



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the quarter ended 30 September 2012

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended 30 September		9 months ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>In thousand of RM</i>				
Continuing operations				
Revenue	152,241	150,422	443,156	422,928
Cost of sales	(120,401)	(118,220)	(351,303)	(335,748)
Gross profit	31,840	32,202	91,853	87,180
Other income	259	77	510	590
Administrative expenses	(2,941)	(3,057)	(9,994)	(9,176)
Results from operating activities	29,158	29,222	82,369	78,594
Finance income	1,356	1,116	4,607	3,463
Finance expense	(128)	(178)	(448)	(415)
Net finance income	1,228	938	4,159	3,048
Profit before tax	30,386	30,160	86,528	81,642
Income tax expense	(7,659)	(7,596)	(21,741)	(20,516)
Profit for the period	22,727	22,564	64,787	61,126
Other comprehensive income, net of tax	-	-	-	-
Profit/Total comprehensive income for the period	22,727	22,564	64,787	61,126
Profit attributable to:				
Owners of the Company	22,727	22,563	64,785	61,123
Non-controlling interests	-	1	2	3
Profit for the period	22,727	22,564	64,787	61,126
Profit/Total comprehensive income attributable to:				
Owners of the Company	22,727	22,563	64,785	61,123
Non-controlling interests	-	1	2	3
Profit/Total comprehensive income for the period	22,727	22,564	64,787	61,126
Earnings per share from continuing operations				
Basic earnings per ordinary share (sen)	4.08	4.09	11.69	11.07

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 – Third Quarter Ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 September 2012

In thousand of RM

	30 September 2012 RM'000	31 December 2011 RM'000
ASSETS		
Property, plant and equipment	113,289	112,647
Investment property	1,371	-
Land held for property development	153,960	94,014
Total non-current assets	268,620	206,661
Inventories	26,237	23,246
Property development costs	33,657	27,845
Trade and other receivables	214,153	221,839
Prepayments and other assets	8,361	19,830
Cash and bank balances	176,729	183,721
Total current assets	459,137	476,481
TOTAL ASSETS	727,757	683,142
EQUITY		
Share capital	116,535	116,535
Capital redemption reserves	2,165	2,165
Retained earnings	366,840	322,222
Treasury shares	(24,748)	(31,672)
Total equity attributable to owners of the Company	460,792	409,250
Non-controlling interests	-	206
TOTAL EQUITY	460,792	409,456
LIABILITIES		
Deferred tax liabilities	15,975	15,930
Total non-current liabilities	15,975	15,930
Trade and other payables	242,827	249,713
Current tax liabilities	8,163	8,043
Total current liabilities	250,990	257,756
TOTAL LIABILITIES	266,965	273,686
TOTAL EQUITY AND LIABILITIES	727,757	683,142
Net Assets Per Share Attributable to Ordinary Equity Owners (RM)	0.83	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 – Third Quarter Ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 September 2012

<i>In thousand of RM</i>	Period ended 30 September	
	2012 RM'000	2011 RM'000
Cash flows from operating activities		
Profit before taxation from continuing operations	86,528	81,642
<i>Adjustments for:-</i>		
Non-cash items	6,347	5,864
Non-operating items	(4,255)	(2,643)
Operating profit before changes in working capital	88,620	84,863
Change in Inventories	(2,990)	2,722
Change in property development costs	(5,813)	(1,510)
Change in receivables, prepayment and other financial assets	(14,227)	(10,739)
Change in payables	(7,334)	23,829
Cash generated from operations	58,256	99,165
Income taxes paid	(21,575)	(16,636)
Net cash from operating activities	36,681	82,529
Cash flows from investing activities		
Acquisition of property, plant & equipment	(7,395)	(13,875)
Proceeds from disposal of property, plant & equipment	510	830
Acquisition of investment property	(1,379)	-
Land held for property development	(25,960)	(3,003)
Interest received	4,002	2,465
Acquisition of shares by a subsidiary from non-controlling interest	(200)	-
Net cash used in investing activities	(30,422)	(13,583)
Cash flows from financing activities		
Purchase of treasury shares	(3,207)	(9,133)
Dividend paid to owners of the Company	(10,043)	(7,457)
Net cash used in financing activities	(13,250)	(16,590)
Net (decrease)/increase in cash and cash equivalents	(6,991)	52,356
Cash and cash equivalents at 1 January 2012 / 1 January 2011	183,720	89,252
Cash and cash equivalents at 30 September 2012 / 30 September 2011	176,729	141,608

