



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 December 2013

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 December</i>		<i>Year ended 31 December</i>	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	142,878	160,111	548,449	603,267
Cost of sales	(109,219)	(122,185)	(425,664)	(473,488)
Gross profit	33,659	37,926	122,785	129,779
Other income	186	176	1,248	687
Administrative expenses	(5,055)	(4,734)	(14,805)	(14,729)
Results from operating activities	28,790	33,368	109,228	115,737
Finance income	994	1,389	5,190	5,995
Finance expense	(103)	(135)	(435)	(583)
Net finance income	891	1,254	4,755	5,412
Profit before tax	29,681	34,622	113,983	121,149
Income tax expense	(7,442)	(8,714)	(28,781)	(30,455)
Profit for the period	22,239	25,908	85,202	90,694
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	22,239	25,908	85,202	90,694
Profit attributable to:				
Owners of the Company	22,239	25,908	85,202	90,692
Non-controlling interests	-	-	-	2
Profit for the period	22,239	25,908	85,202	90,694
Total comprehensive income attributable to:				
Owners of the Company	22,239	25,908	85,202	90,692
Non-controlling interests	-	-	-	2
Total comprehensive income for the period	22,239	25,908	85,202	90,694
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	4.04	4.65	15.40	16.37

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 2012



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

In thousand of RM

	31 December 2013 RM'000	31 December 2012 RM'000
ASSETS		
Property, plant and equipment	123,453	113,906
Investment properties	12,714	4,565
Land held for property development	172,113	154,738
Total non-current assets	308,280	273,209
Inventories	15,018	17,034
Property development costs	46,730	38,313
Trade and other receivables	231,312	221,521
Deposits and other assets	21,220	8,161
Cash and bank balances	157,791	198,769
Total current assets	472,071	483,798
TOTAL ASSETS	780,351	757,007
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	454,691	386,901
Treasury shares	(36,370)	(25,672)
Total equity attributable to owners of the Company	537,021	479,929
Non-controlling interests	-	-
TOTAL EQUITY	537,021	479,929
LIABILITIES		
Deferred tax liabilities	15,558	15,517
Total non-current liabilities	15,558	15,517
Trade and other payables	222,952	253,606
Current tax payables	4,820	7,955
Total current liabilities	227,772	261,561
TOTAL LIABILITIES	243,330	277,078
TOTAL EQUITY AND LIABILITIES	780,351	757,007
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.98	0.86

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 2012



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2013

<i>In thousand of RM</i>	Year ended 31 December	
	2013 RM'000	2012 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	113,983	121,149
<i>Adjustments for:-</i>		
Non-cash items	9,685	10,287
Non-operating items	(5,442)	(5,688)
Operating profit before changes in working capital	118,226	125,748
Change in Inventories	2,015	8,088
Change in property development costs	(7,540)	(3,364)
Change in receivables, deposits and other financial assets	(22,596)	(21,316)
Change in payables	(30,967)	3,417
Cash generated from operations	59,138	112,573
Income taxes paid	(31,875)	(30,956)
Net cash from operating activities	27,263	81,617
Cash flows from investing activities		
Acquisition of property, plant & equipment	(19,201)	(11,975)
Proceeds from disposal of property, plant & equipment	740	695
Acquisition of investment property	(8,291)	(4,579)
Land held for property development	(18,315)	(35,800)
Interest received	4,936	5,312
Acquisition of shares in a subsidiary from non-controlling interest	-	(200)
Net cash used in investing activities	(40,131)	(46,547)
Cash flows from financing activities		
Purchase of treasury shares	(10,698)	(4,131)
Dividend paid to owners of the Company	(17,412)	(15,890)
Net cash used in financing activities	(28,110)	(20,021)
Net (decrease)/increase in cash and cash equivalents	(40,978)	15,049
Cash and cash equivalents at 1 January 2013 / 1 January 2012	198,769	183,720
Cash and cash equivalents at 31 December 2013 / 31 December 2012	157,791	198,769

Cash and cash equivalents

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

<i>In thousand of RM</i>	Year ended 31 December	
	2013 RM'000	2012 RM'000
Cash and bank balances	58,715	42,843
Deposits with licensed banks	99,076	155,926
	157,791	198,769

