

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019
(The figures have not been audited)

	Note	Quarter ended 30 Sept			Year to date ended 30 Sept		
		2019 RM'000	2018 RM'000	% + / (-)	2019 RM'000	2018 RM'000	% + / (-)
Revenue	B1	36,125	53,829	(32.9)	108,088	142,914	(24.4)
Direct costs		<u>(25,714)</u>	<u>(32,409)</u>		<u>(80,790)</u>	<u>(91,085)</u>	
Gross profit		10,411	21,420	(51.4)	27,298	51,829	(47.3)
Other operating income		426	443		1,361	1,285	
Administrative expenses		(5,156)	(6,535)		(15,566)	(21,653)	
Other operating expenses		<u>(2,607)</u>	<u>(1,289)</u>		<u>(8,195)</u>	<u>(3,008)</u>	
Profit for the year from operations		3,074	14,039	(78.1)	4,898	28,453	(82.8)
Finance costs		(1,761)	(1,987)		(5,563)	(4,437)	
Share of results of associates		76	119		211	271	
Profit/(Loss) before taxation		<u>1,389</u>	<u>12,171</u>	(88.6)	<u>(454)</u>	<u>24,287</u>	(101.9)
Taxation	B4	<u>(515)</u>	<u>(3,022)</u>		<u>(1,147)</u>	<u>(7,358)</u>	
Profit/(Loss) for the financial period		874	9,149	(90.4)	(1,601)	16,929	(109.5)
Other comprehensive income/(loss): <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation (loss)/gain		(4)	(3)		3	(34)	
Total comprehensive income/(loss) for the financial period		<u>870</u>	<u>9,146</u>	(90.5)	<u>(1,598)</u>	<u>16,895</u>	(109.5)
Profit/(Loss) for the financial period attributable to:-							
Owners of the Company		<u>874</u>	<u>9,149</u>	(90.4)	<u>(1,601)</u>	<u>16,929</u>	(109.5)
Total comprehensive income/(loss) attributable to:-							
Owners of the Company		<u>870</u>	<u>9,146</u>	(90.5)	<u>(1,598)</u>	<u>16,895</u>	(109.5)
Earnings/(Loss) per share (sen)							
- Basic	B11	<u>0.18</u>	<u>2.01</u>	(91.0)	<u>(0.32)</u>	<u>3.72</u>	(108.6)
- Diluted	B11	<u>0.18</u>	<u>2.01</u>	(91.0)	<u>(0.32)</u>	<u>3.72</u>	(108.6)



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

(The figures have not been audited)

	Unaudited as at 30.09.2019 RM'000	Audited as at 31.12.2018 RM'000
ASSETS		
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	5,000	6,049
Intangible assets	10,045	13,149
Goodwill	162,677	162,677
Right-of-use assets	3,716	-
Investments in associates	1,755	1,544
Deferred tax assets	54	54
	<u>183,247</u>	<u>183,473</u>
CURRENT ASSETS		
Trade receivables	41,461	71,937
Contract assets	70,664	59,426
Other receivables, deposits and prepayments	3,564	3,537
Tax recoverable	3,747	347
Short term deposits with licensed banks	41,225	57,547
Cash and bank balances	3,664	336
	<u>164,325</u>	<u>193,130</u>
TOTAL ASSETS	<u>347,572</u>	<u>376,603</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	255	252
Accumulated losses	<u>(72,421)</u>	<u>(70,820)</u>
TOTAL EQUITY	<u>211,321</u>	<u>212,919</u>



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019 (cont'd)

(The figures have not been audited)

