



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 December 2007

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 December</i>		<i>12 months ended 31 December</i>	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	63,346	65,021	248,168	260,555
Cost of sales	(44,683)	(47,778)	(184,519)	(202,450)
Gross profit	18,663	17,243	63,649	58,105
Other income	521	47	733	323
Interest Income	177	226	1,141	1,202
Administrative expenses	(4,676)	(4,132)	(12,348)	(11,455)
Interest expense	-	(1)	(2)	(2)
Profit before taxation	14,685	13,383	53,173	48,173
Tax expense	(3,923)	(3,541)	(14,233)	(14,692)
Profit for the period	10,762	9,842	38,940	33,481
Attributable to:				
Shareholders of the Company	10,762	9,842	38,940	33,481
Minority interest	-	-	-	-
Profit for the period	10,762	9,842	38,940	33,481
Earnings per share				
Basic Earnings per Ordinary Share (sen)	9.69	8.74	34.97	29.63
Diluted Earnings per Ordinary Share (sen)	-	-	-	-

The notes set out on pages 5 to 7 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006

**QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007****CONDENSED CONSOLIDATED BALANCE SHEET**

At 31 December 2007

	31 December 2007 RM'000	31 December 2006 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	34,917	33,035
Prepaid lease payments	1,071	1,097
Land held for property development	71,566	62,924
	107,554	97,056
Current Assets		
Inventories	2,984	4,028
Property development costs	20,627	22,413
Trade and other receivables	140,538	121,756
Deposits, cash and bank balances	41,101	49,800
	205,250	197,997
TOTAL ASSETS	312,804	295,053
EQUITY		
Share capital	116,535	116,535
Capital Redemption Reserves	2,165	2,165
Retained profits	115,501	88,743
Treasury Shares	(17,107)	(14,276)
Total Equity attributable to Shareholders of the Company	217,094	193,167
Minority Interest	-	-
TOTAL EQUITY	217,094	193,167
LIABILITIES		
Non-current Liabilities		
Deferred taxation	5,863	6,427
Current Liabilities		
Trade and other payables	86,509	90,991
Taxation	3,338	4,468
	89,847	95,459
TOTAL LIABILITIES	95,710	101,886
TOTAL EQUITY AND LIABILITIES	312,804	295,053
Net Assets Per Share Attributable to Ordinary Equity Shareholders (RM)	1.96	1.73

The notes set out on pages 5 to 7 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Year ended 31 December	
	2007 RM'000	2006 RM'000
Net Profit before taxation	53,173	48,173
Adjustments:-		
Depreciation	3,963	4,798
Amortisation	25	25
Loss/(Gain) on disposal of property, plant & equipment	(245)	44
Interest income	(1,141)	(1,166)
Operating profit before changes in working capital	55,775	51,874
Changes in working capital		
Net change in inventories	2,574	(2,501)
Net change in property development costs	191	(1,047)
Net change in trade & other receivables	(20,441)	13,407
Net change in trade & other payables	(8,402)	(9,661)
Cash generated from operating activities	29,697	52,072
Income taxes paid	(15,927)	(15,024)
Overdraft interest capitalised	(2)	(2)
Net cash generated from operating activities	13,768	37,046
Investing Activities		
Purchase of property, plant & equipment	(6,535)	(2,291)
Proceeds from disposal of property, plant & equipment	936	150
Land held for property development	(3,011)	(3,588)
Interest received	1,155	1,155
Fixed deposit released	-	250
Net cash used in investing activities	(7,455)	(4,324)
Financing Activities		
Purchase of own shares	(2,831)	(5,222)
Dividend paid	(12,182)	(11,384)
Net cash used in financing activities	(15,013)	(16,606)
Net Change in Cash & Cash Equivalents	(8,700)	16,116
Cash & Cash Equivalents at 1 January 2007 / 1 January 2006	49,351	33,235
Cash & Cash Equivalents at 31 December 2007 / 31 December 2006	40,651	49,351

The notes set out on pages 5 to 7 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006

**QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2007

	SHARE CAPITAL	CAPTIAL REDEMPTION RESERVE	RETAINED PROFITS	TREASURY SHARES	TOTAL EQUITY
	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2007					
Balance at 1 January 2007	116,535	2,165	88,743	(14,276)	193,167
Net profit for the year	-	-	38,940	-	38,940
Dividend – 2006 final	-	-	(5,695)	-	(5,695)
Dividend – 2007 interim	-	-	(6,487)	-	(6,487)
Treasury shares, at cost	-	-	-	(2,831)	(2,831)
Balance at 31 December 2007	116,535	2,165	115,501	(17,107)	217,094
Year ended 31 December 2006					
Balance at 1 January 2006	116,535	2,165	66,646	(9,054)	176,292
Net profit for the year	-	-	33,481	-	33,481
Dividend – 2005 final	-	-	(5,699)	-	(5,699)
Dividend – 2006 interim	-	-	(5,685)	-	(5,685)
Treasury shares, at cost	-	-	-	(5,222)	(5,222)
Balance at 31 December 2006	116,535	2,165	88,743	(14,276)	193,167

