



QUARTERLY REPORT – First Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2010

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 March		3 months ended 31 march	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	92,406	77,878	92,406	77,878
Cost of sales	(72,109)	(61,232)	(72,109)	(61,232)
Gross profit	20,297	16,646	20,297	16,646
Other income	398	56	398	56
Administrative expenses	(2,919)	(3,138)	(2,919)	(3,138)
Results from operating activities	17,776	13,564	17,776	13,564
Finance income	425	409	425	409
Finance expense	-	-	-	-
Net finance income	425	409	425	409
Profit before tax	18,201	13,973	18,201	13,973
Income tax expense	(4,660)	(3,554)	(4,660)	(3,554)
Profit for the period	13,541	10,419	13,541	10,419
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	13,541	10,419	13,541	10,419
Profit attributable to:				
Owners of the Company	13,541	10,419	13,541	10,419
Minority interests	-	-	-	-
Profit for the period	13,541	10,419	13,541	10,419
Total comprehensive income attributable to:				
Owners of the Company	13,541	10,419	13,541	10,419
Minority interests	-	-	-	-
Total comprehensive income for the period	13,541	10,419	13,541	10,419
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	2.46	1.90	2.46	1.90
Diluted earnings per ordinary share (sen)	2.46	1.90	2.46	1.90

The notes set out on pages 5 to 6 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009



QUARTERLY REPORT – First Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

In thousand of RM

	31 March 2010 RM'000	31 December 2009 RM'000
ASSETS		
Property, plant and equipment	76,427	70,111
Prepaid lease payments	1,014	1,020
Land held for property development	66,950	66,721
Total non-current assets	144,391	137,852
Inventories	10,056	10,982
Property development costs	24,639	25,626
Trade and other receivables	249,792	226,935
Cash and bank balances	74,180	76,360
Total current assets	358,667	339,903
TOTAL ASSETS	503,058	477,755
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	206,405	193,967
Treasury shares	(20,706)	(20,706)
Total equity attributable to owners of the Company	304,399	291,961
Minority interests	199	199
TOTAL EQUITY	304,598	292,160
LIABILITIES		
Deferred tax liabilities	10,813	10,368
Total non-current liabilities	10,813	10,368
Trade and other payables	182,200	170,609
Current tax liabilities	5,447	4,618
Total current liabilities	187,647	175,227
TOTAL LIABILITIES	198,460	185,595
TOTAL EQUITY AND LIABILITIES	503,058	477,755
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.55	0.53

The notes set out on pages 5 to 6 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009



QUARTERLY REPORT – First Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2010

	Period ended 31 March	
	2010 RM'000	2009 RM'000
<i>In thousand of RM</i>		
Cash flows from operating activities		
Profit before taxation from continuing operations	18,201	13,973
Adjustments for:-		
Non-cash items	1,552	1,224
Non-operating items	(285)	(409)
Operating profit before changes in working capital	19,468	14,788
Changes in working capital	(10,768)	3,077
Cash generated from operation	8,700	17,865
Income taxes paid	(3,017)	(2,702)
Net cash from operating activities	5,683	15,163
Cash flows from investing activities		
Acquisition of property, plant & equipment	(8,165)	(849)
Proceeds from disposal of property, plant & equipment	180	5
Land held for property development	(229)	(83)
Interest received	351	456
Net cash used in investing activities	(7,863)	(471)
Cash flows from financing activities		
Purchase of treasury shares	-	(340)
Dividend paid to owners of the Company	-	-
Net cash used in financing activities	-	(340)
Net (decrease)/increase in cash and cash equivalents	(2,180)	14,352
Cash and cash equivalents at 1 January 2010 / 1 January 2009	75,910	56,492
Cash and cash equivalents at 31 March 2010 / 31 March 2009	73,730	70,844

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

	Period ended 31 March	
	2010 RM'000	2009 RM'000
<i>In thousand of RM</i>		
Cash and bank balances	22,984	3,344
Deposits with licensed banks	51,196	67,950
Less Deposit pledged	(450)	(450)
	73,730	70,844

The notes set out on pages 5 to 6 form an integral part of, and should be read in conjunction with this interim financial report and the Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2009



QUARTERLY REPORT – First Quarter Ended 31 March 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2010

