



QUARTERLY REPORT – First Quarter Ended 31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2011

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 March		3 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	123,626	92,406	123,626	92,406
Cost of sales	(98,181)	(72,109)	(98,181)	(72,109)
Gross profit	25,445	20,297	25,445	20,297
Other income	350	398	350	398
Administrative expenses	(3,200)	(2,919)	(3,200)	(2,919)
Results from operating activities	22,595	17,776	22,595	17,776
Finance income	1,065	425	1,065	425
Finance expense	(121)	-	(121)	-
Net finance income	944	425	944	425
Profit before tax	23,539	18,201	23,539	18,201
Income tax expense	(5,866)	(4,660)	(5,866)	(4,660)
Profit for the period	17,673	13,541	17,673	13,541
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	17,673	13,541	17,673	13,541
Profit attributable to:				
Owners of the Company	17,672	13,541	17,672	13,541
Minority interests	1	-	1	-
Profit for the period	17,673	13,541	17,673	13,541
Total comprehensive income attributable to:				
Owners of the Company	17,672	13,541	17,672	13,541
Minority interests	1	-	1	-
Total comprehensive income for the period	17,673	13,541	17,673	13,541
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	3.19	2.46	3.19	2.46
Diluted earnings per ordinary share (sen)	3.19	2.46	3.19	2.46

The notes set out on pages 5 to 9 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 2010



QUARTERLY REPORT – First Quarter Ended 31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

In thousand of RM

	31 March 2011 RM'000	31 December 2010 RM'000
ASSETS		
Property, plant and equipment	99,176	96,175
Land held for property development	87,366	87,344
Total non-current assets	186,542	183,519
Inventories	10,658	13,077
Property development costs	27,933	27,013
Trade and other receivables	259,330	268,709
Cash and bank balances	122,971	89,702
Total current assets	420,892	398,501
TOTAL ASSETS	607,434	582,020
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	265,041	247,369
Treasury shares	(23,791)	(21,029)
Total equity attributable to owners of the Company	359,950	345,040
Minority interests	204	203
TOTAL EQUITY	360,154	345,243
LIABILITIES		
Deferred tax liabilities	14,386	14,067
Total non-current liabilities	14,386	14,067
Trade and other payables	226,637	217,297
Current tax liabilities	6,257	5,413
Total current liabilities	232,894	222,710
TOTAL LIABILITIES	247,280	236,777
TOTAL EQUITY AND LIABILITIES	607,434	582,020
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.65	0.62

The notes set out on pages 5 to 9 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 2010



QUARTERLY REPORT – First Quarter Ended 31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2011

<i>In thousand of RM</i>	Period ended 31 March	
	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	23,539	18,201
<i>Adjustments for:-</i>		
Non-cash items	2,060	1,552
Non-operating items	(1,015)	(285)
Operating profit before changes in working capital	24,584	19,468
Changes in working capital	20,494	(10,768)
Cash generated from operation	45,078	8,700
Income taxes paid	(4,703)	(3,017)
Net cash from operating activities	40,375	5,683
Cash flows from investing activities		
Acquisition of property, plant & equipment	(5,553)	(8,165)
Proceeds from disposal of property, plant & equipment	561	180
Land held for property development	(21)	(229)
Interest received	669	351
Net cash used in investing activities	(4,344)	(7,863)
Cash flows from financing activities		
Purchase of treasury shares	(2,762)	-
Net cash used in financing activities	(2,762)	-
Net (decrease)/increase in cash and cash equivalents	33,269	(2,180)
Cash and cash equivalents at 1 January 2011 / 1 January 2010	89,252	75,910
Cash and cash equivalents at 31 March 2011 / 31 March 2010	122,521	73,730

Cash and cash equivalents

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

<i>In thousand of RM</i>	Period ended 31 March	
	2011 RM'000	2010 RM'000
Cash and bank balances	6,398	22,984
Deposits with licensed banks	116,573	51,196
Less Deposit pledged	(450)	(450)
	122,521	73,730

The notes set out on pages 5 to 9 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 2010



QUARTERLY REPORT – First Quarter Ended 31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2011

	-----Attributable to owners of the Company-----							
	-----Non-distributable-----			Distributable		TOTAL	MINORITY INTEREST	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVE	TREASURY SHARES	RETAINED EARNINGS				
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 31 March 2011								
At 1 January 2011	116,535	2,165	(21,029)	247,369	345,040	203	345,243	
Total Comprehensive income for the period	-	-	-	17,672	17,672	1	17,673	
Treasury shares, at cost	-	-	(2,762)	-	(2,762)	-	(2,762)	
At 31 March 2011	116,535	2,165	(23,791)	265,041	359,950	204	360,154	
Period ended 31 March 2010								
At 1 January 2010	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	
Treasury shares, at cost	-	-	-	-	-	-	-	
At 31 March 2010	116,535	2,165	(20,706)	206,405	304,399	199	304,598	

The notes set out on pages 5 to 9 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 2010



QUARTERLY REPORT – First Quarter Ended 31 March 2011

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 2011

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 2010.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2010 financial statements.

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. 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 repurchased 1,548,200 of its own shares from the open market at an average price of RM1.784 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 31 March 2011, the number of treasury shares held were 29,290,858 shares at a total cost of RM23,791,002 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.