The notes set out on pages 5 to 7 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 December 2007

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134₂₀₀₄: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 financial statements, except for the changes arising from the adoption of the following new/revised FRSs:-

- FRS 117, Leases
- FRS 124, Related Party Disclosures
- Amendment to FRS 119₂₀₀₄, Employee Benefits : Actuarial Gains and Losses, Group Plans and Disclosure

The adoption of these FRSs has no material impact to the Group. The principal effects on the financial statements following the adoption of these FRSs are set out in Note 2.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2006. It contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006. The condensed consolidated interim financial statements and notes thereon do not include all the information required for full set of financial statements prepared in accordance with FRSs.

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. Changes in Accounting Policies

FRS 117 Leases

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. It was stated at cost less accumulated depreciation and impairment losses. On the adoption of FRS 117, Leases, the Group treats such a lease as an operating lease with the unamortised carrying amount classified as prepaid lease payments. Such prepaid lease payments are amortised evenly over the unexpired lease terms. The classification of leasehold land as prepaid lease payment has been accounted retrospectively and the comparative figures were restated:-

	As previously reported	Reclassification	As Restated
Balance sheet as at 31 December 2006	RM'000	RM'000	RM'000
Property, plant and equipment	34,132	(1,097)	33,035
Prepaid lease payments	0	1,097	1,097

3. Audit Report

The auditors have expressed an unqualified opinion on the Group's and Company's statutory financial statements for the year ended 31 December 2006 in their report dated 26 February 2007.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

4. Seasonality and Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors except that the level of construction activities in the first quarter of the year and during rainy season is generally lower.

5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year to date.

6. Changes in estimates

There were no changes in estimates reported in prior financial years that have a material effect in the current interim period.

7. Debt and Equity Securities etc

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities except for the following:

Share Buy Back

During the current quarter under review, the Company did not purchased any of its own shares from the open market. As at 31 December 2007, a total of 5,507,800 shares purchased back were held as treasury shares with total cost of RM17,107,004. None of the shares purchased back was resold or cancelled during the quarter under review.

8. Dividend Paid

The first interim ordinary dividend of 8% per share less tax at 27% (less 5,443,800 treasury shares as at dividend entitlement date) totalling RM6,487,738 for the year ending 31 December 2007 was paid on 8 October 2007.

9. Segmental Reporting

Business segments	12 months ended 31 December					
	Construction		Property development		Consolidated	
	2007	2006	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	203,731	226,418	44,437	34,137	248,168	260,555
Segment result	39,387	38,098	12,645	8,873	52,032	46,971
Interest income					1,141	1,202
Profit before tax					53,173	48,173
Tax expense					(14,233)	(14,692)
Profit after tax					38,940	33,481

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

10. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The Group did not revalue any of its property, plant and equipment.

11. Subsequent Material Events

There were no material events subsequent to the end of the period reported on till the date of this quarterly report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

13. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 31 December 2006 till the date of this quarterly report.

14. Commitments

The amount of commitments not provided for in the interim financial report as at 31 December 2007 are as follows:-

	<u>12 months ended 31 December</u>	
	2007	2006
	RM'000	RM'000
Approved and contracted for		
Acquisition of land	-	3,120
Acquisition of property, plant and equipment	4,763	-
Total	<u>4,763</u>	<u>3,120</u>

15. Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the twelve months ended 31 December 2007 were as follows:-

	<u>12 months ended 31 December</u>	
	2007	2006
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>24,338</u>	<u>33,370</u>

The significant related party transactions comprise transactions with companies controlled by or connected to certain substantial shareholders and/or Directors of the Company, namely:

- i) Yii Chi Hau, Yu Chee Lieng, Yu Chee Hoe and Yii Chee Sing (Yu/Yii Brothers); and
- ii) Lau Kiing Kang and Lau Kiing Yiing (brothers-in-law of the Yu/Yii Brothers).

The above transactions have been entered into in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public.

The Shareholders' mandate for the Group to enter into related party transaction was renewed at the Annual General Meeting held on 17 May 2007.