		Unaudited as at 30.09.2019 RM'000	Audited as at 31.12.2018 RM'000
NON-CURRENT LIABILITIES	Note		
Retirement benefit obligations		63	57
Deferred tax liabilities		2,434	3,312
Lease liabilities		2,016	-
Other payable		8,247	7,894
Term loans	B8	53,588	67,072
Hire purchase payables	B8	503	617
		<u>66,851</u>	<u>78,952</u>
CURRENT LIABILITIES			
Trade payables		18,929	26,707
Contract liabilities		9,477	10,386
Other payables, accruals and provisions		7,490	6,947
Amount due to an associate		-	11,792
Term loans	B8	13,386	11,221
Hire purchase payables	B8	283	728
Lease liabilities		1,783	-
Taxation		21	2,534
Bank overdrafts (secured)	B8	18,031	14,417
		<u>69,400</u>	<u>84,732</u>
TOTAL LIABILITIES		<u>136,251</u>	<u>163,684</u>
TOTAL EQUITY AND LIABILITIES		<u>347,572</u>	<u>376,603</u>
Net assets per share (RM)		<u>0.43</u>	<u>0.46</u>



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

	<u>Non-Distributable</u>		<u>Distributable</u>		
	Share Capital RM'000	Warrants Reserve RM'000	Foreign Currency Translation Reserve RM'000	Accumulated losses RM'000	Total RM'000
As at 1 January 2019	254,291	29,196	252	(70,820)	212,919
Other comprehensive income/(loss):					
- Foreign currency translation gain	-	-	3	-	3
Loss for the financial period	-	-	-	(1,601)	(1,601)
Total comprehensive loss for the financial period	-	-	3	(1,601)	(1,598)
As at 30 September 2019	254,291	29,196	255	(72,421)	211,321



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 30 SEPTEMBER 2019 (cont'd)

(The figures have not been audited)

	<u>Non-Distributable</u>			<u>Distributable</u>	
	Share Capital	Warrants Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	54,235	-	283	34,683	89,201
Other comprehensive income:					
- Foreign currency translation loss	-	-	(34)	-	(34)
Profit for the financial period	-	-	-	16,929	16,929
Total comprehensive income for the financial period	-	-	(34)	16,929	16,895
Transactions with owners of the Company:					
Issuance of new shares	200,056	29,196	-	-	229,252
Warrants exercised during the period	^	^	-	-	-
Share issue expenses	-	-	-	(2,638)	(2,638)
Total transactions with owners for the financial period	200,056	29,196	-	(2,638)	226,614
As at 30 September 2018	254,291	29,196	249	48,974	332,710

^ Represents less than RM100.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

	Year to date ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(454)	24,287
Adjustments for:		
Depreciation of property, plant and equipment	3,371	1,058
Amortisation of intangible assets	3,156	200
Property, plant and equipment written off	131	-
Allowance for impairment losses on trade receivables	380	544
Reversal of allowance for impairment losses	(341)	-
Interest expenses	166	-
Interest on hire purchase	62	110
Interest on bank overdrafts	812	1,114
Interest on lease liability	214	-
Interest on term loan	3,957	2,990
Interest on deferred cash consideration	352	223
Net movement in provision for compensated absences	185	(150)
Share of results of associates	(211)	(271)
Interest income from short term deposits	(1,248)	(1,268)
Defined benefit cost	13	-
Gain on disposal of property, plant and equipment	-	(1)
Operating profit before working capital changes	10,545	28,836
Changes in working capital:		
Decrease in trade receivables	30,437	2,776
Increase in contract assets	(11,238)	(55,567)
Increase in Right-of-use assets	(5,973)	-
(Increase)/Decrease in other receivables, deposits and prepayments	(27)	1,309
(Decrease)/Increase in trade payables	(7,778)	729
(Decrease)/Increase in contract liabilities	(909)	9,739
Increase/(Decrease) in other payables, accruals and provisions	359	(2,484)
(Decrease)/Increase in amount due to an associate	(11,958)	14,805
Decrease in retirement benefit obligations	(9)	(17)
Cash generated from operations	3,449	126
Tax refunded	6	673
Tax paid	(7,944)	(5,927)
Net cash used in operating activities	(4,489)	(5,128)

