



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 December 2014

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 December</i>		<i>Year ended 31 December</i>	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	193,120	142,878	604,721	548,449
Cost of sales	(162,619)	(109,219)	(495,040)	(425,664)
Gross profit	30,501	33,659	109,681	122,785
Other income	147	186	3,047	1,248
Administrative expenses	(4,375)	(5,055)	(13,461)	(14,805)
Results from operating activities	26,273	28,790	99,267	109,228
Finance income	911	994	4,275	5,190
Finance expense	(134)	(103)	(390)	(435)
Net finance income	777	891	3,885	4,755
Profit before tax	27,050	29,681	103,152	113,983
Income tax expense	(6,886)	(7,442)	(26,225)	(28,781)
Profit for the period	20,164	22,239	76,927	85,202
Other comprehensive income, net of tax	-	-	-	-
Profit/Total comprehensive income for the period	20,164	22,239	76,927	85,202
Profit/Total comprehensive income attributable to Owners of the Company	20,164	22,239	76,927	85,202
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	3.67	4.04	13.99	15.40

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 2013



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

In thousand of RM

	31 December 2014 RM'000	31 December 2013 RM'000
ASSETS		
Property, plant and equipment	120,266	123,453
Investment properties	14,182	12,714
Land held for property development	174,004	172,113
Total non-current assets	308,452	308,280
Inventories	13,303	15,018
Property development costs	67,476	46,730
Trade and other receivables	264,119	231,312
Deposits and other assets	4,103	21,220
Cash and bank balances	149,413	157,791
Total current assets	498,414	472,071
TOTAL ASSETS	806,866	780,351
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	515,127	454,691
Treasury shares	(37,859)	(36,370)
Total equity attributable to owners of the Company	595,968	537,021
TOTAL EQUITY	595,968	537,021
LIABILITIES		
Deferred tax liabilities	15,486	15,558
Total non-current liabilities	15,486	15,558
Trade and other payables	192,578	222,952
Current tax payables	2,834	4,820
Total current liabilities	195,412	227,772
TOTAL LIABILITIES	210,898	243,330
TOTAL EQUITY AND LIABILITIES	806,866	780,351
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	1.08	0.98

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 2013



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2014

	Year ended 31 December	
	2014 RM'000	2013 RM'000
<i>In thousand of RM</i>		
Cash flows from operating activities		
Profit before taxation from continuing operations	103,152	113,983
Adjustments for:-		
Non-cash items	10,440	9,685
Non-operating items	(6,362)	(5,442)
Operating profit before changes in working capital	107,230	118,226
Change in inventories	2,158	2,015
Change in property development costs	(12,413)	(7,540)
Change in receivables, deposits and other financial assets	(15,184)	(22,596)
Change in payables	(30,738)	(30,967)
Cash generated from operations	51,053	59,138
Overdraft interest paid	(1)	-
Income taxes paid	(28,283)	(31,875)
Net cash generated from operating activities	22,769	27,263
Cash flows from investing activities		
Acquisition of property, plant & equipment	(9,912)	(19,201)
Proceeds from disposal of property, plant & equipment	5,542	740
Acquisition of investment properties	(1,888)	(8,291)
Land held for property development	(10,679)	(18,315)
Interest received	3,770	4,936
Net cash used in investing activities	(13,167)	(40,131)
Cash flows from financing activities		
Purchase of treasury shares	(1,489)	(10,698)
Dividends paid to owners of the Company	(16,491)	(17,412)
Net cash used in financing activities	(17,980)	(28,110)
Net decrease in cash and cash equivalents	(8,378)	(40,978)
Cash and cash equivalents at 1 January 2014 / 1 January 2013	157,791	198,769
Cash and cash equivalents at 31 December 2014 / 31 December 2013	149,413	157,791

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statements of cash flows comprise the following amounts in condensed consolidated statements of financial position:

	Year ended 31 December	
	2014 RM'000	2013 RM'000
<i>In thousand of RM</i>		
Cash and bank balances	87,587	58,715
Deposits placed with licensed banks	61,826	99,076
	149,413	157,791

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 2013



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2014

	-----Attributable to owners of the Company-----				
	-----Non-distributable-----		-----Distributable-----		
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVES	TREASURY SHARES	RETAINED EARNINGS	TOTAL
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2014					
At 1 January 2014	116,535	2,165	(36,370)	454,691	537,021
Profit and total comprehensive income for the year	-	-	-	76,927	76,927
Dividends to owners					
- 2013 final	-	-	-	(9,895)	(9,895)
- 2014 interim	-	-	-	(6,596)	(6,596)
Treasury shares, at cost	-	-	(1,489)	-	(1,489)
At 31 December 2014	116,535	2,165	(37,859)	515,127	595,968
Year ended 31 December 2013					
At 1 January 2013	116,535	2,165	(25,672)	386,901	479,929
Profit and total comprehensive income for the year	-	-	-	85,202	85,202
Dividends to owners					
- 2012 final	-	-	-	(8,312)	(8,312)
- 2012 special	-	-	-	(2,494)	(2,494)
- 2013 interim	-	-	-	(6,606)	(6,606)
Treasury shares, at cost	-	-	(10,698)	-	(10,698)
At 31 December 2013	116,535	2,165	(36,370)	454,691	537,021

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 2013



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 December 2014

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 issued by Malaysian Accounting Standard Board. 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 2013.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2013 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 2014. The adoption of these FRSs, interpretations and amendments does not have any material impact on the financial statements of the Group.