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 2012



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2013

	-----Attributable to owners of the Company-----						
	-----Non-distributable-----		-----Distributable-----				
	SHARE CAPITAL	CAPITAL REDEMPTION RESERVE	TREASURY SHARES	RETAINED EARNINGS	TOTAL	NON- CONTROLLING INTEREST	TOTAL EQUITY
<i>In thousand of RM</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2013							
At 1 January 2013	116,535	2,165	(25,672)	386,901	479,929	-	479,929
Profit and total comprehensive income for the year	-	-	-	85,202	85,202	-	85,202
Dividends to owners							
- 2012 final	-	-	-	(8,312)	(8,312)	-	(8,312)
- 2012 special	-	-	-	(2,494)	(2,494)	-	(2,494)
- 2013 interim	-	-	-	(6,606)	(6,606)	-	(6,606)
Treasury shares, at cost	-	-	(10,698)	-	(10,698)	-	(10,698)
At 31 December 2013	116,535	2,165	(36,370)	454,691	537,021	-	537,021
Year ended 31 December 2012							
At 1 January 2012	116,535	2,165	(31,672)	322,222	409,250	206	409,456
Profit and total comprehensive income for the year	-	-	-	90,692	90,692	2	90,694
Dividends to owners							
- 2011 final	-	-	-	(7,532)	(7,532)	-	(7,532)
- 2011 special	-	-	-	(2,511)	(2,511)	-	(2,511)
- 2012 interim	-	-	-	(5,847)	(5,847)	-	(5,847)
Treasury shares, at cost	-	-	(4,131)	-	(4,131)	-	(4,131)
Share Dividends	-	-	10,131	(10,131)	-	-	-
Acquisition of shares in a subsidiary from non-controlling interest	-	-	-	8	8	(208)	(200)
At 31 December 2012	116,535	2,165	(25,672)	386,901	479,929	-	479,929

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 2012



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 December 2013

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 2012.

2. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies applied in the 2012 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 2013. 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.

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 168,400 of its own shares from the open market at an average price of RM1.866 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 31 December 2013, the number of treasury shares held were 32,319,481 shares at a total cost of RM36,370,261 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 2013

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

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2013					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	500,858	47,591	-	-	548,449
Segment profit before tax, interest, depreciation and other material non-cash items	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

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2012					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	576,057	27,210	-	-	603,267
Segment profit before tax, interest, depreciation and other material non-cash items	116,268	8,094	(15)	14	124,361
Depreciation	(8,575)	(35)	(14)	-	(8,624)
Interest income from bank balances	5,066	269	45	-	5,380
Interest income from other financial assets	615	-	-	-	615
Interest expense on other financial liabilities	(558)	(25)	-	-	(583)
Segment profit before tax	112,816	8,303	16	14	121,149
Income tax expense					(30,455)
Profit for the year					90,694
Segment assets	535,851	205,574	15,918	(336)	757,007
Segment liabilities	253,680	23,473	9	(84)	277,078

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 ordinary dividend of 8% per share less tax at 25% totaling RM6,606,300 for the year ending 31 December 2013 was paid to shareholders on 8 October 2013.

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 2013

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 2013 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 2013 were as follows:-

<i>In thousand of RM</i>	<u>year ended 31 December</u>	
	2013	2012
	RM'000	RM'000
Acquisitions of property, plant and equipment, at cost	19,201	11,975
Disposals of property, plant and equipment, at carrying amount	<u>431</u>	<u>2,091</u>

13. Commitment

The amount of commitment not provided for in the interim financial report as at 31 December 2013 were as follows:-

<i>In thousand of RM</i>	<u>As at 31 December</u>	
	2013	2012
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	719	1,744
Approved but not contracted for	<u>75,400</u>	<u>400</u>
	<u>76,119</u>	<u>2,144</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the year ended 31 December 2013 were as follows:-

<i>In thousand of RM</i>	<u>year ended 31 December</u>	
	2013	2012
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>62,092</u>	<u>57,185</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 Hoe and Yii Chee Sing (Yu/Yii Brothers);
- ii) Lau Kiing Kang and Lau Kiing Yiing (brothers-in-law of the Yu/Yii Brothers); and
- iii) 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>	
	2013	2012
	RM'000	RM'000
Directors' compensation	3,970	3,971
Other key management personnel compensation	<u>3,886</u>	<u>3,648</u>



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

For the quarter ended 31 December 2013

16. Review of Performance

The Group derives revenue from construction and property development activities.

