



QUARTERLY REPORT – First Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 31 March 2012

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 31 March		3 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	139,199	123,626	139,199	123,626
Cost of sales	(110,963)	(98,181)	(110,963)	(98,181)
Gross profit	28,236	25,445	28,236	25,445
Other income	185	350	185	350
Administrative expenses	(3,637)	(3,200)	(3,637)	(3,200)
Results from operating activities	24,784	22,595	24,784	22,595
Finance income	1,604	1,065	1,604	1,065
Finance expense	(175)	(121)	(175)	(121)
Net finance income	1,429	944	1,429	944
Profit before tax	26,213	23,539	26,213	23,539
Income tax expense	(6,613)	(5,866)	(6,613)	(5,866)
Profit for the period	19,600	17,673	19,600	17,673
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	19,600	17,673	19,600	17,673
Profit attributable to:				
Owners of the Company	19,599	17,672	19,599	17,672
Non-controlling interests	1	1	1	1
Profit for the period	19,600	17,673	19,600	17,673
Total comprehensive income attributable to:				
Owners of the Company	19,599	17,672	19,599	17,672
Non-controlling interests	1	1	1	1
Total comprehensive income for the period	19,600	17,673	19,600	17,673
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	3.58	3.19	3.58	3.19

The notes set out on pages 5 to 10 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 2011



QUARTERLY REPORT – First Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2012

In thousand of RM

	31 March 2012 RM'000	31 December 2011 RM'000
ASSETS		
Property, plant and equipment	113,721	112,647
Land held for property development	129,692	94,014
Total non-current assets	243,413	206,661
Inventories	36,620	23,246
Property development costs	26,935	27,845
Trade and other receivables	187,084	221,687
Prepayments and other assets	14,907	19,982
Cash and bank balances	195,098	183,721
Total current assets	460,644	476,481
TOTAL ASSETS	704,057	683,142
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	341,821	322,222
Treasury shares	(33,022)	(31,672)
Total equity attributable to owners of the Company	427,499	409,250
Non-controlling interests	207	206
TOTAL EQUITY	427,706	409,456
LIABILITIES		
Deferred tax liabilities	16,278	15,930
Total non-current liabilities	16,278	15,930
Trade and other payables	251,566	249,713
Current tax liabilities	8,507	8,043
Total current liabilities	260,073	257,756
TOTAL LIABILITIES	276,351	273,686
TOTAL EQUITY AND LIABILITIES	704,057	683,142
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.78	0.75

The notes set out on pages 5 to 10 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 2011



QUARTERLY REPORT – First Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 31 March 2012

<i>In thousand of RM</i>	Period ended 31 March	
	2012 RM'000	2011 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	26,213	23,539
<i>Adjustments for:-</i>		
Non-cash items	2,050	2,060
Non-operating items	(1,451)	(1,015)
Operating profit before changes in working capital	26,812	24,584
Change in Inventories	(13,374)	2,418
Change in property development costs	909	(919)
Change in receivables, prepayment and other financial assets	5,963	9,774
Change in payables	1,699	9,221
Cash generated from operation	22,009	45,078
Income taxes paid	(5,801)	(4,703)
Net cash from operating activities	16,208	40,375
Cash flows from investing activities		
Acquisition of property, plant & equipment	(3,247)	(5,553)
Proceeds from disposal of property, plant & equipment	125	561
Land held for property development	(1,691)	(21)
Interest received	1,333	669
Net cash used in investing activities	(3,480)	(4,344)
Cash flows from financing activities		
Purchase of treasury shares	(1,350)	(2,762)
Net cash used in financing activities	(1,350)	(2,762)
Net increase in cash and cash equivalents	11,378	33,269
Cash and cash equivalents at 1 January 2012 / 1 January 2011	183,720	89,252
Cash and cash equivalents at 31 March 2012 / 31 March 2011	195,098	122,521

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	
	2012 RM'000	2011 RM'000
Cash and bank balances	20,958	6,398
Deposits with licensed banks	174,140	116,573
Less Deposit pledged	-	(450)
	195,098	122,521

The notes set out on pages 5 to 10 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 2011



QUARTERLY REPORT – First Quarter Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 March 2012

	-----Attributable to owners of the Company-----						NON-CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	-----Non-distributable-----		-----Distributable-----			TOTAL RM'000		
	SHARE CAPITAL RM'000	CAPITAL REDEMPTION RESERVE RM'000	TREASURY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000			
<i>In thousand of RM</i>								
Period ended 31 March 2012								
At 1 January 2012	116,535	2,165	(31,672)	322,222	409,250	206	409,456	
Total comprehensive income for the period	-	-	-	19,599	19,599	1	19,600	
Treasury shares, at cost	-	-	(1,350)	-	(1,350)	-	(1,350)	
At 31 March 2012	116,535	2,165	(33,022)	341,821	427,499	207	427,706	
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	

The notes set out on pages 5 to 10 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 2011



QUARTERLY REPORT – First Quarter Ended 31 March 2012

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 2012

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 2011.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2011 financial statements except for the adoption of the new and revised FRSs, IC Interpretations and Amendments that are applicable to the Group for the financial period beginning 1 January 2012. The adoption of these FRSs, interpretations and amendments does not have any material impact on the financial statements of the Group.

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standard (IFRS), announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (MFRSs). Entities other than private entities shall apply the MFRSs framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, Agriculture and/or IC Interpretation 15, Agreements for the Construction of Real Estate.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 may continue to apply FRSs as its financial reporting framework for annual reporting period beginning on or after 1 January 2012. The Group shall adopt the MFRS framework for annual periods beginning on or after 1 January 2013.

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 896,200 of its own shares from the open market at an average price of RM1.507 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 31 March 2012, the number of treasury shares held were 35,657,258 shares at a total cost of RM33,022,254 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.

