quarter in previous year.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B1. Review of performance (cont'd)

- (a) Analysis of our revenue by activities is as follows (cont'd):-

Project management

In line with the progress of projects and the revised scope and reduction in the value of contract for Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya, project management segment reported lower revenue in the current quarter of RM4.4 million as compared to RM6.6 million and in the preceding year's quarter.

In accordance with the revised contract value and scope, the project staff has been demobilised accordingly to minimise the impact on the margin.

In addition, the decline was offsetted by the revenue recognition from Project Delivery Management Office for all development projects by the Client within the Northern Corridor Economic Region.

BIM services

BIM services continued to perform well as the Group has secured new contracts during the year.

Reimbursable income

Reimbursable income is recognised on a back to back basis with sub-consultant and allowances claimed by supervision staff and therefore it has no significant impact on the financial performance of the Group regardless of the decline or rise in reimbursable income.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B1. Review of performance (cont'd)

(b) Analysis of our revenue by geographical locations is as follows:-

	Quarter ended				Year to date ended			
	31 Mar 2020	31 Mar 2019	Variance		31 Mar 2020	31 Mar 2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Local								
Malaysia	41,663	36,232	5,431	15.0	41,663	36,232	5,431	15.0
Overseas								
India	187	191	(4)	(2.1)	187	191	(4)	(2.1)
Middle East	-	42	(42)	(100)	-	42	(42)	(100)
Indonesia	175	37	138	>100	175	37	138	>100
TOTAL	42,025	36,502	5,523	15.1	42,025	36,502	5,523	15.1

Local market continue to contribute significant portion of revenue amounting to 99.1% of the Group's total revenue attributed to local projects as explained in section (a) above.

(c) Profit After Tax ("PAT")

The Group recorded a of approximately RM2.2 million for the current quarter as compared to a PAT of RM0.3 million for corresponding quarter in 2019.

(d) Our unbilled order book as at 31 March 2020 is as follows:

	RM'000	%
Engineering services		
- Engineering design	193,699	34.5
- Construction supervision	305,698	54.4
Project management	56,479	10.1
	<u>555,876</u>	<u>99.0</u>
BIM services	5,422	1.0
Total	<u>561,298</u>	<u>100</u>

The above unbilled order book will be billed progressively on average over the next two (2) to five (5) years.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B2. Comparison with preceding quarter's profit before taxation

	Current Quarter 31 Mar 2020 RM'000	Preceding Quarter 31 Dec 2019 RM'000	Variance RM'000	%
Revenue	42,025	40,447	1,578	3.9
Gross profit	12,103	11,839	264	2.2
Profit before taxation	3,661	3,680	(19)	(0.5)

Despite of market challenges, the Group's profit before tax was flattish at RM3.7 million for both current quarter and preceding quarter.

B3. Prospects

(i) Current Scenario

An event like the COVID-19 pandemic and Movement Control Order (MCO) makes everyone focus on what's really important right now. For us, that means securing the health and safety of our staff while maintaining business continuity. It is this simple frame that helps us balance complex and competing demands between keeping our people safe and running the business and safeguarding the company for our shareholders. The aggressive containment strategy the Government initially has adopted demanded the Group to quickly remodel to the 'next normal' in order to mitigate the impact on operations and financial performance of the Group.

In an environment like this, we have to stay resilient, prudent and act responsibly and we took decisive actions to preserve the short/medium term safety of staff and all stakeholders and then medium/long term health of the company, which is crucial for our employees, clients and our shareholders as well. This issue here is the prediction of the short/medium term when Covid-19 fear is tamed and the need for an economic agenda becomes increasingly apparent. We are well-positioned to maintain the resilience, prospects and performance of this company.

Initially, this will mean focusing on three key areas. The first is care for each other, for our colleagues, for our clients and communities as we place health and safety first. As isolation/containment and adequacy of the health system is achieved, the swift towards economic agenda will need to happen in the medium/ long term.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(i) Current Scenario (cont'd)

The second area is continuity, we must continue to serve our Clients in every way we can and always protect our order book for year 2020, revenues and preserve cash flow especially during these challenging times. We need to ensure that our operations deliver services that a project needs to keep functioning throughout. We have not only stabilized operations reasonably but also nearing mitigating the financial impact on the Group by ensuring continuous engagement with our clients in terms of project billings and collections.