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 30 September	
	2012 RM'000	2011 RM'000
Cash and bank balances	20,924	20,210
Deposits with licensed banks	155,805	121,848
Less Deposit pledged	-	(450)
	176,729	141,608

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 – Third Quarter Ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the period ended 30 September 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>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 September 2012								
At 1 January 2012	116,535	2,165	(31,672)	322,222	409,250	206	409,456	
Profit/Total comprehensive income for the period	-	-	-	64,785	64,785	2	64,787	
Dividends to owners								
- 2011 final	-	-	-	(7,533)	(7,533)	-	(7,533)	
- 2011 special	-	-	-	(2,511)	(2,511)	-	(2,511)	
Treasury shares, at cost	-	-	(3,207)	-	(3,207)	-	(3,207)	
Share dividends	-	-	10,131	(10,131)	-	-	-	
Acquisition of shares by a subsidiary from non-controlling interest	-	-	-	8	8	(208)	(200)	
At 30 September 2012	116,535	2,165	(24,748)	366,840	460,792	-	460,792	
Period ended 30 September 2011								
At 1 January 2011	116,535	2,165	(21,029)	247,369	345,040	203	345,243	
Profit/Total comprehensive income for the period	-	-	-	61,123	61,123	3	61,126	
Dividends to owners								
- 2010 final	-	-	-	(4,972)	(4,972)	-	(4,972)	
- 2010 special	-	-	-	(2,486)	(2,486)	-	(2,486)	
Treasury shares, at cost	-	-	(9,133)	-	(9,133)	-	(9,133)	
At 30 September 2011	116,535	2,165	(30,162)	301,034	389,572	206	389,778	

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 – Third Quarter Ended 30 September 2012

NOTES TO THE INTERIM FINANCIAL REPORT

For the quarter ended 30 September 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. 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 927,600 of its own shares from the open market at an average price of RM1.641 per share. The shares repurchased are retained as treasury shares and carried at cost.

As at 30 September 2012, the number of treasury shares held were 25,870,481 shares at a total cost of RM24,748,417 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.

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



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

	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 30 September 2012					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	422,713	20,443	-	-	443,156
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	82,901	5,901	(4)	7	88,805
<i>Depreciation</i>	(6,394)	(42)	-	-	(6,436)
<i>Interest income from bank balances</i>	3,765	261	33	-	4,059
<i>Interest income from other financial assets</i>	548	-	-	-	548
<i>Interest expense on other financial liabilities</i>	(448)	-	-	-	(448)
Segment profit before tax	80,372	6,120	29	7	86,528
<i>Income tax expense</i>					(21,741)
Profit for the period					64,787

Segment assets	512,718	203,462	11,920	(343)	727,757
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	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 30 September 2011					
<i>In thousand of RM</i>					
Segment profit					
<i>Revenue from external customers</i>	405,047	17,881	-	-	422,928
<i>Segment profit before tax, interest, depreciation and other material non-cash items</i>	78,687	6,266	(2)	-	84,951
<i>Depreciation</i>	(6,319)	(38)	-	-	(6,357)
<i>Interest income from bank balances</i>	2,178	358	9	-	2,545
<i>Interest income from other financial assets</i>	909	9	-	-	918
<i>Interest expense from other financial liabilities</i>	(415)	-	-	-	(415)
Segment profit before tax	75,040	6,595	7	-	81,642
<i>Income tax expense</i>					(20,516)
Profit for the period					61,126

Segment assets	496,817	148,717	9,496	(350)	654,680
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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 30 September 2012.

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 except for the acquisition of 20% equity interest in Bright Trenchless Engineering Sdn Bhd (BTE) on 29 August 2012, turning BTE into a wholly owned subsidiary of the Group. BTE was renamed HSL Land Sdn Bhd on 5 September 2012 and its principal activity will be investing in real properties.

11. Contingent Liabilities

There were no contingent liabilities in respect of the Group that have arisen since 30 September 2012 till the date of this quarterly report.



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

12. Property, plant and equipments

The acquisitions and disposals of property, plant and equipments for the period ended 30 September 2012 were as follows:-

<i>In thousand of RM</i>	9 months ended 30 September	
	2012	2011
	RM'000	RM'000
Acquisitions of property, plant and equipments, at cost	7,395	13,875
Disposals of property, plant and equipments, at carrying amount	<u>317</u>	<u>742</u>

13. Commitment

The amount of commitment not provided for in the interim financial report as at 30 September 2012 were as follows:-

<i>In thousand of RM</i>	As at 30 September	
	2012	2011
	RM'000	RM'000
Acquisition of property, plant and equipment		
Approved and contracted for	1,731	35
Approved but not contracted for	400	26,347
	<u>2,131</u>	<u>26,382</u>

14. Recurrent Related Party Transactions

The aggregate gross value of significant recurrent related party transactions for the period ended 30 September 2012 were as follows:-

<i>In thousand of RM</i>	9 months ended 30 September	
	2012	2011
	RM'000	RM'000
Aggregate gross value of significant recurrent related party transactions	<u>38,211</u>	<u>36,214</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.