**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED 30 SEPTEMBER 2019 (cont'd)***(The figures have not been audited)*

	Year to date ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(209)	(776)
Purchase of intangible assets	(52)	(140)
Proceeds from disposal of property, plant and equipment	14	2
Net cash outflow from acquisition of a subsidiary	-	(152,991)
Interest received on short term deposits	1,248	1,268
Net cash from/(used in) investing activities	1,001	(152,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on hire purchase financing	(559)	(861)
Placement of fixed deposits and bank balances pledged	(2,350)	(7,699)
Proceeds from term loan, net of transaction costs	-	83,112
Repayment of term loan	(11,724)	(5,349)
Lease liabilities	3,799	-
Proceeds from new shares issued pursuant to Placement	-	52,298
Proceeds from new shares issued pursuant to Rights Issue	-	41,481
Payment of shares issue expenses	-	(2,638)
Shares issued for warrants exercised	^	^
Interest paid on hire purchase	(62)	(110)
Interest paid on bank overdrafts	(812)	(1,114)
Interest paid on lease liabilities	(214)	-
Interest paid on term loan	(3,558)	(2,697)
Net cash (used in)/from financing activities	(15,480)	156,423
Net decrease in cash and cash equivalents during financial period	(18,968)	(1,342)
Effect of exchange rate changes on cash and cash equivalents	10	31
Cash and cash equivalents at beginning of financial period	34,386	13,156
Cash and cash equivalents at end of financial period	15,428	11,845

^ Represents less than RM100.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED
30 SEPTEMBER 2019 (cont'd)**

(The figures have not been audited)

Components of cash and cash equivalents as at 30 September 2019 is as follows:

	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Cash and bank balances	3,664	7,153
Short term deposits with licensed banks	41,225	52,345
Bank overdrafts (secured)	(18,031)	(24,145)
	<u>26,858</u>	<u>35,353</u>
Less: short term deposits and bank balances pledged with licensed banks	(11,430)	(23,508)
	<u>15,428</u>	<u>11,845</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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 2018 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 2018 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 2019:

MFRSs (Including The Consequential Amendments)

- MFRS 16, Leases
- Amendments to MFRS 9 - Prepayment Features with Negative Compensation
- Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128 - Long-term Interests in Associates and Joint Ventures
- Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"
- Amendments to MFRS 3, Business Combinations and MFRS 11, Joint Arrangements - Previously Held Interest in a Joint Operation
- Amendments to MFRS 112, Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to MFRS 123, Borrowing Costs - Borrowing Costs Eligible for Capitalisation
- IC Interpretation 23, Uncertainty over Income Tax Treatments

The application of the above Amendments to Standards or new Standards did not have significant impact on this interim financial report other than as described below:

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT (cont'd)
A2. Changes in accounting policies (cont'd)
MFRS 16, Leases

MFRS 16 will supersede the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and it sets out the principles for the recognition, measurement, presentation and disclosures of leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognises right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the profit or loss. The effect arising from the adoption of MFRS 16 is disclosed as below:

	As previously reported		As reported under MFRS 16 Leases
	31 December 2018	Adjustments	1 January 2019
	RM'000	RM'000	RM'000
Non-current assets			
Right-of-use asset	-	5,972	5,972
Current liabilities			
Lease liabilities	-	2,918	2,918
Non-current liabilities			
Lease liabilities	-	3,054	3,054

The changes in accounting policies have been adopted on 1 January 2019. In accordance with the transition requirements, comparatives are not restated.

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.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT (cont'd)

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.

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 30 September 2019 were as follows:-

	RM'000
Authorised but not contracted for:	<u>463</u>

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

There are no material events subsequent to the end of the current financial period that have not been reflected in this interim financial report.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT (cont'd)

A13. Effect of Changes in composition of the Group

There were no changes in the composition of the Group for the current financial period under review.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B1. Review of performance

For the current quarter and current period to date under review, the Group recorded revenue of RM36.1 million and RM108.1 million respectively.