And now, we are focusing on protecting the future growth of our business with current healthy tender book value with more than 50% success rate based on our track record. Added to that, our growth strategies which concentrates on diversification of our revenues, from design/supervision and project management in Malaysia to ASEAN (primarily Indonesia and Philippines) and India. The intended introduction of a fourth vertical to our current revenue portfolio is an important part of our future strategy which provides a longer term sight on revenue that is recurring in nature which would involve some level of equity participation by us.

With the emerging impact from the Covid-19 pandemic in Malaysia, the latest economic indicators suggest a contraction in economic activities, arising from supply-demand shock and a drop in private consumption and affordability. To cushion this impact, the Government introduced the RM260 billion Prihatin Rakyat Economic Stimulus Package and this helped relieve certain economic pressures. The government is currently putting in place an economic recovery strategy to revitalize, reform and stimulate the economy during the era of the "next normal". One of the key drivers will be the construction industry in particular the infrastructure domain as this will provide the necessary larger downstream multipliers to the economy. The Government is making all the right moves to swing the pendulum from Covid-19 fear towards the economic agenda.

We still anticipate opportunities in the domestic infrastructure space particularly in upholding the interests of the 'rakyat' especially in the public transportation and water sector. As a key player in the sector, we are looking to leverage on our expertise and track record to take part in these projects. Also, the assurances by the new government to continue with the implementation of projects including East Coast Rail Link (ECRL) and MRT2 among others provided much-needed visibility for the infrastructure players in the long-term. Aside from this, the newly appointed Works Minister has indicated the continuation of with the construction of the Pan Borneo Highway, retaining the model in which Public Works Department oversees the project and this augurs well for 2020 onwards. One of the key projects Iskandar BRT, the Group secured since December 2019 is progressing well and will contribute positively towards the operational and financial performance in 2020.

(ii) Order Book/Tender Book

As of 31st March 2020, our order book stood at RM 561.3 million with construction supervision and project management segments being the biggest contributor of 65% and our tender book value is RM 200 million with more than 65% from the engineering design segment.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(iii) Future Prospects

The following are the prospects in the Public Transportation, Port and Water Sector

Public Transportation Sector

An effective and efficient public transportation is crucial for sustainable economic growth of an economy as well as being 'rakyat centric'. Realising its importance, the Malaysian government is expected to prioritise public transport projects.

- **MRT3**

The MRT3 is an important line as it forms the backbone of the Greater KL / Klang Valley Integrated Transit System and complements MRT1, MRT2 lines and other rail transportation including the Ampang Line, Kelana Jaya Line and Seri Petaling. MRT3 line will cover 40km in length, 32km of which would be underground with 26 stations planned along the route.

- **Bayan Lepas LRT (Penang Transportation Master Plan)**

Bayan Lepas LRT line forms the backbone and it is a priority project under the Penang Transportation Master Plan. Given the dense population in the Penang Island, Bayan Lepas LRT will serve to alleviate the traffic congestion and aid the working population commuting to and from work on a daily basis. The proposed Bayan Lepas LRT line will cover a distance of 29.5 km, forming the main North-South rail backbone on the island. As the first LRT system in Penang, the Bayan Lepas LRT line will provide direct airport transit from Penang International Airport to major destinations on the island. The line will begin at Komtar and ends at the upcoming Penang South Reclamation (PSR) Smart City.

