HOCK SENG LEE BERHAD (045556-x)

HSL looking to strong finish

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KUCHING — Third quarter results announced today for infrastructure company Hock Seng Lee Berhad (HSL) position the Group to finish the year bettering 2005's financial results.

Group Managing Director Mr Paul Yu Chee Hoe said the sustained improvement in margins over the last several years was testimony to the effort the company had made to streamline operations and enhance cost controls at all levels.

Further efficiency gains had been successfully initiated both within site operations and at the administrative level.

"Being a hands-on contractor, we have an intimate understanding of our business and are in a position to continually refine our systems to be cost-effective and highly competitive," said Mr Yu.

Group net profit before tax for the current quarter, ending 30 September 2006, stood at RM12.81 million up from RM11.85 million for the corresponding quarter of 2005 and RM11.69 million for the immediate preceding quarter ended 30 June 2006.

"Revenue at RM65.71 million this quarter remains steady as we await the outcome of numerous infrastructure procurement bids associated with 9MP projects," said Mr Yu.

Year-to-date figures for the nine months up to 30 September 2006 put net profit before tax at RM34.79 million which compares favourably with the 2005 figure of RM32.5 million.

"We had a good year last year, but the results to date should enable us to do even better for 2006," Mr Yu said.

"At present we have some thirty projects in hand worth RM900 million," he added.

"With the 9MP giving emphasis to the development of Sabah and Sarawak, we shall continue to leverage on our marine engineering expertise to bid for major infrastructure projects," said Mr Yu.

Meanwhile, the Group's property sector under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd has increased its contribution to Group revenue.

For the nine months to date the revenue from property development stood at 13%, up from 7% at the end of 2005.

Last month Hock Seng Lee Construction Sdn Bhd achieved early completion and handed over the first phase (90 units) of its popular 642-unit Samariang Aman residential development just north of Kuching city. Phase 2 is also nearing completion, with Phases 3 and 4 selling well.

"We are establishing ourselves as a developer of stylish quality homes that are excellent value for money and we have plans to progress to new exciting residential projects in the near future," he added.

"Our land bank has increased to 600 acres and includes strategically located sites in and around major city locations including Kuching and Bintulu," said Mr Yu.

"This gives us the flexibility to launch development projects when we consider market conditions are optimal at particular localities," he added.

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