



QUARTERLY REPORT – First Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the quarter ended 31 March 2013

	CURRENT QUARTER		CUMULATIVE QUARTER	
	<i>3 months ended 31 March</i>		<i>3 months ended 31 March</i>	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	135,085	139,199	135,085	139,199
Cost of sales	(107,321)	(110,963)	(107,321)	(110,963)
Gross profit	27,764	28,236	27,764	28,236
Other income	171	185	171	185
Administrative expenses	(3,167)	(3,637)	(3,167)	(3,637)
Results from operating activities	24,768	24,784	24,768	24,784
Finance income	1,458	1,604	1,458	1,604
Finance expense	(143)	(175)	(143)	(175)
Net finance income	1,315	1,429	1,315	1,429
Profit before tax	26,083	26,213	26,083	26,213
Income tax expense	(6,588)	(6,613)	(6,588)	(6,613)
Profit for the period	19,495	19,600	19,495	19,600
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	19,495	19,600	19,495	19,600
Profit attributable to:				
Owners of the Company	19,495	19,599	19,495	19,599
Non-controlling interests	-	1	-	1
Profit for the period	19,495	19,600	19,495	19,600
Total comprehensive income attributable to:				
Owners of the Company	19,495	19,599	19,495	19,599
Non-controlling interests	-	1	-	1
Total comprehensive income for the period	19,495	19,600	19,495	19,600
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	3.51	3.58	3.51	3.58

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 – First Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2013

In thousand of RM

	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS		
Property, plant and equipment	116,574	113,906
Investment properties	4,543	4,565
Land held for property development	156,555	154,738
Total non-current assets	277,672	273,209
Inventories	15,790	17,034
Property development costs	41,998	38,313
Trade and other receivables	212,284	221,521
Deposits and other assets	16,685	8,161
Cash and bank balances	185,246	198,769
Total current assets	472,003	483,798
TOTAL ASSETS	749,675	757,007
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	406,396	386,901
Treasury shares	(28,328)	(25,672)
Total equity attributable to owners of the Company	496,768	479,929
Non-controlling interests	-	-
TOTAL EQUITY	496,768	479,929
LIABILITIES		
Deferred tax liabilities	15,763	15,517
Total non-current liabilities	15,763	15,517
Trade and other payables	229,332	253,606
Current tax payables	7,812	7,955
Total current liabilities	237,144	261,561
TOTAL LIABILITIES	252,907	277,078
TOTAL EQUITY AND LIABILITIES	749,675	757,007
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.90	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 – First Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 31 March 2013

	Period ended 31 March	
	2013 RM'000	2012 RM'000
<i>In thousand of RM</i>		
Cash flows from operating activities		
Profit before taxation from continuing operations	26,083	26,213
<i>Adjustments for:-</i>		
Non-cash items	2,265	2,050
Non-operating items	(1,390)	(1,451)
Operating profit before changes in working capital	26,958	26,812
Change in Inventories	1,243	(13,374)
Change in property development costs	(3,681)	909
Change in receivables, deposits and other financial assets	822	5,963
Change in payables	(24,418)	1,699
Cash generated from operations	924	22,009
Income taxes paid	(6,484)	(5,801)
Net cash (used in)/from operating activities	(5,560)	16,208
Cash flows from investing activities		
Acquisition of property, plant & equipment	(4,896)	(3,247)
Proceeds from disposal of property, plant & equipment	55	125
Land held for property development	(1,816)	(1,691)
Interest received	1,350	1,333
Net cash used in investing activities	(5,307)	(3,480)
Cash flows from financing activities		
Purchase of treasury shares	(2,656)	(1,350)
Net cash used in financing activities	(2,656)	(1,350)
Net (decrease)/increase in cash and cash equivalents	(13,523)	11,378
Cash and cash equivalents at 1 January 2013 / 1 January 2012	198,769	183,720
Cash and cash equivalents at 31 March 2013 / 31 March 2012	185,246	195,098

Cash and cash equivalents

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

	Period ended 31 March	
	2013 RM'000	2012 RM'000
<i>In thousand of RM</i>		
Cash and bank balances	52,810	20,958
Deposits with licensed banks	132,436	174,140
	185,246	195,098

