HSL posts strong first half

Declares 5 percent interim dividend

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KUCHING — Second quarter 2009 earnings for Sarawak-based infrastructure specialist Hock Seng Lee Berhad (HSL) rose 26 percent against 2008's corresponding quarter.

YB Senator Dato' Haji Idris Buang, Chairman of HSL, said that the Group had enjoyed a strong first half year due to a bumper procurement year in 2008 and the ongoing flow of projects to East Malaysia under the latest government initiatives.

For the six months to 30 June 2009, HSL's net profit before tax increased some 16 percent compared with the same period of 2008; rising from RM26.77 million to RM31.10 million.

On a quarter to quarter basis, earnings before tax grew from RM13.56 million for Q2 2008 to RM17.11 million for the current Q2 2009.

Revenue for the first half of 2009 also saw strong growth, up 13 percent to RM159.98 million from RM142.10 million in 2008.

"With RM1.3 billion outstanding in our order book and with the flow of projects from SCORE (Sarawak Corridor for Renewable Energy) and the federal government stimulus packages, we foresee ongoing success," said Dato' Idris.

"Our policy is to share such success with our loyal shareholders and thus, once operational needs are taken care of, we will continue to declare attractive dividends", Dato' Idris added.

Dato' Idris announced that the Board had decided on a first interim ordinary dividend of 5 percent per share less tax at 25 percent and payable to shareholders on 9 October 2009. The dividend entitlement date shall be 16 September 2009.

"Rewarding our loyal investors is part of our company ethos and the reason why we have so many long term institutional stakeholders who relish participating in our growth story," said Dato' Idris.

HSL Group maintained zero gearing and strong cash reserves at the half year mark.

HSL has been honoured to receive the KPMG/EDGE award for Shareholder Value in the construction category for the past several years.

Looking ahead, HSL has reason to be confident of further opportunities. Of the latest RM5 billion in economic stimulus funding, RM4 billion is earmarked to help East Malaysia's development catch-up with the Peninsula.

“Already we are seeing sizeable packages up for tender and we are confident, with our specialist skills in marine engineering and infrastructure works, that we will be highly competitive,” said Dato’ Idris.

Among the major upcoming projects to be implemented in Sarawak are roadworks to open up interior areas, while bridges, port and airport upgrading are also on the agenda.

The Group is s continuing to bid for substantial packages involving roads, bridges and other infrastructure and construction works.

Many of these projects are in either low-lying coastal or more remote hinterland areas of Sarawak. Thus local knowledge and logistics expertise, marine fleet transportation and reclamation or earthworks capabilities will be in demand.

“We anticipate strong prospects for the local construction industry in the next few years as development accelerates across Sarawak,” concluded Dato’ Idris.

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