16. Key Management Personnel Compensation

	<u>12 months ended 31 December</u>	
	2007	2006
	RM'000	RM'000
Directors' compensation	3,840	3,604
Other key management personnel compensation	<u>2,546</u>	<u>2,306</u>

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QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 December 2007

17. Review of Performance

The Group's revenue for the quarter under review is RM63.35 million against the preceding year corresponding quarter's figure of RM65.02 million. Net profit before tax of the Group for the current quarter is RM14.69 million as compared to RM13.38 million for the preceding year's corresponding quarter.

18. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM14.69 million as compared to RM13.99 million for the immediate preceding quarter on the back of the Group's revenue of RM63.35 million and RM62.40 million respectively.

19. Current Year Prospects

The value of projects in hand currently stands at RM1.2 billion of which about RM880 million is outstanding. Procurement efforts during 2007 have clearly paid off and the existing order book will ensure positive earnings outcomes well into 2010.

As well as the impact of the Ninth Malaysia Plan, the recently announced SCORE (Sarawak Corridor of Renewable Energy) will intensify infrastructure development in Sarawak. HSL will enjoy greater exposure to the oil and gas boom via its diversification into ship building and repair. The recent purchase of land at the Tanjung Manis ship building complex is the first step in this initiative.

The property sector is expected to grow steadily with several new property development projects scheduled to be launched in 2008.

20. Actual profit vs forecast profit / Profit guarantee

This note is not applicable, as no profit forecast was published and the Group is not required to give any profit guarantee.

21. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		12 months ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current Period/Year	4,071	3,876	14,829	14,263
(Over)/under provision in prior year	-	-	(32)	1,265
	4,071	3,876	14,797	15,528
Deferred Tax Expense - Malaysian				
Current Period/Year	(101)	(92)	(346)	(593)
Effect of changes in tax rate	(47)	(243)	(218)	(243)
Total Taxation	3,923	3,541	14,233	14,692

Reconciliation of effective tax expense

Profit before taxation	14,685	13,383	53,173	48,173
Income tax using Malaysian tax rates	3,966	3,757	14,357	13,488
Effect of lower tax rate for a subsidiary	(9)	(10)	(35)	(40)
Non-deductible expenses	13	37	161	222
Effect of changes in tax rate	(47)	(243)	(218)	(243)
	3,923	3,541	14,265	13,427
(Over)/under provision in prior year	-	-	(32)	1,265
Tax expense	3,923	3,541	14,233	14,692



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2007

22. Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current quarter under review.

23. Quoted Investments

(a) There were no purchases or disposals of quoted securities during the current quarter under review and therefore no profit or loss arising therefrom; and

(b) The Group has no other investments in quoted securities as at the end of the reporting period.

24. Status of Corporate Proposals

On 15 November 2007, the Company had announced the Proposed Subdivision of every One (1) existing ordinary shares of RM1.00 each in Hock Seng Lee Berhad (“HSL”) into Five (5) new ordinary shares of RM0.20 each in HSL (“Proposed Subdivision”) and the Proposed Amendments to the Memorandum and Articles of Association of the Company (“Proposed Amendments”).

The Proposed Subdivision was approved by Bursa Malaysia on 20 November 2007. The Proposed Subdivision and Proposed Amendments were approved by the shareholders at the Extraordinary General Meeting held on 3 January 2008.

On 21 January 2008 (entitlement date), 116,535,200 ordinary shares of RM1.00 each were subdivided into 582,676,000 ordinary shares of RM0.20 each in the Company. The subdivided shares were listed on Bursa Malaysia on 22 January 2008.

25. Group Borrowings and Debt Securities

The Group had a project carried out under the deferred payment scheme financed by Bank Pembangunan Malaysia Berhad. Under the scheme, the progress claims approved by the Government are paid by the lender bank. As at 31 December 2007, the amount of receipt from the bank less repayment by the Government for the project is RM24,373,818. The repayment of this balance will be made by the Government of Malaysia directly to the lender bank as all contracts proceeds have been assigned to the bank to secure the deferred payment loan.

Save as disclosed above, there were no borrowings and debt securities outstanding as at the end of the reporting period.

26. Off Balance Sheet Financial Instruments

The Group did not enter into any financial instruments with off balance sheet risk during the current quarter under review.

27. Material Litigation

There was no material litigation pending since 31 December 2006 till the date of this quarterly report.

28. Dividend

The directors have recommended a final ordinary dividend of 8% per share less tax for the financial year ended 31 December 2007 for shareholders’ approval at the forthcoming Annual General Meeting. The entitlement and payment date shall be announced in the near future.

29. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		12 months ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary shareholders of the Company (RM'000)	10,762	9,842	38,940	33,481
Weighted average number of ordinary shares ('000)	111,027	112,665	111,362	112,986
Basic earnings per share (sen)	9.69	8.74	34.97	29.63

30. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2008.