- **Johor- Bahru Singapore Rapid Transit System (RTS)**

Currently, there are more than 450,000 daily trips between Johor Bahru to Singapore being handled by the existing causeway link and Tuas Second link. Both of the links are operating at congested levels during the peak hours. The RTS Link will have the capacity to carry up to 10,000 passengers per hour per direction, which translates to an additional capacity of 60,000 users crossing the causeway during peak hours and this will eventually reduce congestion on both links.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(iii) Future Prospects (cont'd)

Public Transportation Sector (cont'd)

● **KTMB North and South Freight Relief Line**

To assist the enhancement of passenger service, there is a requirement to develop a Freight Relief Line to divert freight trains to Port Klang away from Kuala Lumpur and the Klang Branch. Currently freight trains are taking a number of passenger train paths during the day. The Government has long been in favour of implementing a freight relief line to alleviate the congested lines between Rawang – KL – Seremban and KL – Port Klang, by constructing a new line between Serendah to Port Klang (North Freight Relief Line) and another line between Seremban to Port Klang (South Freight Relief Line). These freight relief lines are long overdue for implementation, and current transport of goods by rail are suffering as a result. Industry players prefer to transport their cargo by lorries rather than using the cheaper alternative of rail due to the longer travel times caused by the bottleneck from Rawang and Seremban, respectively, towards Port Klang due to the prioritization of KTMB's commuter services within the Klang Valley.

● **Kuching LRT**

The Kuching LRT is a proposed light rapid transit (LRT) system network in Kuching as one of the methods to ease traffic congestion in the city during peak hours. Kuching LRT would be developed in stages to open up economic corridors which will trigger the development and growth of Greater Kuching, which could have an estimated population of over a million people by 2030. It will also serve to reduce carbon footprint in pursuit of a cleaner city. The detailed engineering design for first phase covering a distance of 59.7km from Muara Tuang (Kota Samarahan) to Damai is expected to commence. The alignment will pass through 28 stations including Rembus, Unimas, Riveria, Simpang Tiga, Hikmah Exchange, Petra Jaya Hospital, Bandar Baru Samariang, Sentoria, Sungai Batu and Damai Central.

Port Sector

There could be a potential growth in the port segment, which could see an increase in container volume of 4% to 5% in the near term. The Group's long term client, Westports Malaysia, has proposed to develop eight (8) additional berths comprising Container Terminal (CT) 10 to Container Terminal (CT) 17 to support the expected long-term growth in the coming decades. In this respect, the Group is working closely with Westports, on the proposed expansion plan to double its container-handling capacity to about twenty-eight (28) million twenty-foot equivalent units a year by 2040.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(iii) Future Prospects (cont'd)

Water Sector

Malaysia has one of the most well-planned water infrastructures, with one of the highest rates in population access to clean water and sanitation in Southeast Asia. Nonetheless, challenges remain in the Malaysian water industry, such as:

- Low water tariffs in Malaysia, which is already the lowest in Asia and henceforth should be increased accordingly.
- The projected water demand for all sectors in Malaysia up to 2050 is expected to grow by 30% attributed to the demand for potable water
- The water reserve margin in several states such Kedah, Penang and Kelantan are falling below the recommended 20% margin capacity
- High non-revenue water due to leaks and water thefts

● **Sungai Perak Raw Water Transfer Scheme (SPRWTS)**

For the past forty (40) years, the Muda River (a river which flows into Penang from Kedah State) has served as Penang's main raw water resource. More than 80% of the raw water that is treated and distributed throughout Penang daily for domestic and trade use is extracted from Sungai Muda, the river that defines Penang's Northern Boundary with Kedah. This river is estimated to be able to supply enough raw water to both Kedah and Penang until the year 2023 only. The Federal Government is currently looking at several options in carrying out Phase 1 of the Sungai Perak Raw Water Transfer Scheme (SPRWTS) project to meet the raw water supply in Penang post 2023.

● **Upgrading of Water Resource and Supply For Johor (Iskandar and PIPC)**

The State of Johor has experienced severe water shortages in recent years that have resulted in water rationing with the water levels in several dams reaching extremely low or critical levels. The Government of Johor, via funding from the Federal Government, is seeking new raw water sources, in particular for future consumption in the southern region including Iskandar Malaysia. Several tenders for feasibility studies and detail design to secure new yields have been called in recent months. Developments in Pengerang for the PIPC (Pengerang Integrated petroleum Complex) are also expected to require expansion of water resource capacity for this prestigious development.