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 – First Quarter Ended 31 March 2013

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 31 March 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
Period ended 31 March 2013							
At 1 January 2013	116,535	2,165	(25,672)	386,901	479,929	-	479,929
Profit and total comprehensive income for the period	-	-	-	19,495	19,495	-	19,495
Treasury shares, at cost	-	-	(2,656)	-	(2,656)	-	(2,656)
At 31 March 2013	116,535	2,165	(28,328)	406,396	496,768	-	496,768
Period ended 31 March 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 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

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 – First Quarter Ended 31 March 2013

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 31 March 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.

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. On 30 June 2012, MASB announced its decision to allow entity subject to the application of MFRS 141 and/or IC Interpretation 15 to defer the adoption of the MFRS framework to annual period beginning on or after 1 January 2014. As such, the Group plans to adopt the MFRS framework for annual periods beginning on or after 1 January 2014.

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 1,788,900 of its own shares from the open market at an average price of RM1.485 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 31 March 2013, the number of treasury shares held were 28,260,281 shares at a total cost of RM28,328,097 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 – First Quarter Ended 31 March 2013

7. Operating Segment

The Group has two reportable segments, as described below, which are the Group's strategic units.

Construction

Property development

Marine and civil engineering works and construction

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 period ended 31 March 2013					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	127,366	7,719	-	-	135,085
Segment profit before tax, interest, depreciation and other material non-cash items	24,705	2,294	(1)	10	27,008
Depreciation	(2,212)	(7)	(21)	-	(2,240)
Interest income from bank balances	1,314	8	17	-	1,339
Interest income from other financial assets	119	-	-	-	119
Interest expense on other financial liabilities	(143)	-	-	-	(143)
Segment profit before tax	23,783	2,295	(5)	10	26,083
Income tax expense					(6,588)
Profit for the period					19,495
Segment assets	507,021	227,069	15,911	(326)	749,675
Segment liabilities	227,865	25,112	11	(81)	252,907

	Construction	Property Development	Other non-Reportable segment	Inter-Segment elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2012					
<i>In thousand of RM</i>					
Segment profit					
Revenue from external customers	133,542	5,657	-	-	139,199
Segment profit before tax, interest, depreciation and other material non-cash items	25,073	1,837	-	1	26,911
Depreciation	(2,117)	(10)	-	-	(2,127)
Interest income from bank balances	1,237	128	3	-	1,368
Interest income from other financial assets	236	-	-	-	236
Interest expense on other financial liabilities	(175)	-	-	-	(175)
Segment profit before tax	24,254	1,955	3	1	26,213
Income tax expense					(6,613)
Profit for the period					19,600
Segment assets	512,391	182,515	9,500	(349)	704,057
Segment liabilities	272,516	3,919	3	(87)	276,351

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 31 March 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.

10. Changes in the Composition of the Group

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



QUARTERLY REPORT – First Quarter Ended 31 March 2013

11. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 31 March 2013 till the date of this quarterly report.

12. Property, plant and equipments

The acquisitions and disposals of property, plant and equipments for the period ended 31 March 2013 were as follows:-

<i>In thousand of RM</i>	<u>3 months ended 31 March</u>	
	2013	2012
	RM'000	RM'000
Acquisitions of property, plant and equipments, at cost	4,896	3,247
Disposals of property, plant and equipments, at carrying amount	<u>5</u>	<u>42</u>

13. Commitment

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

<i>In thousand of RM</i>	<u>As at 31 March</u>	
	2013	2012
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	1,429	23,641
Approved but not contracted for	<u>400</u>	<u>800</u>
	<u>1,829</u>	<u>24,441</u>

14. Recurrent Related Party Transactions

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

<i>In thousand of RM</i>	<u>3 months ended 31 March</u>	
	2013	2012
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>11,977</u>	<u>15,911</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>3 months ended 31 March</u>	
	2013	2012
	RM'000	RM'000
Directors' compensation	774	857
Other key management personnel compensation	<u>816</u>	<u>882</u>



QUARTERLY REPORT – First Quarter Ended 31 March 2013

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS

For the quarter ended 31 March 2013

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM135.08 million, a slight decrease as compared to the preceding year corresponding quarter’s figure of RM139.20 million. The construction segment contributed RM127.37 million (94%) of the Group’s revenue for the current quarter.

