



QUARTERLY REPORT – Third Quarter Ended 30 September 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2011

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 September		9 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	150,422	134,348	422,928	338,010
Cost of sales	(118,220)	(105,045)	(335,748)	(262,243)
Gross profit	32,202	29,303	87,180	75,767
Other income	77	922	590	1,565
Administrative expenses	(3,057)	(3,372)	(9,176)	(9,089)
Results from operating activities	29,222	26,853	78,594	68,243
Finance income	1,116	428	3,463	1,221
Finance expense	(178)	-	(415)	-
Net finance income	938	428	3,048	1,221
Profit before tax	30,160	27,281	81,642	69,464
Income tax expense	(7,596)	(6,994)	(20,516)	(17,651)
Profit for the period	22,564	20,287	61,126	51,813
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	22,564	20,287	61,126	51,813
Profit attributable to:				
Owners of the Company	22,563	20,286	61,123	51,810
Minority interests	1	1	3	3
Profit for the period	22,564	20,287	61,126	51,813
Total comprehensive income attributable to:				
Owners of the Company	22,563	20,286	61,123	51,810
Minority interests	1	1	3	3
Total comprehensive income for the period	22,564	20,287	61,126	51,813
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	4.09	3.70	11.07	9.46
Diluted earnings per ordinary share (sen)	4.09	3.70	11.07	9.46

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 – Third Quarter Ended 30 September 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

In thousand of RM

	30 September 2011 RM'000	31 December 2010 RM'000
ASSETS		
Property, plant and equipment	102,951	96,175
Land held for property development	90,347	87,344
Total non-current assets	193,298	183,519
Inventories	10,354	13,077
Property development costs	28,523	27,013
Trade and other receivables	259,411	244,190
Prepayments and other assets	21,036	24,519
Cash and bank balances	142,058	89,702
Total current assets	461,382	398,501
TOTAL ASSETS	654,680	582,020
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	301,034	247,369
Treasury shares	(30,162)	(21,029)
Total equity attributable to owners of the Company	389,572	345,040
Minority interests	206	203
TOTAL EQUITY	389,778	345,243
LIABILITIES		
Deferred tax liabilities	15,659	14,067
Total non-current liabilities	15,659	14,067
Trade and other payables	241,541	217,297
Current tax liabilities	7,702	5,413
Total current liabilities	249,243	222,710
TOTAL LIABILITIES	264,902	236,777
TOTAL EQUITY AND LIABILITIES	654,680	582,020
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.71	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 – Third Quarter Ended 30 September 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2011

<i>In thousand of RM</i>	Period ended 30 September	
	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	81,642	69,463
<i>Adjustments for:-</i>		
Non-cash items	5,864	5,521
Non-operating items	(2,643)	(1,932)
Operating profit before changes in working capital	84,863	73,052
Changes in working capital	14,302	(22,858)
Cash generated from operation	99,165	50,194
Income taxes paid	(16,636)	(13,357)
Net cash from operating activities	82,529	36,837
Cash flows from investing activities		
Acquisition of property, plant & equipment	(13,875)	(20,018)
Proceeds from disposal of property, plant & equipment	830	1,672
Land held for property development	(3,003)	(1,012)
Interest received	2,465	1,102
Net cash used in investing activities	(13,583)	(18,256)
Cash flows from financing activities		
Purchase of treasury shares	(9,133)	(8,570)
Dividend paid to owners of the Company	(7,457)	(5,770)
Net cash used in financing activities	(16,590)	(14,340)
Net increase in cash and cash equivalents	52,356	4,241
Cash and cash equivalents at 1 January 2011 / 1 January 2010	89,252	75,910
Cash and cash equivalents at 30 September 2011 / 30 September 2010	141,608	80,151

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 30 September	
	2011 RM'000	2010 RM'000
Cash and bank balances	20,210	12,835
Deposits with licensed banks	121,848	67,766
Less Deposit pledged	(450)	(450)
	141,608	80,151

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 – Third Quarter Ended 30 September 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 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 30 September 2011								
At 1 January 2011	116,535	2,165	(21,029)	247,369	345,040	203	345,243	
Total Comprehensive income for the period	-	-	-	61,123	61,123	3	61,126	
Dividends to owners								
- 2010 final	-	-	-	(4,972)	(4,972)	-	(4,972)	
- 2010 special	-	-	-	(2,486)	(2,486)	-	(2,486)	
Treasury shares, at cost	-	-	(9,133)	-	(9,133)	-	(9,133)	
At 30 September 2011	116,535	2,165	(30,162)	301,034	389,572	206	389,778	
Period ended 30 September 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	-	-	-	51,810	51,810	3	51,813	
Dividends to owners								
- 2009 final	-	-	-	(4,121)	(4,121)	-	(4,121)	
- 2009 special	-	-	-	(1,649)	(1,649)	-	(1,649)	
Treasury shares, at cost	-	-	(8,570)	-	(8,570)	-	(8,570)	
At 30 September 2010	116,535	2,165	(29,276)	238,904	328,328	202	328,530	

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 – Third Quarter Ended 30 September 2011

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 September 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 5,862,600 of its own shares from the open market at an average price of RM1.558 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 30 September 2011, the number of treasury shares held were 33,605,258 shares at a total cost of RM30,161,507 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

Marine and civil engineering works and construction

Property development

Development of residential and commercial properties

For the period ended 30 September 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