● **Langkawi Water Supply**

The Island of Langkawi has been under significant water stress for some time now and the water resources for this major tourist centre need to be augmented on an urgent basis.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(iii) Future Prospects (cont'd)

Water Sector (cont'd)

• **Development of Rasau Water Supply Scheme**

The state of Selangor is considering development of the Rasau water supply scheme to boost yield for the state. Based on preliminary water demand forecasts, this scheme needs to be on board as early as 2024 to meet reserve margin requirements and envisaged water demands.

• **State-wide NRW**

It is worth noting that many state-wide NRW measures are in the process of being implemented especially in Kedah, Kelantan, Pahang, Sarawak and Sabah.

• **Off River Storage (ORS)**

The Federal Government has initiated several Off River Storage (ORS) schemes to enhance yield for States such as Melaka, Negeri Sembilan and Johor. These schemes involve the use of ponds (natural, manmade or enhanced natural ponds) to tap water at downstream location of rivers. Water during wet spells is channelled into the ponds to sustain supply for the schemes during dry period. There are plans for more ORS schemes including for the Kinta district in Perak which supplies Ipoh.

• **Sarawak Grid Study**

With the conclusion of the Sarawak Grid Study, the State Government is expected to embark on a major effort to implement the projects proposed in the study covering the whole state.

(iv) Growth Strategies

Our growth strategies concentrate on the following:-

- Diversification of Revenue
- Recurring Income

Diversification of Revenue

Diversification of our revenues from design/supervision and project management in Malaysia to ASEAN (primarily Indonesia and Philippines) and as well as India which are fast growing economies has always been our top priority. Given our extensive expertise in key engineering sectors, we are well-poised to participate in these regions to support their nation-building plans.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

(iv) Growth Strategies (cont'd)

Diversification of Revenue (cont'd)

Under the Duterte administration, there are plans to increase infrastructure spending to PHP972.5 billion through the "Build, Build, Build" programme, as they look to catch up to their ASEAN neighbours. The group is about to commence supervision services for North-South Commuter Railway Extension (NSCR-EX) project in Philippines through our Japanese partners, targeted towards the end of the second quarter of 2020.

Meanwhile, Indonesia's major spending will be focused on its plans to move its capital city from Jakarta to Kalimantan, with USD 35 billion targeted expenditure. Aside from this, there are also further investments expected for other major transportation infrastructure developments.

We are also exploring India's infrastructure boom, with USD778 billion spending expected by 2022. In 2019, the Group was invited to be part of the committee with the Ministry of Road Transport and Highways (MORTH) and the National Highways Authority of India (NHAI) to review recommendations for improvement for all implementation procedures for upcoming National Highway projects, and one of the recommendation is the introduction of the Project Management Consultant (PMC) mandate for the future development of all their upcoming national expressways projects.

Recurring Income

The intended introduction of a fourth vertical to our current revenue portfolio is an important part of our growth strategy which provides a longer term sight on revenue that is recurring focusing on the renewable energy sector which would involve some level of equity participation by us. Some of the opportunities that we are currently pursuing are:-

- Net Energy Metering (NEM) for Industrial factories/Hypermarkets
- Upcoming Large Scale Solar (LSS) 4 tender
- Small Hydro projects in Malaysia

Further to that, we are also pursuing other recurring income opportunities (eg Solar, Water Assets) out of Malaysia, in high growth economy countries in the ASEAN region.

Despite of the current business environment and barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the remaining period to the end of the financial year ending 31 December 2020 will remain challenging with dependence on the extent of the swing between the Covid-19 fear towards the economic agenda.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B4. Income tax expense

	<u>Quarter ended</u>		<u>Year to date ended</u>	
	<u>31 Mar 2020 RM'000</u>	<u>31 Mar 2019 RM'000</u>	<u>31 Mar 2020 RM'000</u>	<u>31 Mar 2019 RM'000</u>
<u>Income tax expense</u>				
- Current financial period	1,591	855	1,591	855
	<u>1,591</u>	<u>855</u>	<u>1,591</u>	<u>855</u>
<u>Deferred tax</u>				
- Current financial period	(210)	-	(210)	-
	<u>(210)</u>	<u>-</u>	<u>(210)</u>	<u>-</u>
Total tax expense	<u>1,381</u>	<u>855</u>	<u>1,381</u>	<u>855</u>

The effective tax rate for the current quarter and financial year is higher than the statutory tax rate of 24% mainly due to expenses which are not tax deductible. Non-deductible expenses mainly attributable to term loan interest incurred by the holding company, i.e., HEB on the acquisition of SMHB Engineering.

