

Sound results for HSL

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KUCHING: Annual financial results for Sarawak-based marine engineering specialist Hock Seng Lee Berhad (HSL) saw sound revenue and earnings growth despite a year of volatility in construction material prices.

HSL Group revenue for the year ended 31 December 2008 surged 25 percent against 2007 from RM248.17 million to RM309.07 million, while pre-tax profit stood at RM56.49 million for 2008 compared to RM53.17 million the previous year.

"The unprecedented sharp and sudden rise in the price of steel, cement, diesel and others during the year, could not have been foreseen and this makes our year-end 2008 results all the more commendable," said HSL Group Chairman Dato' Idris Buang.

"It takes experienced management and tight project supervision to produce such outcomes under difficult conditions," Dato' added.

Earnings per share rose correspondingly from 6.99 sen at the end of 2007 to 7.56 sen at the end of 2008.

In addition, the effort put into procurement has produced results. We started 2009 with our order book at RM1.6 billion, with RM1.2 billion outstanding.

"We will be kept busy well into 2010," noted Dato' Idris, " but that does not mean we foresee easy times ahead."

"Liquidity has tightened across the industry and, as we experienced in 2008, the floundering global economy can lead to uncertainties.

"Looking forward, we will certainly be vigilant with risk and cash-flow management," said Dato' Idris.

Dato' Idris also announced that the Board has recommended a final ordinary dividend for 2008 of 3% per ordinary share of RM0.20 less tax at 25% pending approval at the forthcoming Annual General Meeting.

Added to the gross interim dividend of 8% per ordinary share paid in October 2008, the total dividend for 2008 will be 11%.

In keeping with the cautious approach, the HSL Group has seen it prudent to retain higher levels of working capital for its major new works and maintain cash reserves for project start-up phases, new procurement initiatives, the possible stock piling of essential materials as well as other contingencies.

"We anticipate the purchase of costly advanced tunnel boring equipment for the Kuching waste water management project," added Dato' Idris.

Aside from the impact of the Ninth Malaysia Plan on HSL's potential, the Group is hopeful that the implementation of SCORE (Sarawak Corridor of Renewable Energy) will be able to generate opportunities for HSL by intensifying infrastructure and industrial development in Sarawak's vast central region.

"We are pleased that our record of experience in infrastructure works has earned us involvement in bigger projects and we look forward to the challenge of executing these works as best we can in the current economic climate," said Dato' Idris.

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