Net profit before tax of the Group for the current quarter is RM26.08 million compared to RM26.21 million for the preceding year’s corresponding quarter. The construction segment contributed RM23.78 million (91%) of the Group’s profit before tax as compared to the preceding year corresponding quarter’s figure of RM24.25 million (93%).

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM26.08 million compared to RM34.62 million for the immediate preceding quarter on the back of the Group’s revenue of RM135.08 million and RM160.11 million respectively.

18. Current Year Prospects

As at 31 March 2013, the Group has RM1.86 billion worth of projects in hand and will continue to pursue projects that are related to its core competency in marine engineering, civil engineering and construction. At the same time, HSL’s property development arm is expected to increase its contribution to Group bottom line with new project launches having just successfully taken place and more planned during 2013. HSL Group’s progress is closely tied to the rapid development of Sarawak in particular the inflow of foreign investments in SCORE (Sarawak Corridor of Renewable Energy). The Government has also adopted a proactive development agenda including rural development initiatives (roads, water supply etc) and the upgrading of cities to cope with the pressures of urbanization. All these will generate further opportunities for HSL.

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.

20. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2013	2012	2013	2012
<i>In thousand of RM</i>	RM’000	RM’000	RM’000	RM’000
Current Tax Expense - Malaysian				
Current quarter/period	6,341	6,266	6,341	6,266
Deferred Tax Expense - Malaysian				
Current quarter/period	247	347	247	347
Over provision in prior year	-	-	-	-
Income tax expense	6,588	6,613	6,588	6,613

Reconciliation of effective tax expense

Profit for the quarter/period	19,495	19,600	19,495	19,600
Total income tax expense	6,588	6,613	6,588	6,613
Profit before taxation	26,083	26,213	26,083	26,213
Income tax using Malaysian tax rates	6,521	6,553	6,521	6,553
Non-deductible expenses	67	60	67	60
Over provision in prior year	-	-	-	-
Income tax expense	6,588	6,613	6,588	6,613

21. Status of Corporate Proposals

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



QUARTERLY REPORT – First Quarter Ended 31 March 2013

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 March 2013 till the date of this quarterly report.

24. Dividend

The shareholders has approved the final ordinary dividend of 10% (2.0 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 2012 at the Annual General Meeting held on 22 May 2013. The entitlement date for the dividend shall be 7 June 2013 and the dividend shall be paid on 18 June 2013.

25. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
	2013	2012	2013	2012
Net profit attributable to ordinary owners of the Company (RM'000)	19,495	19,599	19,495	19,599
Weighted average number of ordinary shares ('000)	554,847	547,160	554,847	547,160
Basic earnings per share (sen)	3.51	3.58	3.51	3.58

26. Profit before tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		3 months ended 31 March	
<i>In thousand of RM</i>	2013 RM,000	2012 RM,000	2013 RM,000	2012 RM,000
Interest income from bank balances	1,339	1,368	1,339	1,368
Interest income from other financial assets	119	236	119	236
Other income including investment income	67	71	67	71
Interest expense on other financial liabilities	143	175	143	175
Depreciation and amortization	2,240	2,127	2,240	2,127
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	51	83	51	83
Gain/(loss) on disposal of investments	-	-	-	-
Impairment of financial assets	-	-	-	-
Reversal of impairment of financial assets	54	4	54	4
Foreign exchange gain/(loss)	47	24	47	24
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 31 March 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 period ended 31 March 2013.



QUARTERLY REPORT – First Quarter Ended 31 March 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 31 March 2013	As at 31 March 2012
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	423,155	359,104
- Unrealised	(16,433)	(16,928)
	406,722	342,176
Less : Consolidation adjustments	(326)	(355)
Total retained earnings as per consolidated financial statements	406,396	341,821

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 22 May 2013.

Issue Date: 22 May 2013