Share Dividend

On 12 April 2012, 10,939,477 treasury shares at the total cost of RM10,131,070 were distributed as share dividends to the Company's shareholders in a ratable ratio of one (1) treasury share for every fifty (50) existing ordinary shares of RM0.20 each held whose name appear on the Record of Depositors on 28 March 2012.



QUARTERLY REPORT – First Quarter Ended 31 March 2012

12. Commitments

The amount of commitments not provided for in the interim financial report as at 31 March 2012 are as follows:-

<i>In thousand of RM</i>	As at 31 March	
	2012	2011
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	23,641	2,596
Approved but not contracted for	800	1,400
	<u>24,441</u>	<u>3,996</u>

13. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the period ended 31 March 2012 were as follows:-

<i>In thousand of RM</i>	3 months ended 31 March	
	2012	2011
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>15,911</u>	<u>9,236</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, the late 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.

14. Key Management Personnel Compensation

<i>In thousand of RM</i>	3 months ended 31 March	
	2012	2011
	RM'000	RM'000
Directors' compensation	857	804
Other key management personnel compensation	<u>882</u>	<u>796</u>



QUARTERLY REPORT – First Quarter Ended 31 March 2012

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 March 2012

15. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM139.20 million, an increase of 13% against the preceding year corresponding quarter's figure of RM123.63 million. The increase was mainly due to the increased activities in construction segment which contributed RM133.54 million (96%) of the Group's revenue for the current quarter.

Net profit before tax of the Group for the current quarter is RM26.21 million, an increase of 11% as compared to RM23.54 million for the preceding year's corresponding quarter, which are in tandem with the increase in revenue. Construction segment contributed RM24.25 million (93%) of the Group's profit before tax, an increase of 13% against the preceding year corresponding quarter's figure of RM21.42 million.

16. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM26.21 million compared to RM34.96 million for the immediate preceding quarter on the back of the Group's revenue of RM139.20 million and RM158.59 million respectively.

17. Current Year Prospects

The Group currently has approximately RM1.7 billion worth of projects in hand and will continue to pursue projects that utilize its core strength in marine engineering, civil engineering and construction. With the coming on stream of the various projects to be implemented under the Government's development agenda such as the rural development initiatives, upgrading of public infrastructure to cope with the issues of rapid urbanization and the on-the-ground implementation of SCORE (Sarawak Corridor of Renewable Energy) projects, the Group expects another strong year in 2012. The first quarter financial results have exceeded the corresponding quarter of 2011 and place HSL on the path of another year of growth.

18. 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.

19. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2012	2011	2012	2011
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000
Current Tax Expense - Malaysian				
Current quarter/period	6,266	5,547	6,266	5,547
Deferred Tax Expense - Malaysian				
Current quarter/period	347	396	347	396
Over provision in prior year	-	(77)	-	(77)
Income tax expense	6,613	5,866	6,613	5,866
Reconciliation of effective tax expense				
Profit for the quarter/period	19,600	17,673	19,600	17,673
Total income tax expense	6,613	5,866	6,613	5,866
Profit before taxation	26,213	23,539	26,213	23,539
Income tax using Malaysian tax rates	6,553	5,885	6,553	5,885
Non-deductible expenses	60	58	60	58
Over provision in prior year	-	(77)	-	(77)
Income tax expense	6,613	5,866	6,613	5,866

20. Status of Corporate Proposals

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

21. 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 2012

22. Material Litigation

There was no material litigation pending since 31 March 2012 till the date of this quarterly report.

23. Dividend

The shareholders has approved the final ordinary dividend of 9% (1.8 sen) per share less tax and a special dividend of 3% (0.6 sen) per share less tax for the financial year ended 31 December 2011 at the Annual General Meeting held on 23 May 2012. The entitlement date for the dividend shall be 7 June 2012 and the dividend shall be paid on 18 June 2012.

As mentioned in Note 6 above, the Company has, on 12 April 2012 distributed a share dividend on the basis of one (1) treasury share for every fifty (50) existing ordinary shares of RM0.20 each held by shareholders whose name appear on the Record of Depositors on 28 March 2012. The total number of treasury shares distributed was 10,939,477.

24. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2012	2011	2012	2011
Net profit attributable to ordinary owners of the Company (RM'000)	19,599	17,673	19,599	17,673
Weighted average number of ordinary shares ('000)	547,160	553,772	547,160	553,772
Basic earnings per share (sen)	3.58	3.19	3.58	3.19

25. Profit before tax

Profit before tax is arrived at after charging/(crediting) the following:

<i>In thousand of RM</i>	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2012 RM,000	2011 RM,000	2012 RM,000	2011 RM,000
Interest income from bank balances	1,368	727	1,368	727
Interest income from other financial assets	236	338	236	338
Other income including investment income	71	65	71	65
Interest expense on other financial liabilities	175	121	175	121
Depreciation and amortization	2,131	2,060	2,131	2,060
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	83	69	83	69
Gain/(loss) on disposal of investments	-	-	-	-
Impairment of financial assets	-	-	-	-
Foreign exchange gain or (loss)	24	157	24	157
Exceptional item	-	-	-	-

26. Derivative Financial Instruments

There were no derivative financial instruments as at 31 March 2012.

27. 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 2012.



QUARTERLY REPORT – First Quarter Ended 31 March 2012

28. 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 2012	As at 31 March 2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	358,520	279,871
- Unrealised	(16,344)	(14,474)
	342,176	265,397
Less : Consolidation adjustments	(355)	(356)
Total retained profits as per consolidated financial statements	341,821	265,041

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.

29. 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 2011 in their report dated 26 March 2012.

30. 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 23 May 2012.

Issue Date: 23 May 2012