	-----Attributable to owners of the Company-----							
	-----Non-distributable-----			Distributable				
	SHARE CAPITAL	CAPTIAL REDEMPTION RESERVE	TREASURY SHARES	RETAINED EARNINGS	TOTAL	MINORITY INTEREST	TOTAL EQUITY	
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 31 March 2010								
At 1 January 2010, as previously stated	116,535	2,165	(20,706)	193,967	291,961	199	292,160	
- effect of adopting FRS 139	-	-	-	(1,103)	(1,103)	-	(1,103)	
At 1 January 2010, as restated	116,535	2,165	(20,706)	192,864	290,858	199	291,057	
Total Comprehensive income for the period	-	-	-	13,541	13,541	-	13,541	
Dividends to owners	-	-	-	-	-	-	-	
Treasury shares, at cost	-	-	-	-	-	-	-	
At 31 March 2010	116,535	2,165	(20,706)	206,405	304,399	199	304,598	
Period ended 31 March 2009								
At 1 January 2009	116,535	2,165	(20,296)	144,237	242,641	-	242,641	
Total Comprehensive income for the period	-	-	-	10,419	10,419	-	10,419	
Treasury shares, at cost	-	-	(340)	-	(340)	-	(340)	
At 31 March 2009	116,535	2,165	(20,636)	154,656	252,720	-	252,720	

The notes set out on pages 5 to 6 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 2009



QUARTERLY REPORT – First Quarter Ended 31 March 2010

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 2010

1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Financial Reporting Standard (FRS) 134, Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2009 financial statements except as described below:

(i) FRS 139, Financial Instruments: Recognition and Measurement

FRS139 sets out principals for the recognition and measurement of financial instruments. A financial instrument is recognized in the statement of financial position when, and, only when, the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognized initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Subsequently measurement of these instruments at balance sheet date reflects the designation of the financial instruments. The adoption of FRS 139 has resulted in following changes to accounting policies:-

Receivables

Prior to the adoption of FRS 139, receivables were initially recorded at their costs and subsequently stated at cost less allowance for doubtful debts. With the adoption of FRS 139, receivables that are financial assets are categorized as loans and receivables and are now recognized initially at their fair values and subsequently measured at amortised cost using the effective interest method.

Impairment of receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable. With the adoption of FRS 139, an impairment loss for a receivable that is financial asset is recognized when there is objective evidence that an impairment loss has been incurred and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Payables

Prior to the adoption of FRS 139, payables were recorded at their costs. With the adoption of FRS 139, payables that are financial liabilities are now recognized initially at their fair values and subsequently measured at amortised cost using the effective interest method.

In accordance with the transitional provisions of FRS139 for the first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period were recognized as adjustments of the opening balance of retained earnings as follows:-

Group	Retained earnings
	2010
<i>In thousand of RM</i>	RM'000
As at 1 January, as previously stated	193,967
Effects on adopting FRS 139:	(1,103)
As at 1 January, as restated	192,864

Comparatives are not adjusted. Consequently, the adoption of FRS139 does not affect the basic and diluted earnings per ordinary share for prior periods. The adoption of FRS139 does not have any significant impact on the earnings for the current financial year to date.

(ii) FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that is provided to the Group's Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously, operating segments were determined and presented in accordance with FRS 114²⁰⁰⁴, Segment Reporting. Comparative segment



QUARTERLY REPORT – First Quarter Ended 31 March 2010

information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

(iii) FRS 101(revised), Presentation of Financial Statements

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, income statements have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now in the statement of comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

3. 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.

4. 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.

5. Changes in estimates

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

6. Operating Segment

The Group has two reportable segments, as described below, which are the Group's strategic units.

Construction

Marine and civil engineering works and construction

Property development

Development of residential and commercial properties

In thousand of RM

Segment profit

Revenue from external customer

Inter-segment revenue

Segment profit before tax, interest, depreciation

Depreciation

Interest income

Segment profit before tax

Income tax expense

Segment profit after tax for reportable segments

Other non-reportable segments, net of tax

Realization of inter-segment profit previously eliminated, net of tax

Profit for the period

-----3 months ended 31 March-----					
Construction		Property Development		Total	
2010	2009	2010	2009	2010	2009
84,829	70,949	7,577	6,929	92,406	77,878
-	-	-	-	-	-
17,449	13,260	2,174	1,506	19,623	14,766
(1,837)	(1,207)	(12)	(11)	(1,849)	(1,218)
418	402	7	7	425	409
16,030	12,455	2,169	1,502	18,199	13,957
(4,115)	(3,167)	(545)	(381)	(4,660)	(3,548)
11,915	9,288	1,624	1,121	13,539	10,409
				-	-
				2	10
				13,541	10,419

Segment assets

380,667	289,551	113,267	115,190	493,934	404,741
---------	---------	---------	---------	---------	---------

Segment liabilities

193,313	147,924	5,237	4,739	198,550	152,663
---------	---------	-------	-------	---------	---------

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

7. Debt and Equity Securities etc

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



QUARTERLY REPORT – First Quarter Ended 31 March 2010

Share Buy Back

During the current quarter under review, the Company did not buy back any shares. As at 31 March 2010, a total of 33,179,100 shares purchased back were held as treasury shares with total cost of RM20,705,974 and all the repurchase transactions were financed by internally generated funds. None of the shares purchased back was resold or cancelled during the quarter under review.