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

	Quarter ended				Year to date ended			
	30 Sept 2019	30 Sept 2018	Variance		30 Sept 2019	30 Sept 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Engineering services								
- Engineering design	12,646	19,066	(6,420)	(33.7)	28,327	53,871	(25,544)	(47.4)
- Construction supervision	17,371	20,871	(3,500)	(16.8)	54,107	46,458	7,649	16.5
Project management	3,536	10,876	(7,340)	(67.5)	17,202	34,210	(17,008)	(49.7)
BIM services	336	231	105	45.5	1,406	286	1,120	>100
Reimbursable income	2,236	2,785	(549)	(19.7)	7,046	8,089	(1,043)	(12.9)
TOTAL	36,125	53,829	(17,704)	(32.9)	108,088	142,914	(34,826)	(24.4)

Engineering design

In line with the completion progress, engineering design segment reported lower revenue of RM12.6 million in current quarter as compared to RM19.1 million in the previous year corresponding quarter. Meanwhile, the Group also posted lower revenue of RM28.3 million for the period ended 30 September 2019 as compared to RM53.9 million for the previous year corresponding period ended 30 September 2018. The lower engineering design earnings was mainly due to the completion of Reference Design Consultant 05 for the Kuala Lumpur - Singapore High Speed Rail project in year 2018 and the revenue recognition from the resumption of East Coast Rail Link ("ECRL") project only took place in the current quarter.

Construction supervision

Due to the completion progress, construction supervision segment recorded revenue of RM17.4 million for the current quarter, lower than the corresponding quarter of previous year at RM20.9 million.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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):-

Construction supervision (cont'd)

However, construction supervision revenue rose 16.5% to RM54.1 million for the current period as compared to RM46.5 million for the same period last year. The improved performance in the current financial year to date was mainly due the consolidation of result of SMHB Engineering for full 9 months' result in the current financial period as compared to only 6 months' results in the preceding year's corresponding period. As a result, the Group had recorded healthier revenue performance by RM7.6 million for the current period.

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 and year to date of RM3.5 million and RM17.2 million as compared to RM10.9 million and RM34.2 million in the preceding year's quarter and year to date respectively.

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

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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			
	30 Sept 2019	30 Sept 2018	Variance		30 Sept 2019	30 Sept 2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Local								
Malaysia	35,867	53,725	(17,858)	(33.2)	107,313	142,448	(35,135)	(24.7)
Overseas								
India	258	91	167	>100	696	103	593	>100
Middle East	-	-	-	-	42	(39)	81	>100
Indonesia	-	13	(13)	(100)	37	402	(365)	(90.8)
TOTAL	36,125	53,829	(17,704)	(32.9)	108,088	142,914	(34,826)	(24.4)

Local market continue to contribute significant portion of revenue amounting to 99.3% of the Group's total revenue attributed to local projects as explained in section (a) above.

(c) Loss After Tax ("LAT")

The Group recorded LAT of RM1.6 million for current period compared to profit after tax of RM16.9 million for corresponding period of previous year.

(d) Our unbilled order book as at 30 September 2019 is as follows:

	RM'000	%
Engineering services		
- Engineering design	129,832	24.8
- Construction supervision	327,829	62.5
Project management	60,724	11.6
	<u>518,385</u>	<u>98.9</u>
BIM services	5,686	1.1
Total	<u>524,071</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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B2. Comparison with preceding quarter's loss before taxation

	Current Quarter 30 Sept 2019 RM'000	Preceding Quarter 30 June 2019 RM'000	Variance RM'000	%
Revenue	36,125	35,461	664	1.9
Gross profit	10,411	7,445	2,966	39.8
Profit/(Loss) before taxation	1,389	(3,037)	4,426	>100

The Group posted a quarterly profit before tax of RM1.4 million against a loss before tax of RM3.0 million previously. Improved gross profit margins was the primary reason for the better performance for the quarter ended 30 September 2019.

