



**QUARTERLY REPORT – First Quarter Ended 31 March 2008**

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the quarter ended 31 March 2008

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 March</i>		<i>3 months ended 31 March</i>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>	<b>2008 RM'000</b>	<b>2007 RM'000</b>
<b>Revenue</b>	<b>64,918</b>	<b>59,641</b>	<b>64,918</b>	<b>59,641</b>
Cost of sales	(49,097)	(46,633)	(49,097)	(46,633)
<b>Gross profit</b>	<b>15,821</b>	<b>13,008</b>	<b>15,821</b>	<b>13,008</b>
Other income	87	37	87	37
Interest Income	201	344	201	344
Administrative expenses	(2,891)	(2,357)	(2,891)	(2,357)
Interest expense	-	-	-	-
<b>Profit before taxation</b>	<b>13,218</b>	<b>11,032</b>	<b>13,218</b>	<b>11,032</b>
Tax expense	(3,425)	(2,954)	(3,425)	(2,954)
<b>Profit for the period</b>	<b>9,793</b>	<b>8,078</b>	<b>9,793</b>	<b>8,078</b>
<b>Attributable to:</b>				
Shareholders of the Company	9,793	8,078	9,793	8,078
Minority interest	-	-	-	-
<b>Profit for the period</b>	<b>9,793</b>	<b>8,078</b>	<b>9,793</b>	<b>8,078</b>
<b>Earnings per share</b>				
Basic Earnings per Ordinary Share (sen)	1.77	1.45*	1.77	1.45*
Diluted Earnings per Ordinary Share (sen)	-	-	-	-

\* Adjusted to reflect the subdivision of shares on 21 January 2008

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 2007



## QUARTERLY REPORT – First Quarter Ended 31 March 2008

**CONDENSED CONSOLIDATED BALANCE SHEET**

At 31 March 2008

	<b>31 March 2008 RM'000</b>	<b>31 December 2007 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	35,724	34,917
Prepaid lease payments	1,065	1,071
Land held for property development	71,744	71,566
	108,533	107,554
<b>Current Assets</b>		
Inventories	10,230	2,984
Property development costs	20,608	20,627
Trade and other receivables	146,063	140,538
Deposits, cash and bank balances	39,138	41,101
	216,039	205,250
<b>TOTAL ASSETS</b>	<b>324,572</b>	<b>312,804</b>
<b>EQUITY</b>		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	125,294	115,501
Treasury shares	(18,114)	(17,107)
<b>Total Equity attributable to Shareholders of the Company</b>	<b>225,880</b>	<b>217,094</b>
<b>Minority Interest</b>	-	-
<b>TOTAL EQUITY</b>	<b>225,880</b>	<b>217,094</b>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Deferred tax liabilities	5,743	5,863
<b>Current Liabilities</b>		
Trade and other payables	89,428	86,509
Current tax liabilities	3,521	3,338
	92,949	89,847
<b>TOTAL LIABILITIES</b>	<b>98,692</b>	<b>95,710</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>324,572</b>	<b>312,804</b>
<b>Net Assets Per Share Attributable to Ordinary Equity Shareholders (RM)</b>	<b>0.41</b>	<b>0.39*</b>

\* Adjusted to reflect the subdivision of shares on 21 January 2008

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 2007

**QUARTERLY REPORT – First Quarter Ended 31 March 2008****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the period ended 31 March 2008

	Period ended 31 March	
	2008 RM'000	2007 RM'000
<b>Profit before taxation</b>	<b>13,218</b>	<b>11,032</b>
<b>Adjustments for:-</b>		
Depreciation of plant, property and equipment	997	1,083
Amortisation of prepaid lease payments	6	6
(Gain)/Loss on disposal of property, plant & equipment	(16)	6
Interest income	(201)	(344)
<b>Operating profit before changes in working capital</b>	<b>14,004</b>	<b>11,783</b>
<b>Changes in working capital</b>		
Net change in inventories	(7,246)	126
Net change in property development costs	19	3,012
Net change in trade & other receivables	(6,399)	(13,096)
Net change in trade & other payables	3,840	(7,299)
<b>Cash generated from/(used in) operating activities</b>	<b>4,218</b>	<b>(5,474)</b>
Taxes paid	(3,363)	(3,090)
<b>Net cash generated from/(used in) operating activities</b>	<b>855</b>	<b>(8,564)</b>
<b>Investing Activities</b>		
Purchase of property, plant & equipment	(2,044)	(88)
Proceeds from disposal of property, plant & equipment	257	4
Land held for property development	(178)	(160)
Interest received	154	285
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,811)</b>	<b>41</b>
<b>Financing Activities</b>		
Purchase of own shares	(1,007)	(912)
<b>Net cash used in financing activities</b>	<b>(1,007)</b>	<b>(912)</b>
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>(1,963)</b>	<b>(9,435)</b>
<b>Cash &amp; Cash Equivalents at 1 January 2008 / 1 January 2007</b>	<b>40,651</b>	<b>49,351</b>
<b>Cash &amp; Cash Equivalents at 31 March 2008 / 31 March 2007</b>	<b>38,688</b>	<b>39,916</b>