8. Dividend Paid

There was no dividend paid during the quarter ended 31 March 2010.

9. 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.

10. Subsequent Material Events

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

11. Changes in the Composition of the Group

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

12. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 31 March 2010 till the date of this quarterly report.

13. Commitments

The amount of commitments not provided for in the interim financial report as at 31 March 2010 are as follows:-

	__ 3 months ended 31 March __	
	2010	2009
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	766	8,544
Approved but not contracted for	1,250	-
	2,016	8,544

14. Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the three months ended 31 March 2010 were as follows:-

	__ 3 months ended 31 March __	
	2010	2009
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	8,497	6,709

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.

15. Key Management Personnel Compensation

	__ 3 months ended 31 March __	
	2010	2009
	RM'000	RM'000
Directors' compensation	758	708
Other key management personnel compensation	750	705



QUARTERLY REPORT – First Quarter Ended 31 March 2010

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS

For the quarter ended 31 March 2010

16. Review of Performance

The Group’s revenue for the quarter under review is RM92.4 million against the preceding year corresponding quarter’s figure of RM77.9 million. Net profit before tax of the Group for the current quarter is RM18.2 million as compared to RM13.9 million for the preceding year’s corresponding quarter.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM18.2 million compared to RM23.8 million for the immediate preceding quarter on the back of the Group’s revenue of RM92.4 million and RM113.3 million respectively.

18. Current Year Prospects

Infrastructure development in Sarawak continues to intensify, driven by the Government’s stimulus packages and the Sarawak Corridor of Renewable Energy (SCORE) initiatives. These offer good potential for HSL. With the first quarter financial results bettering the corresponding quarter of 2009, HSL is positioned for another year of growth.

19. 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.

20. Income Tax Expense

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2010	2009	2010	2009
	RM’000	RM’000	RM’000	RM’000
Current Tax Expense - Malaysian				
Current quarter/period	3,846	3,550	3,846	3,550
Deferred Tax Expense - Malaysian				
Current quarter/period	814	4	814	4
Total Taxation	4,660	3,554	4,660	3,554

Reconciliation of effective tax expense

Profit for the quarter/period	13,541	10,419	13,541	10,419
Total income tax expense	4,660	3,554	4,660	3,554
Profit before taxation	18,201	13,973	18,201	13,973
Income tax using Malaysian tax rates	4,550	3,493	4,550	3,493
Non-deductible expenses	110	61	110	61
Income tax expense	4,660	3,554	4,660	3,554

21. Unquoted Investments and/or Properties

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

22. 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.

23. Status of Corporate Proposals

There was no corporate proposal announced but not completed at the date of this quarterly report.

24. Group Borrowings and Debt Securities

There were no borrowings and debt securities outstanding as at the end of the reporting period.



QUARTERLY REPORT – First Quarter Ended 31 March 2010

25. Off Balance Sheet Financial Instruments

There were no borrowings, debt securities and off balance sheet financial instruments outstanding as at the end of the reporting period.

26. Material Litigation

There was no material litigation pending since 31 March 2010 till the date of this quarterly report.

27. Dividend

The Shareholders has approved the final ordinary dividend of 5% per share less tax at 25% and the special dividend of 2% less tax at 25% for the financial year ended 31 December 2009 at the Annual General Meeting held on 25 May 2010. The entitlement date for the dividend is 3 June 2010 and the dividend will be paid on 15 June 2010.

28. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2010	2009	2010	2009
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000
Net profit attributable to ordinary owners of the Company (RM'000)	13,541	10,419	13,541	10,419
Weighted average number of ordinary shares ('000)	549,496	549,631	549,496	549,631
Basic earnings per share (sen)	2.46	1.90	2.46	1.90

29. Gains/Losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of the financial liabilities for the current quarter and financial period ended 31 March 2010.

30. 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 2009 in their report dated 25 February 2010.

31. 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 25 May 2010.

Issue Date: 25 May 2010