



# HSL's Q1 PBT rises 30%

*Revenue also up 19%*

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KUCHING (Tuesday): HOCK SENG LEE BERHAD (HSL)'s first quarter results have shown impressive gains in both earnings and revenue compared with the same period last year.

Profit before tax for the quarter ended 31 March 2010 increased to RM18.20 million, up some 30% from the RM13.97 million recorded for 2009's corresponding quarter.

Revenue for the first three months of the year also bettered last year's corresponding period increasing 19% from RM77.88 million to RM92.41 million.

While the first quarter is traditionally slower due to the rains and the festive period, Group Chairman YB Senator Dato' Hj Idris Buang stated that HSL was riding the wave of infrastructure development in Sarawak and drawing on its marine engineering strength to give it a competitive edge.

"We have certainly made a strong start to the year and this puts us on track to achieving good results come year-end," said Dato' Idris.

"The spotlight is on Sarawak at the present time and we are grateful that our leadership is ensuring the level of progress here is brought into line with the more developed parts of the nation," Dato' added.

Since the beginning of the year, HSL has continued to bid for several infrastructure projects and has procured two new road projects, a building works contract in Samarahan and a wharf at Muara Tebas bringing the order book to RM1.7 billion with RM1.1 billion outstanding.

During the same period projects completed included an educational institution in Bintulu and road works at Panchor, Kuching.

"We are actively pursuing further contracts and hope to be able to announce some successful bidding outcomes soon," said Dato' Idris.



The Group Chairman made his remarks following HSL's Annual General Meeting in Kuching today in which all resolutions were approved by shareholders including the final ordinary dividend of 5 percent per share plus a special dividend, in light of the strong results, of 2 percent per share less tax at 25 percent.

The dividends will be payable on 15 June 2010 and added to the five percent gross interim dividend paid out in October 2009, the total dividend for 2009 will be 12 percent less tax.

"Our returns remain among the highest in our industry as we always strive to satisfy our valued shareholders without losing sight of the need to retain capital to invest in the specialized plant and machinery that will enable us to grow the business," said Dato' Idris.

During 2009, HSL purchased a considerable amount of new machinery notably Tunnel Boring Machines for its biggest ongoing project, the Centralised Wastewater Management project for Kuching (Package 1).

"By developing our tunneling technology capabilities, we are positioning ourselves strongly for future sewage works," explained Dato' Idris.

The entire sewage system for Kuching is estimated to cost RM2 billion, while the first package which HSL is now executing is worth RM530 million.

Also in hand, HSL has road works throughout the state, building construction projects such as educational institutions and reclamation works for industrial estates, among others.

The Group foresees further opportunities arising with the Sarawak Corridor for Renewable Energy (SCORE) initiatives coupled with the flow-down of works from the economic stimulus packages.

"We enjoy a niche market position where our core capabilities in marine engineering and infrastructure works enable us to leverage on the re-acceleration of construction activity in Sarawak," said Dato' Idris.

On the property development side, wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd, enjoyed a 44 percent surge in profit before tax for the first three months of 2010 compared with the same period of 2009.



Contributing just over 10 percent to HSL Group bottom line, the property sector has reaped the success of its innovative residential design concepts. Its move towards specialized high-end housing has resulted in brisk sales and superior margins.

"It's shaping up to be another year of commendable growth across the HSL Group," Dato' added.

Analysts seem to concur, with all major equity research houses putting out a BUY call on HSL stock.

HSL was one of only eleven Malaysian PLCs invited by Bursa Malaysia to present its investment merits at the inaugural Malaysian Gems investors' event held in Singapore earlier this month.

HSL was also recently named on Philip Capital's prestigious "Nine Prosperity Stocks" which identifies stocks on Bursa Malaysia that have exhibited what they call a "winning formula" and have recorded continuous growth in pre-tax profit for the past ten years.

Their report hailed HSL's "sound and proven management".

"We are honoured to receive such recognition and this spurs everyone at HSL to strive even harder," said Dato' Idris.

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*Based in Sarawak, East Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.  
HSL is listed on Bursa Malaysia's Construction Counter (stock code 6238, Bloomberg code HSL MK).*

**For further information see: [www.hsl.com.my](http://www.hsl.com.my)**