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 2007

**QUARTERLY REPORT – First Quarter Ended 31 March 2008****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the period ended 31 March 2008

	<b>SHARE CAPITAL</b>	<b>CAPTIAL REDEMPTION RESERVE</b>	<b>RETAINED EARNINGS</b>	<b>TREASURY SHARES</b>	<b>TOTAL EQUITY</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Period ended 31 March 2008</b>					
Balance at 1 January 2008	<b>116,535</b>	<b>2,165</b>	<b>115,501</b>	<b>(17,107)</b>	<b>217,094</b>
Profit for the period	-	-	9,793	-	9,793
Treasury shares, at cost	-	-	-	(1,007)	(1,007)
<b>Balance at 31 March 2008</b>	<b>116,535</b>	<b>2,165</b>	<b>125,294</b>	<b>(18,114)</b>	<b>225,880</b>
<b>Period ended 31 March 2007</b>					
Balance at 1 January 2007	<b>116,535</b>	<b>2,165</b>	<b>88,743</b>	<b>(14,276)</b>	<b>193,167</b>
Profit for the period	-	-	8,078	-	8,078
Treasury shares, at cost	-	-	-	(912)	(912)
<b>Balance at 31 March 2007</b>	<b>116,535</b>	<b>2,165</b>	<b>96,821</b>	<b>(15,188)</b>	<b>200,333</b>

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 2007



**QUARTERLY REPORT – First Quarter Ended 31 March 2008**

**NOTES TO THE INTERIM FINANCIAL REPORT**

For the quarter ended 31 March 2008

**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) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. It has been prepared in accordance with the same accounting policies adopted in the 2007 financial statements, except for the adoption of the following new/revised FRSs that are applicable to the Group for the annual period beginning 1 January 2008:-

- FRS 107, Cash Flow Statements
- FRS 111, Construction Contracts
- FRS 112, Income Taxes
- FRS 118, Revenue
- FRS 134, Interim Financial Reporting
- FRS 137, Provisions, Contingent Liabilities and Contingent Assets

The initial applications of these FRSs do not have any material impact on the financial statements of the Group.

**2. 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.

**3. 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.

**4. Changes in estimates**

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

**5. 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 purchased 1,164,000 of its own shares from the open market at the average cost of RM0.87 per share, totalling RM1,007,403. All the repurchase transactions were financed by internally generated funds. As at 31 March 2008, a total of 28,703,000 shares purchased back were held as treasury shares with total cost of RM18,114,407. None of the shares purchased back was resold or cancelled during the quarter under review.

On 15 May 2008, the shareholders of the Company renewed the authority for the Company to re-purchase its own shares up to ten percent of the issued and paid up capital of the Company.

**6. Segmental Reporting**

Business segments	3 months ended 31 March					
	Construction		Property development		Consolidated	
	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	56,208	45,613	8,710	14,028	64,918	59,641
Segment result	10,448	7,256	2,569	3,432	13,017	10,688
Interest income					201	344
Profit before tax					13,218	11,032
Tax expense					(3,425)	(2,954)
Profit after tax					<b>9,793</b>	<b>8,078</b>



**QUARTERLY REPORT – First Quarter Ended 31 March 2008**

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

**7. Dividend Paid**

There was no dividend paid during the quarter ended 31 March 2008.

**8. 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.

**9. Subsequent Material Events**

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

**10. Changes in the Composition of the Group**

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

**11. Contingent Liabilities**

There were no contingent liabilities in respect of the Group that have arisen since 31 December 2007 till the date of this quarterly report.