B3. Prospects

(i) Prospects in the Water Sector

(a) Background

The newly formed Ministry of Water, Land and Natural Resources (KATS) is reviewing the National Water Policy which will see some new reforms in the water sector for Malaysia. The integration of water, land and natural resources under one ministry can be expected to result in better planning and management of the water infrastructure (including sewerage infrastructure) in the country, especially in bridging the gap between State and Federal jurisdictions. 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 one of the lowest in Asia
- 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



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B3. Prospects (cont'd)

(i) Prospects in the Water Sector (cont'd)

(b) Water Tariffs

The revenue of the water services sector in Malaysia has not shown positive trends to support a sustainable industry. The tariff revenue collected by water services operators in most states can hardly cover operating expenditure, let alone capital expenditure. Water services businesses (WSBs) are not generating sufficient cash flow to fund the replacement and development of their water infrastructure assets. The long term objective underlying the tariff setting mechanism is to ensure the full-cost recovery of the water services industry while ensuring that the consumers are charged with tariffs that are based on fair and qualifying expenditure. The government's move to regulate water tariffs nationwide will likely see the base rate increasing between seven (7) sen and 70 (seventy) sen per 1,000 litres by year-end and is expected to be implemented in 2020.

(c) Water Related Issues

Most of the major states are experiencing water disruptions due to emergency / unscheduled maintenance works arising from shutdown of water treatment plants, pipe leakages, water pollution which were further aggravated by the reserve margin which is well below the recommended margin as explained below:

Penang

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. Further to that, the water supply capacity in Penang is decreasing while the demand is increasing and is expected to reach 1,850 MLD by the year 2050.

Kedah

With the rapid development planned for the southern part of the State especially in Kulim, the demand of the water is expected to rise and hence an alternative source of water is required to be able to meet the medium and long term water demand for the southern part of the State.

Johor

The State of Johor has experienced severe water shortages in recent years that has resulted in water rationing with the water levels in several dams reaching extremely low or critical levels. This was attributed to lower rainfalls during these periods. The total water demand in the State and in particular for Iskandar (Johor Bahru) and the petrochemical industrial complex at Pengerang is expected to increase substantially in the short and medium term. Further to this, the recent crisis in Johor concerning pollution of the rivers has brought awareness the heavy reliance and vital importance of our natural water resources on our water supply needs.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B3. Prospects (cont'd)

(i) Prospects in the Water Sector (cont'd)

(c) Water Related Issues (cont'd)

Selangor

In May 2019, more than one million consumers in Klang Valley were burdened with water supply disruption caused by diesel spills that forced operators of the Sg Selangor water treatment plants (SSP) Phases 1, 2 and 3 to stop operation at the plants. In early July 2019, about 380,000 consumers in Petaling, Hulu Langat, Kuala Langat and Sepang districts in Selangor faced water disruption due to odour pollution affecting operation of the Semenyih water treatment plant. The state with the largest consumer base, Selangor, has recently migrated to the asset-light model and the prospects of reforms in the water facilities in Selangor looks promising.

In view of the low reserve margin of treated water in the current distribution system, it is critical that measures such as increasing water treatment capacities and reducing NRW levels via pipe replacement and other measures be taken.

(d) Upcoming Potential Projects

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.

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.

Concurrently, the state of Selangor is considering development of the Rasau water supply scheme to boost yield for the state. 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.