The Group achieved revenue of RM548.45 million and net profit before tax of RM113.98 million for the year ended 31 December 2013 as compared to previous year's figures of RM603.27 million and RM121.15 million respectively. Revenue for the quarter under review is RM142.88 million compared to the preceding year corresponding quarter's figure of RM160.11 million while the net profit before tax for the current quarter is RM29.68 million compared to RM34.62 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 year ended 31 December 2013, the revenue and net profit before tax decreased to RM500.86 million and RM96.90 million from the previous year's figures of RM576.05 million and 112.82 million respectively. This was mainly due to lower progress claim of construction works as certain major projects were completed or at their final stages or start-up phases. However, the revenue for the current quarter has improved by 13% as compared to the immediate preceding quarter.

Property development segment: For the year ended 31 December 2013, the revenue and net profit before tax increased to RM47.6 million and RM17.1 million from the previous year's figures of RM27.2 million and 8.3 million respectively. This was mainly attributable to the higher sales of new properties launched.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter has improved to RM29.68 million compared to RM27.98 million for the immediate preceding quarter on the back of the Group's revenue of RM142.88 million and RM130.12 million respectively.

18. Current Year Prospects

The Group will continue to pursue projects that draw on its core strengths in infrastructure works especially those requiring marine engineering aspects. SCORE (Sarawak Corridor of Renewable Energy) which is a key driver of the Sarawak economy remains a significant source of new construction contracts. Meanwhile, the government's efforts to improve the State's infrastructure and amenities available to the rural communities are initiatives which generate further opportunities for the Group. HSL's property development segment has launched a few residential developments in 2013 and will have a range of products to launch including residential, commercial and industrial development in 2014.

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 2013

20. Income Tax Expense

	Individual Quarter 3 months ended 31 December		Cumulative Quarter year ended 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>In thousand of RM</i>				
Current Tax Expense - Malaysian				
Current quarter/year	7,646	9,172	28,756	30,953
Over provision in prior year	-	-	(16)	(85)
Deferred Tax Expense - Malaysian				
Current quarter/year	(204)	(458)	25	(413)
Under provision in prior year	-	-	16	-
Income tax expense	7,442	8,714	28,781	30,455

Reconciliation of effective tax expense

Profit for the quarter/year	22,239	25,908	85,202	90,694
Total income tax expense	7,442	8,714	28,781	30,455
Profit before taxation	29,681	34,622	113,983	112,149
Income tax using Malaysian tax rates	7,421	8,655	28,496	30,287
Non-deductible expenses	21	59	285	253
Over provision in prior year	-	-	-	(85)
Income tax expense	7,442	8,714	28,781	30,455

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 2013 till the date of this quarterly report.

24. Dividend

The directors have proposed a final ordinary single-tier exempt dividend of 9% (1.8 sen) per share for the financial year ended 31 December 2013 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	
	2013	2012	2013	2012
Net profit attributable to ordinary owners of the Company (RM'000)	22,239	25,908	85,202	90,692
Weighted average number of ordinary shares ('000)	550,525	556,722	553,156	553,913
Basic earnings per share (sen)	4.04	4.65	15.40	16.37



QUARTERLY REPORT – Fourth Quarter Ended 31 December 2013

26. 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		year ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM,000	RM,000	RM,000	RM,000
Interest income from bank balances	929	1,321	4,865	5,380
Interest income from other financial assets	65	67	325	615
Other income including investment income	64	70	260	282
Interest expense on other financial liabilities	103	135	435	583
Depreciation and amortization	2,466	2,192	9,348	8,625
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	29	94	559	305
Gain/(loss) on disposal of investments	-	-	-	-
Impairment/(Reversal of impairment) of financial assets	93	26	82	32
Foreign exchange gain/(loss)	3	9	54	49
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 31 December 2013.

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 2013.

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	As at
	31 December	31 December
	2013	2012
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	471,696	402,838
- Unrealised	(16,696)	(15,601)
	455,000	387,237
Less : Consolidation adjustments	(309)	(336)
Total retained earnings as per consolidated financial statements	454,691	386,901

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 2012 in their report dated 27 February 2013.

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 2014.

Issue Date: 27 February 2014