B5. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial period under review.

B6. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this report.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B7. Status of utilisation of proceeds from corporate exercise

(i) Utilisation of proceeds from the Initial Public Offering ("IPO")

On 17 April 2019, the Company announced its intention to vary the utilisation of proceeds raised from the IPO exercise in conjunction with the listing of and the quotation of its entire share capital on the ACE Market of Bursa Malaysia Securities Berhad on 10 August 2016. The Company has raised gross proceeds of approximately RM31.91 million from its IPO ("IPO Proceeds").

The details of the variations of the IPO Proceeds are as set out below:

No.	Details of Utilisation	IPO Proceeds ^(a) (RM'000)	1 st Revision of Balance of IPO Proceeds Unutilised (RM'000)	2 nd Revision of Balance of IPO Proceeds Unutilised (RM'000)	Actual Utilisation ^(b) (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Revised Expected Timeframe for Utilisation of IPO Proceeds (from the listing date)
1.	(a) Expansion into India	15,000	5,000	-	-	-	n/a
	(b) Expansion into India & ASEAN	-	-	6,000	-	6,000	Up to 4 th Quarter 2020
	(c) Venture into the water sector in Malaysia	6,000	-	-	-	-	n/a
	(d) Partial repayment of borrowings for the acquisition of SMHB Engineering	-	-	6,000	6,000	-	n/a
	(e) Venture into the power sector in Malaysia	3,000	3,000	-	-	-	n/a
	(f) Building Information Modeling ("BIM")	-	8,000	-	-	-	n/a
	(g) Facility Management	-	8,000	-	-	-	n/a
	(h) To venture into recurring income and long term based contracts with focus within the power sector	-	-	12,000	-	12,000	Up to 4 th Quarter 2020
	Subtotal	24,000	24,000	24,000	6,000	18,000	



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B7. Status of utilisation of proceeds from corporate exercise (cont'd)

(i) Utilisation of proceeds from the Initial Public Offering ("IPO") (cont'd)

No.	Details of Utilisation	IPO Proceeds ^(a) (RM'000)	1 st Revision of Balance of IPO Proceeds Unutilised (RM'000)	2 nd Revision of Balance of IPO Proceeds Unutilised (RM'000)	Actual Utilisation ^(b) (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Revised Expected Timeframe for Utilisation of IPO Proceeds (from the listing date)
2.	Repayment of bank borrowings	4,000	-	-	4,000	-	n/a
3.	General working capital	708	-	-	708	-	n/a
4.	Estimated listing expenses	3,200	-	-	3,200	-	n/a
	Total IPO proceeds	31,908	24,000	24,000	13,908	18,000	

Notes:

(a) As per HEB's prospectus dated 29 June 2016

(b) As at 31 March 2020

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)
B7. Status of utilisation of proceeds from corporate exercise (cont'd)
(ii) Utilisation of proceeds from the Placement

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation ^(a) (RM'000)	Intended Timeframe for Utilisation	Deviation (RM'000)
To pay partially the upfront Cash Consideration of RM153,000,000 for SMHB Acquisition	52,298	52,298	Within 1 month from the date of listing of the Placement shares ^(b)	-