15. Key Management Personnel Compensation

<i>In thousand of RM</i>	9 months ended 30 September	
	2012	2011
	RM'000	RM'000
Directors' compensation	2,334	2,411
Other key management personnel compensation	<u>2,431</u>	<u>2,383</u>



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS

For the quarter ended 30 September 2012

16. Review of Performance

The Group derives revenue from construction and property development activities.

Revenue for the quarter under review is RM152.24 million, a slight increase as compared to the preceding year corresponding quarter’s figure of RM150.42 million. The construction segment contributed RM145.49 million (96%) of the Group’s revenue for the current quarter.

Net profit before tax of the Group for the current quarter is RM30.39 million, a marginal increase of 1% as compared to RM30.16 million for the preceding year’s corresponding quarter. Construction segment contributed RM28.27 million (93%) of the Group’s profit before tax, similar to the preceding year corresponding quarter’s figure of RM28.22 million.

17. Variation of Results against Immediate Preceding Quarter

The net profit before tax of the Group for the current quarter is RM30.39 million compared to RM29.93 million for the immediate preceding quarter on the back of the Group’s revenue of RM152.24 million and RM151.72 million respectively.

18. Current Year Prospects

The Group currently has approximately RM1.9 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 on ground implementation of the various projects 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 SCORE (Sarawak Corridor of Renewable Energy) projects, coupled with HSL’s leading position in the industry, we are confident of another strong year for 2012.

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		9 months ended	
	30 September		30 September	
	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	7,796	6,885	21,781	18,426
(Over)/Under provision in prior year	-	-	(85)	498
Deferred Tax Expense - Malaysian				
Current quarter/period	(137)	711	45	2,171
Over provision in prior year	-	-	-	(579)
Income tax expense	7,659	7,596	21,741	20,516
Reconciliation of effective tax expense				
Profit for the quarter/period	22,727	22,564	64,787	61,126
Total income tax expense	7,659	7,596	21,741	20,516
Profit before taxation	30,386	30,160	86,528	81,642
Income tax using Malaysian tax rates	7,597	7,540	21,632	20,411
Non-deductible expenses	62	56	194	186
(Over)/Under provision in prior year	-	-	(85)	(81)
Income tax expense	7,659	7,596	21,741	20,516

21. Status of Corporate Proposals

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



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

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 30 September 2012 till the date of this quarterly report.

24. Dividend

The first interim ordinary dividend of 7% per share less tax at 25% totaling RM5,847,014 for the year ending 31 December 2012 has been paid to shareholders on 8 October 2012.

25. Earnings Per Share

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2012	2011	2012	2011
Net profit attributable to ordinary owners of the Company (RM'000)	22,727	22,563	64,785	61,123
Weighted average number of ordinary shares ('000)	557,390	551,432	553,997	552,142
Basic earnings per share (sen)	4.08	4.09	11.69	11.07

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		9 months ended	
	30 September		30 September	
	2012 RM,000	2011 RM,000	2012 RM,000	2011 RM,000
Interest income from bank balances	1,249	879	4,059	2,545
Interest income from other financial assets	107	238	548	918
Other income including investment income	87	65	212	194
Interest expense on other financial liabilities	128	178	448	415
Depreciation and amortization	2,158	2,091	6,436	6,357
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain/(loss) on disposal of properties, plant and equipment	128	9	211	91
Gain/(loss) on disposal of investments	-	-	-	-
Impairment of financial assets	-	-	-	-
Foreign exchange gain/(loss)	12	(12)	40	157
Gain/(loss) on derivatives	-	-	-	-
Exceptional item	-	-	-	-

27. Derivative Financial Instruments

There were no derivative financial instruments as at 30 September 2012.

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 30 September 2012.



QUARTERLY REPORT – Third Quarter Ended 30 September 2012

29. 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	As at
	30 September	30 September
	2012	2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	383,243	317,134
- Unrealised	(16,060)	(15,745)
	367,183	301,389
Less : Consolidation adjustments	(343)	(355)
Total retained profits as per consolidated financial statements	366,840	301,034

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 2011 in their report dated 26 March 2012.

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 28 November 2012.

Issue Date: 28 November 2012