Segment assets

	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>	405,047	17,881	-	-	422,928
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	78,687	6,266	(2)	-	84,951
Depreciation	(6,319)	(38)	-	-	(6,357)
Interest income from bank balances	2,178	358	9	-	2,545
Interest income from other financial assets	909	9	-	-	918
Interest expense on other financial liabilities	(415)	-	-	-	(415)
Segment profit before tax	75,040	6,595	7	-	81,642
Income tax expense					(20,516)
Profit for the period					61,126
Segment assets	496,817	148,717	9,496	(350)	654,680



QUARTERLY REPORT – Third Quarter Ended 30 September 2011

For the period ended 30 September 2010 <i>In thousand of RM</i>	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit					
<i>Revenue from external customer</i>	313,265	24,745	-	-	338,010
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	66,299	7,625	-	-	73,924
Depreciation	(5,645)	(36)	-	-	(5,681)
Interest income from bank balances	921	109	4	-	1,034
Interest income from other financial assets	180	7	-	-	187
Segment profit before tax	61,755	7,705	4	0	69,464
Income tax expense					(17,651)
Profit for the period					51,813
Segment assets	399,871	143,023	9,490	(355)	552,029

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 30 September 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 30 September 2011 till the date of this quarterly report.

13. Commitments

The amount of commitments not provided for in the interim financial report as at 30 September 2011 are as follows:-

	As at 30 September 2011 RM'000	2010 RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	35	864
Approved but not contracted for	26,347	800
	<u>26,382</u>	<u>1,664</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the nine months ended 30 September 2011 were as follows:-

	9 months ended 30 September 2011 RM'000	2010 RM'000
Aggregate gross value of significant recurrent related party transactions	<u>36,214</u>	<u>36,396</u>



QUARTERLY REPORT – Third Quarter Ended 30 September 2011

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

	9 months ended 30 September	
	2011	2010
	RM'000	RM'000
Directors' compensation	2,411	2,275
Other key management personnel compensation	2,383	2,234

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 30 September 2011

16. Review of Performance

The Group derives revenue from construction and property development activities.

The Group's revenue for the quarter under review is RM150.42 million, an increase of 12% as compared to 2010 corresponding quarter's figure of RM134.35 million while revenue for the nine months ended 30 September 2011 has increased 25% to RM422.93 million from 2010 figure for the same period. The increase was mainly due to the increased activities in construction segment which contributed RM146 million (97%) of the Group's revenue for the current quarter and RM405.0 million (96%) of the Group's revenue for the first nine months of 2011.

Comparing with the figure of 2010 corresponding quarter and the first nine months result of 2010, net profit before tax of the Group for the current quarter and the first nine months of 2011 has increased by 11% to RM30.16 million and by 18% to RM81.64 million respectively, which are in tandem with the increase in revenue. Contribution from property development segment in the group net profit before tax for the first nine months has decreased slightly from RM7.7 million in 2010 to current year's figure of RM6.6 million, due to timing in launching of new projects.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM30.16 million compared to RM27.94 million for the immediate preceding quarter on the back of the Group's revenue of RM150.42 million and RM148.88 million respectively.

18. Current Year Prospects

There are three main thrusts now in the fast paced development of HSL's home state of Sarawak and all impact positively on the Group's prospects. The first is the emphasis on rural development, in particular bringing basic amenities such as water, power and roads to the more remote areas. The second is the actual on-the-ground implementation of SCORE (Sarawak Corridor of Renewable Energy) projects by foreign investors (mostly metal producers) and the third is the upgrading of public infrastructure to cope with the issues of rapid urbanization. The latter gives rise to the need for flood mitigation, centralized sewerage treatment and flyovers for example. HSL has continued to procure projects this year that have been generated by these three main thrusts and this trend is set to continue through 2011 and next few years. The intensification of construction activity in the state and HSL's leading position in the industry will be reflected in the Group's ongoing growth story.

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.



QUARTERLY REPORT – Third Quarter Ended 30 September 2011

20. Income Tax Expense

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/period	6,885	5,698	18,426	14,653
Under provision in prior year	-	-	498	486
Deferred Tax Expense - Malaysian				
Current quarter/period	711	1,296	2,171	3,017
Over provision in prior year	-	-	(579)	(505)
Income tax expense	7,596	6,994	20,516	17,651
Reconciliation of effective tax expense				
Profit for the quarter/period	22,564	20,287	61,126	51,813
Total income tax expense	7,596	6,994	20,516	17,651
Profit before taxation	30,160	27,281	81,642	69,464
Income tax using Malaysian tax rates	7,540	6,820	20,411	17,366
Non-deductible expenses	56	174	186	304
Over provision in prior year	-	-	(81)	(19)
Income tax expense	7,596	6,994	20,516	17,651

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 30 September 2011 till the date of this quarterly report.

27. Dividend

The first interim ordinary dividend of 6% (1.2 sen) per share less tax at 25% totaling RM4,954,512 for the year ending 31 December 2011 has been paid to shareholders on 7 October 2011.

28. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
Net profit attributable to ordinary owners of the Company (RM'000)	22,563	20,286	61,123	51,810
Weighted average number of ordinary shares ('000)	551,432	547,534	552,142	547,876
Basic earnings per share (sen)	4.09	3.70	11.07	9.46



QUARTERLY REPORT – Third Quarter Ended 30 September 2011

29. Derivative Financial Instruments

There were no derivative financial instruments as at 30 September 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 30 September 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	As at
	30 September	30 September
	2011	2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	317,134	251,861
- Unrealised	(15,745)	(12,600)
	301,389	239,261
Less : Consolidation adjustments	(355)	(357)
Total retained profits as per consolidated financial statements	301,034	238,904

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 22 November 2011.

Issue Date: 22 November 2011