7. Operating Segment

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

Construction

Property development

Marine and civil engineering works and construction

Development of residential and commercial properties

For the period ended 31 March 2011

In thousand of RM

Segment profit

Revenue from external customer

Segment profit before tax, interest, depreciation and other material non-cash items

Depreciation

Interest income from bank balances

Interest income from other financial assets

Interest expense on other financial liabilities

Segment profit before tax

Income tax expense

Profit for the period

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Revenue from external customer</i>	117,563	6,063	-	-	123,626
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	22,630	2,025	-	-	24,655
Depreciation	(2,049)	(11)	-	-	(2,060)
Interest income from bank balances	621	103	3	-	727
Interest income from other financial assets	338	-	-	-	338
Interest expense on other financial liabilities	(121)	-	-	-	(121)
Segment profit before tax	21,419	2,117	3	-	23,539
Income tax expense					(5,866)
Profit for the period					17,673

Segment assets

	454,813	143,480	9,494	(353)	607,434
--	---------	---------	-------	-------	---------



QUARTERLY REPORT – First Quarter Ended 31 March 2011

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2010					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customer</i>	84,829	7,577	-	-	92,406
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	17,449	2,174	-	2	19,625
<i>Depreciation</i>	(1,837)	(12)	-	-	(1,849)
<i>Interest income from bank balances</i>	283	7	-	-	290
<i>Interest income from other financial assets</i>	135	-	-	-	135
Segment profit before tax	16,030	2,169	-	2	18,201
<i>Income tax expense</i>					(4,660)
Profit for the period					13,541
Segment assets	380,668	113,267	9,486	(363)	503,058

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

8. Dividend Paid

There was no dividend paid during the quarter ended 31 March 2011.

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 2011 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 2011 are as follows:-

	<u>3 months ended 31 March</u>	
	2011	2010
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	2,596	766
Approved but not contracted for	1,400	1,250
	<u>3,996</u>	<u>2,016</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the three months ended 31 March 2011 were as follows:-

	<u>3 months ended 31 March</u>	
	2011	2010
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>9,236</u>	<u>8,497</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 King Kang and Lau King Yiing (brothers-in-law of the Yu/Yii Brothers).



QUARTERLY REPORT – First Quarter Ended 31 March 2011

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

	<u>3 months ended 31 March</u>	
	2011	2010
	RM'000	RM'000
Directors' compensation	804	758
Other key management personnel compensation	796	750

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 March 2011

16. Review of Performance

The Group's revenue for the quarter under review is RM123.63 million against the preceding year corresponding quarter's figure of RM92.4 million. Net profit before tax of the Group for the current quarter is RM23.54 million as compared to RM18.2 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 RM23.54 million compared to RM28.96 million for the immediate preceding quarter on the back of the Group's revenue of RM123.63 million and RM150.27 million respectively.

18. Current Year Prospects

A focused agenda of infrastructure development in Sarawak continues to be strongly led by the public sector under the 10th Malaysia Plan, while concurrently, we are seeing foreign investment into projects such as aluminium smelters, heavy and biotech industries and others take off. With the Bakun Dam scheduled for commissioning this year, high energy consuming industries will continue to drive development and the need for infrastructure. The resulting level of construction activity across Sarawak will bring about many project opportunities for HSL. First quarter financial results have exceeded the corresponding quarter of 2010 and place HSL on the path 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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
<i>In thousand of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/period	5,547	3,846	5,547	3,846
Deferred Tax Expense - Malaysian				
Current quarter/period	396	814	396	814
(Over)/Under provision in prior year	(77)	-	(77)	-
Total Taxation	5,866	4,660	5,866	4,660

Reconciliation of effective tax expense

Profit for the quarter/period	17,673	13,541	17,673	13,541
Total income tax expense	5,866	4,660	5,866	4,660
Profit before taxation	23,539	18,201	23,539	18,201
Income tax using Malaysian tax rates	5,885	4,550	5,885	4,550
Non-deductible expenses	58	110	58	110
Over provision in prior year	(77)	-	(77)	-
Income tax expense	5,866	4,660	5,866	4,660



QUARTERLY REPORT – First Quarter Ended 31 March 2011

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.

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 2011 till the date of this quarterly report.

27. Dividend

The shareholders has approved the final ordinary dividend of 6% per share less tax at 25% and the special dividend of 3% less tax at 25% for the financial year ended 31 December 2010 at the General Meeting held on 25 May 2011. The entitlement date for the dividend is 7 June 2011 and the dividend will be paid on 16 June 2011.

28. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2011	2010	2011	2010
<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)	17,673	13,541	17,673	13,541
Weighted average number of ordinary shares ('000)	553,772	549,496	553,772	549,496
Basic earnings per share (sen)	3.19	2.46	3.19	2.46

29. Derivative Financial Instruments

There were no derivative financial instruments as at 31 March 2011.

30. 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 2011.



QUARTERLY REPORT – First Quarter Ended 31 March 2011

31. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to the directive of Bursa Securities Malaysia Berhad, is as follows:

<i>In thousand of RM</i>	As at 31 March 2011	As at 31 March 2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	279,871	217,670
- Unrealised	(14,474)	(10,904)
	265,397	206,766
Less : Consolidation adjustments	(356)	(361)
Total retained profits as per consolidated financial statements	265,041	206,405

The determination of realised and unrealised profits is complied based on *Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants.

32. 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 2010 in their report dated 28 February 2011.

33. 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 2011.

Issue Date: 25 May 2011