The Group falls within the scope of IC interpretation 15, *Agreements for the Construction of Real Estate*. Therefore the Group is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and is referred to as a “Transitioning Entity”. Being a Transitioning Entity, the Group and the Company will adopt the MFRS and present its first set of MFRS financial statements when adoption of the MFRS is mandated by the Malaysian Accounting Standard Board (MASB).

On 2 September 2014, MASB has announced that a Transitioning Entity shall apply the MASB Framework for annual periods beginning on or after 1 January 2017. The Group is currently assessing the financial impact of adopting MFRS for annual periods beginning on or after 1 January 2017.

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 192,000 of its own shares from the open market at an average price of RM1.81 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 31 December 2014, the number of treasury shares held were 33,158,781 shares at a total cost of RM37,858,954 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.



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

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 year ended 31 December 2014 <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 customers</i>	572,768	31,953	-	-	604,721
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	99,129	10,358	(11)	27	109,503
Depreciation	(9,783)	(32)	(421)	-	(10,236)
Interest income from bank balances	3,572	60	64	-	3,696
Interest income from other financial assets	547	32	-	-	579
Interest expense on bank balances	-	(1)	-	-	(1)
Interest expense on other financial liabilities	(313)	(76)	-	-	(389)
Segment profit before tax	93,152	10,341	(368)	27	103,152
Income tax expense					(26,225)
Profit for the year					76,927
Segment assets	522,530	257,824	26,794	(282)	806,866
Segment liabilities	198,337	12,615	16	(70)	210,898

For the year ended 31 December 2013 <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 customers</i>	500,858	47,591	-	-	548,449
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	101,701	16,860	(12)	27	118,576
Depreciation	(9,179)	(28)	(141)	-	(9,348)
Interest income from bank balances	4,463	334	68	-	4,865
Interest income from other financial assets	311	14	-	-	325
Interest expense on other financial liabilities	(393)	(42)	-	-	(435)
Segment profit before tax	96,903	17,138	(85)	27	113,983
Income tax expense					(28,781)
Profit for the year					85,202
Segment assets	500,531	256,196	23,933	(309)	780,351
Segment liabilities	222,294	21,098	15	(77)	243,330

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

8. Dividend Paid

The first interim single-tier tax exempt dividend of 6% per ordinary share totaling RM6,596,502 for the year ending 31 December 2014 was paid to shareholders on 8 October 2014.

9. Subsequent Material Events

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



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

10. Changes in the Composition of the Group

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

11. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 31 December 2014 till the date of this quarterly report.

12. Property, plant and equipment

The acquisitions and disposals of property, plant and equipment for the year ended 31 December 2014 were as follows:-

<i>In thousand of RM</i>	<u>year ended 31 December</u>	
	2014	2013
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	9,912	19,201
Disposals of property, plant and equipment, at carrying amount	<u>3,269</u>	<u>431</u>

13. Commitment

The amount of commitment not provided for in the interim financial report as at 31 December 2014 were as follows:-

<i>In thousand of RM</i>	<u>As at 31 December</u>	
	2014	2013
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	64	719
Approved but not contracted for	<u>75,000</u>	<u>75,400</u>
	<u>75,064</u>	<u>76,119</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the year ended 31 December 2014 were as follows:-

<i>In thousand of RM</i>	<u>year ended 31 December</u>	
	2014	2013
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>48,569</u>	<u>62,092</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 Yii Chi Hau, Yu Chee Hoe, Yii Chee Sing, Lau Kiing Kang, Lau Kiing Yiing and Estate of the Late Yu Chee Lieng.

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

<i>In thousand of RM</i>	<u>year ended 31 December</u>	
	2014	2013
	RM'000	RM'000
Directors' compensation	3,070	3,970
Other key management personnel compensation	<u>3,560</u>	<u>3,886</u>



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 December 2014

16. Review of Performance

The Group derives revenue from construction and property development activities.

The Group achieved revenue of RM604.72 million and net profit before tax of RM103.15 million for the year ended 31 December 2014 as compared to previous year's figures of RM548.45 million and RM113.98 million respectively.