(iii) Utilisation of proceeds from Rights with Bonus Issue and Warrants

	Purpose	Proposed Utilisation (RM'000)	Actual Utilisation ^(a) (RM'000)	Intended Timeframe for Utilisation	Deviation	
					(RM'000)	%
1.	To pay partially the upfront Cash Consideration of RM153,000,000 for SMHB Acquisition	15,700	15,702	Within 1 month from the date of listing of the Rights shares ^(c)	2	0.01%
2.	Forming part of the deferred Cash Consideration of RM9,000,000 for SMHB Acquisition to be paid on third anniversary from the completion date of the aforesaid acquisition	9,000	-	On the third anniversary of the completion date of SMHB Acquisition ^(d)	N/A	N/A
3.	Repayment of the financing facility for the SMHB Acquisition	9,281	9,281	Within 6 months from the date of listing of the Rights shares ^(c)	-	-
4.	Defray estimated expenses relating to the corporate exercises which comprised SMHB Acquisition, Placement and Rights with Bonus Issue and Warrants	7,500	7,147	Within 1 month from the date of listing of the Rights shares ^(c)	353 ^(e)	4.7%
	TOTAL	41,481	32,130			

(a) As at 31 March 2020.

(b) The listing date of Placement shares was on 8 March 2018.

(c) The listing date of the Rights shares was on 21 March 2018.

(d) The completion date of SMHB Acquisition was on 28 March 2018.

(e) The actual expenses was only RM7.147 million and hence, resulted in a variance of RM353,000.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)
B8. Group's borrowings and debt securities

The Group's borrowings as at 31 March 2020 are as follows:-

	As at 31 Mar 2020 RM'000	As at 31 Mar 2019 RM'000
Current:		
Hire purchase payables	427	530
Bank overdrafts	16,998	16,762
Term loans	14,447	12,335
	<u>31,872</u>	<u>29,627</u>
Non-current:		
Hire purchase payables	123	627
Term loans	46,366	60,797
	<u>46,489</u>	<u>61,424</u>
Total borrowings:		
Hire purchase payables	550	1,157
Bank overdrafts	16,998	16,762
Term loans	60,813	73,132
	78,361	91,051

Included in term loans above is a foreign currency term loan which is unsecured and denominated in Indian Rupee ("INR") and the details as at 31 March 2020 is as follows:

	Amount in foreign currency INR'000	Amount in RM [^] RM'000
Current	334	19

[^] It is translated based on the middle rate of Bank Negara Malaysia's exchange rate of INR100: RM5.7013 as at 31 March 2020.

The INR term loan is not hedged to Ringgit Malaysia as the amount is immaterial to the Group.

Saved as disclosed in the above, all other borrowings are secured and denominated in Ringgit Malaysia.

Bank overdrafts are secured against the short term deposits pledged with licensed banks as disclosed in the Unaudited Condensed Consolidated Statement of Cash Flows.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B9. Material litigation

There is no litigation or arbitration and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B10. Dividend Payable

The Board of Directors does not recommend any dividend for the current quarter under review.

B11. Earnings per share ("EPS")

The basic and diluted EPS are computed as follows:

	Quarter ended		Year to date ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	2,280	339	2,280	339
Weighted average number of ordinary shares in issue ('000)	495,862	495,862	495,862	495,862
Basic EPS (sen)	<u>0.46</u>	<u>0.07</u>	<u>0.46</u>	<u>0.07</u>
Diluted EPS (sen)	<u>0.46</u>	<u>0.07</u>	<u>0.46</u>	<u>0.07</u>

The calculation of diluted earnings per share of the Group for current period excluded warrants issued by the Company in the current period as its inclusion would have been antidilutive.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B12. Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended		Year to date ended	
	31 Mar 2020 RM'000	31 Mar 2019 RM'000	31 Mar 2020 RM'000	31 Mar 2019 RM'000
Depreciation of property, plant and equipment and Right-of-use assets	1,105	1,129	1,105	1,129
Amortisation of intangible assets	921	54	921	54
Property, plant and equipment written off	-	1	-	1
Allowance for impairment losses on trade receivables, net of reversal	-	(69)	-	(69)
Interest expense	1,499	1,867	1,499	1,867
Interest income	(336)	(372)	(336)	(372)
Loss on disposal of property, plant & equipment	2	115	2	115
Loss/(Gain) on foreign exchange	4	(2)	4	(2)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 20 May 2020.