**12. Commitments**

The amount of commitments not provided for in the interim financial report as at 31 March 2008 are as follows:-

	<u>3 months ended 31 March</u>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Approved and contracted for</b>		
Acquisition of land	-	3,120
Acquisition of property, plant and equipment	3,336	-
<b>Total</b>	<u>3,336</u>	<u>3,120</u>

**13. Related Party Transactions**

The aggregate gross value of significant recurrent related party transactions for the quarter ended 31 March 2008 were as follows:-

	<u>3 months ended 31 March</u>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Aggregate gross value of significant recurrent related party transactions	<u>7,400</u>	<u>4,504</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 15 May 2008.

**14. Key Management Personnel Compensation**

	<u>3 months ended 31 March</u>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors' compensation	663	633
Other key management personnel compensation	<u>629</u>	<u>544</u>



**QUARTERLY REPORT – First Quarter Ended 31 March 2008**

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**

For the quarter ended 31 March 2008

**15. Review of Performance**

The Group's revenue for the quarter under review is RM64.92 million against the preceding year corresponding quarter's figure of RM59.64 million. Net profit before tax of the Group for the current quarter is RM13.22 million as compared to RM11.03 million for the preceding year's corresponding quarter, an increase of 20%.

**16. Variation of Results against Immediate Preceding Quarter**

The net profit before tax of the Group for the current quarter is RM13.22 million as compared to RM14.69 million for the immediate preceding quarter on the back of the Group's revenue of RM64.92 million and RM63.35 million respectively.

**17. Current Year Prospects**

The value of projects in hand currently stands at RM1.1 billion of which about RM820 million is outstanding. We continue to pursue large new contracts relating to our core business of marine engineering, civil engineering and construction. The property sector is expected to remain vibrant and will contribute positively to Group earnings. First quarter saw the official launch of our inaugural residential estate in Sibul, Vista Parade which is selling well.

**18. 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.

**19. Tax Expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>Current Tax Expense - Malaysian</b>				
Current Period/Year	3,545	3,188	3,545	3,188
(Over)/under provision in prior year	-	-	-	-
	3,545	3,188	3,545	3,188
<b>Deferred Tax Expense - Malaysian</b>				
Current Period/Year	(68)	(178)	(68)	(178)
Effect of changes in tax rate	(52)	(56)	(52)	(56)
<b>Total Taxation</b>	<b>3,425</b>	<b>2,954</b>	<b>3,425</b>	<b>2,954</b>

**Reconciliation of effective tax expense**

Profit before taxation	13,218	11,032	13,218	11,032
Income tax using Malaysian tax rates	3,437	2,979	3,437	2,979
Effect of lower tax rate for a subsidiary	(8)	(9)	(8)	(9)
Non-deductible expenses	48	40	48	40
Effect of changes in tax rate	(52)	(56)	(52)	(56)
	3,425	2,954	3,425	2,954
(Over)/under provision in prior year	-	-	-	-
<b>Tax expense</b>	<b>3,425</b>	<b>2,954</b>	<b>3,425</b>	<b>2,954</b>

**20. Unquoted Investments and/or Properties**

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



**QUARTERLY REPORT – First Quarter Ended 31 March 2008**

**21. 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.

**22. Status of Corporate Proposals**

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 Proposed Amendments to the Memorandum and Articles of Association of the Company 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.

**23. 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. The repayment of this balance was 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. The Government of Malaysia has fully repaid the deferred payment loan during the quarter ended 31 March 2008.

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

**24. 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.

**25. Material Litigation**

There was no material litigation pending since 31 December 2007 till the date of this quarterly report.

**26. Dividend**

The Shareholders has approved the final ordinary dividend of 8% per share less tax at 26% for the financial year ended 31 December 2007 at the Annual General Meeting held on 15 May 2008. The entitlement date for the dividend is 20 May 2008 and the dividend will be paid on 9 June 2008.

**27. Earnings Per Share**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary shareholders of the Company (RM'000)	9,793	8,078	9,738	8,078
Weighted average number of ordinary shares ('000)	554,264	557,508*	554,264	557,508*
Basic earnings per share (sen)	1.77	1.45*	1.76	1.45*

\* Adjusted to reflect the subdivision of shares on 21 January 2008

**28. 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 2007 in their report dated 28 February 2008.

**29. 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 15 May 2008.