Revenue for the quarter under review is RM193.12 million, an increase of 35% against the preceding year corresponding quarter's figure of RM142.88 million. The increase was mainly due to the increased activities in construction segment which contributed RM182.36 million (94%) of the Group's revenue for the quarter.

The net profit before tax of the Group for the current quarter is RM27.05 million, a decrease of 9% as compared to RM29.68 million for the preceding year's corresponding quarter.

The changes in revenue and net profit before tax were contributed by the following segments:

Construction segment: For the 3-month period ended 31 December 2014, the revenue and net profit before tax are RM182.36 million and RM23.43 million compared to the previous year's corresponding quarter figures of RM134.03 million and RM26.72 million respectively. The revenue for the current quarter has improved by 36% as compared to the previous year's corresponding quarter while profit before tax has decreased by 12%. This was mainly due to the lower profit margin from the projects secured via open tender and general increase in cost of construction.

Property development segment: For the period ended 31 December 2014, the revenue and net profit before tax increased to RM10.76 million and RM3.62 million from the previous year's corresponding quarter figures of RM8.85 million and RM2.96 million respectively. This was mainly attributable to the higher sales while profit remained steady.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM27.05 million compared to RM28.66 million for the immediate preceding quarter on the back of the Group's revenue of RM193.12 million and RM155.36 million respectively.

18. Current Year Prospects

The SCORE (Sarawak Corridor of Renewable Energy) initiative continues to generate construction contracts opportunities for HSL as infrastructure are being developed in key SCORE growth node towns of Tanjung Manis, Mukah and Samalaju. The Group is also focused on further opportunities in the urban centres, particularly in marine engineering ie mass land reclamation, flood mitigation, water supply and tunneling. The increased focus on improving infrastructure and utilities for Sarawak's rural communities and the planned upgrading of the Pan-Borneo Highway are also agendas which produce further opportunities for the Group. HSL's property development segment has continued strong sales at Samariang in Kuching's north and is preparing for new launches in 2015.

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 – Fourth Quarter Ended 31 December 2014

20. Income Tax Expense

	Individual Quarter 3 months ended 31 December		Cumulative Quarter year ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<i>In thousand of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/year	7,156	7,646	26,376	28,756
Over provision in prior year	-	-	(79)	(16)
Deferred Tax Expense - Malaysian				
Current quarter/year	(270)	(204)	(112)	25
Under provision in prior year	-	-	40	16
Income tax expense	6,886	7,442	26,225	28,781

Reconciliation of effective tax expense

Profit for the quarter/year	20,164	22,239	76,927	85,202
Total income tax expense	6,886	7,442	26,225	28,781
Profit before taxation	27,050	29,681	103,152	113,983
Income tax using Malaysian tax rates	6,762	7,421	25,788	28,496
Non-deductible expenses	124	21	475	285
Over provision in prior year	-	-	(38)	-
Income tax expense	6,886	7,442	26,225	28,781

21. Status of Corporate Proposals

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

22. Group Borrowings and Debt Securities

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

23. Material Litigation

There was no material litigation pending since 31 December 2014 till the date of this quarterly report.

24. Dividend

The directors have proposed a final single-tier tax exempt dividend of 8% (1.6 sen) per ordinary share for the financial year ended 31 December 2014 for the approval of the shareholders at the forthcoming Annual General Meeting. The entitlement and payment date shall be announced at a later date.

25. Earnings per Share

	Individual Quarter 3 months ended 31 December		Cumulative Quarter year ended 31 December	
	2014	2013	2014	2013
Net profit attributable to ordinary owners of the Company (RM'000)	20,164	22,239	76,927	85,202
Weighted average number of ordinary shares ('000)	549,677	550,525	549,792	553,156
Basic earnings per share (sen)	3.67	4.04	13.99	15.40



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2014

26. Profit before tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		year ended 31 December	
<i>In thousand of RM</i>	2014 RM,000	2013 RM,000	2014 RM,000	2013 RM,000
Interest income from bank balances	808	929	3,696	4,865
Interest income from other financial assets	104	65	579	325
Other income including investment income	57	64	250	260
Interest expense on bank balances	-	-	1	-
Interest expense on other financial liabilities	134	103	389	435
Depreciation and amortization	2,607	2,466	10,236	9,348
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	77	29	2,631	559
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	291	93	(481)	82
Foreign exchange gain/(loss)	(1)	3	(4)	54
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 31 December 2014.

28. 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 year ended 31 December 2014.

29. Disclosure of realised and unrealised profits

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

<i>In thousand of RM</i>	As at 31 December 2014	As at 31 December 2013
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	532,130	471,696
- Unrealised	(16,721)	(16,696)
	515,409	455,000
Less : Consolidation adjustments	(282)	(309)
Total retained earnings as per consolidated financial statements	515,127	454,691

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.

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 2013 in their report dated 31 March 2014.

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 27 February 2015.

Issue Date: 27 February 2015