Recent trends of tapping raw water at downstream reaches of the river via Off-River Storages highlight the importance of tackling point and non-point pollution issues at the upstream stretches of the river. Examples are Sg. Johor and Linggi Off-River Storage schemes which are at various stages of implementation currently.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B3. Prospects (cont'd)

(i) Prospects in the Water Sector (cont'd)

(d) Upcoming Potential Projects (cont'd)

New major capital works for the sewerage sector may require private funding in view of the low tariff for sewerage services. Presently there is still a need for funding from the Federal Government for operation and maintenance by the service providers operating the sewerage systems. Proposals for effluent and sludge re-use to increase financial sustainability for the sewerage services have been considered by Majlis Air Negara but this may not be adequate for the service providers to move closer to a full cost recovery model. The recent joint-billing initiatives in Labuan and Johor whilst still at an early stage of implementation may provide the impetus for other states to follow suit and eventually provide the additional funding to improve the sewerage infrastructure in the country.

(ii) Prospects in the Public Transportation Sector

World Bank has estimated that people in Greater Kuala Lumpur spent over 250 million hours per year stuck in traffic congestion which cost an estimated 1.1% to 2.2% of GDP which translates to approximately RM12.7bil – RM24.7bil in economic losses in 2017. Further to that, Malaysian household car ownership was at 93 per cent per household in 2018. Therefore, effective and efficient public transportation is crucial for sustainable economic growth of an economy. Realising its importance, the Malaysian government is expected to prioritise public transport projects. Some of key upcoming potential 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. 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. The project is currently under Public Display till November 19th 2019 and the detailed engineering design is expected to commence in the first quarter of 2020.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B3. Prospects (cont'd)

(ii) Prospects in the Public Transportation Sector (cont'd)

- **Iskandar BRT**

Iskandar Regional Development Authority (IRDA) had formalized a Public Transportation Master Plan for Iskandar Malaysia (IM) through the Iskandar Malaysia Transport Blueprint (2010) and had identified Bus Rapid Transit (BRT) as the main mass transit mode for the region. The Proposed IM BRT phase 1 project is expected to have positive impact on the adjoining highways and Iskandar Malaysia as a whole. It will help to resolve traffic congestion in the short and long term basis, without having to spend money to widen the roadways or introducing elevated highways. With this proposed project, the need for road expansion will be replaced with the implementation of the BRT system in line with the model shift from private vehicle to public mode.

There will be 39 stations along the 51km-long trunk lines, including stops at Larkin, Bukit Chagar near the Causeway and Medini near the Tuas Second Link. The BRT will be supported by 42 suburban feeder services plying existing roads and 26 direct services to populated areas such as malls, hospitals and tourist spots like Legoland and Pasar Borong Pandan City. The project is currently under tender stage for lead engineering consultant to design, supervise and commission of the infrastructure works and operating assets.

- **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 soon. 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.

- **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.

In view of the above, the government of Malaysia has agreed to proceed with the RTS between Bukit Chagar and Woodlands in Singapore which utilises the light rail transit (LRT) form.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

B3. Prospects (cont'd)

(ii) Prospects in the Public Transportation Sector (cont'd)

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

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.

(iii) Recurring and Long Term Income

Malaysia harbours a wealth of resources capable of generating renewable energy (RE). Currently, the country taps into about 2 percent, which the Government targets to increase to 20 percent by the year 2025. The key objective is to transform the current energy mix into one that comprises more RE sources, not only for the continuity of supply but for the pressing environmental concerns that come with a dependency on fossil fuels. While the Group intends to reinforce our position in the areas of core competencies, we are also actively pursuing plans to diversify its revenue stream by building recurring income as well as venturing into long term income based contracts focusing on the renewable energy sector, in a manner that is complementary to our existing capabilities.

(iv) Geographical Expansion

Regional expansion has always been our top priority and given the near term challenges in the domestic scene, we will actively pursue opportunities in ASEAN, particularly Indonesia and Philippines, as well as India which are fast growing economies, in the areas of public transportation and water sectors. Given our extensive expertise in key engineering sectors, we are well-poised to participate in these regions to support their nation-building plans.

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 2019 will remain challenging.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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>30 Sept 2019</u>	<u>30 Sept 2018</u>	<u>30 Sept 2019</u>	<u>30 Sept 2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Income tax expense</u>				
- Current financial period	865	3,713	2,091	8,106
- Prior financial period	(66)	(544)	(66)	(544)
	<u>799</u>	<u>3,169</u>	<u>2,025</u>	<u>7,562</u>
<u>Deferred tax</u>				
- Current financial period	(284)	(11)	(878)	(68)
- Prior financial period	-	(136)	-	(136)
	<u>(284)</u>	<u>(147)</u>	<u>(878)</u>	<u>(204)</u>
Total tax expense	<u>515</u>	<u>3,022</u>	<u>1,147</u>	<u>7,358</u>

The effective tax rate for the current and financial year to date ended 30 September 2019 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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)	Actual Utilisation ^(b) (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	1 st Revision of Balance of IPO Proceeds Unutilised (RM'000)	2 nd Revision of 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	-	15,000	5,000	-	n/a
	(b) Expansion into India & ASEAN	-	-	-	-	6,000	Up to 4 th Quarter 2020
	(c) Venture into the water sector in Malaysia	6,000	-	6,000	-	-	n/a
	(d) Partial repayment of borrowings for the acquisition of SMHB Engineering	-	-	-	-	6,000	Up to 4 th Quarter 2020
	(e) Venture into the power sector in Malaysia	3,000	-	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	Up to 4 th Quarter 2020
	Subtotal	24,000	-	24,000	24,000	24,000	



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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)	Actual Utilisation ^(b) (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	1 st Revision of Balance of IPO Proceeds Unutilised (RM'000)	2 nd Revision of 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	7,908	24,000	24,000	24,000	

Notes:

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

(b) As at 30 September 2019

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019
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 30 September 2019.

(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.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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 30 September 2019 are as follows:-

	As at 30 Sept 2019 RM'000	As at 30 Sept 2018 RM'000
Current:		
Hire purchase payables	283	698
Bank overdrafts	18,031	24,145
Term loans	13,386	11,208
	<u>31,700</u>	<u>36,051</u>
Non-current:		
Hire purchase payables	503	842
Term loans	53,588	66,951
	<u>54,091</u>	<u>67,793</u>
Total borrowings:		
Hire purchase payables	786	1,540
Bank overdrafts	18,031	24,145
Term loans	66,974	78,159
	<u>85,791</u>	<u>103,844</u>

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 30 September 2019 is as follows:

	Amount in foreign currency INR'000	Amount in RM [^] RM'000
Current	<u>708</u>	<u>42</u>

[^] It is translated based on the middle rate of Bank Negara Malaysia's exchange rate of INR100: RM5.943 as at 30 September 2019.

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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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/(Loss) per share ("EPS"/"LPS")

The basic and diluted EPS/(LPS) are computed as follows:

	Quarter ended		Year to date ended	
	30 Sept 2019	30 Sept 2018	30 Sept 2019	30 Sept 2018
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	874	9,149	(1,601)	16,929
Weighted average number of ordinary shares in issue ('000)	495,862	454,545	495,862	454,545
Basic EPS/(LPS) (sen)	0.18	2.01	(0.32)	3.72
Diluted EPS/(LPS) (sen)	0.18	2.01	(0.32)	3.72

The calculation of diluted earnings/(loss) 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 THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2019

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

	Quarter ended		Year to date ended	
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Depreciation of property, plant and equipment and Right-of-use assets	1,120	393	3,371	1,058
Amortisation of intangible assets	1,049	61	3,156	200
Property, plant and equipment written off	15	-	131	-
Allowance for impairment losses on trade receivables, net of reversal	(8)	556	39	544
Interest expense	1,761	1,987	5,563	4,437
Interest income	(334)	(439)	(1,248)	(1,268)
Gain on disposal of property, plant & equipment	-	-	-	(1)
Loss/(Gain) on foreign exchange	14	(16)	33	7

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 19 November 2019.