



HAI LECK HOLDINGS LIMITED
 (Company Registration No. : 199804461D)
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR FIRST NINE MONTHS AND THIRD QUARTER ENDED 31 MARCH 2017

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group			Group		
	3Q17 \$'000	3Q16 \$'000	Change %	9M17 \$'000	9M16 \$'000	Change %
Revenue	28,959	23,785	21.8	75,843	69,794	8.7
Less:						
Cost of sales	(16,668)	(12,130)	37.4	(38,559)	(34,184)	12.8
Other income	244	553	(55.9)	810	2,006	(59.6)
Distribution and selling expenses	(270)	(91)	196.7	(812)	(400)	103.0
Administrative expenses	(8,247)	(7,702)	7.1	(24,611)	(25,790)	(4.6)
Other operating expenses	(1,678)	(1,538)	9.1	(4,966)	(4,551)	9.1
Interest expense	(2)	(2)	-	(8)	(8)	-
Share of results of joint venture	30	51	(41.2)	131	305	(57.0)
Profit before taxation	2,368	2,926	(19.1)	7,828	7,172	9.1
Taxation	(116)	(709)	(83.6)	(775)	(1,510)	(48.7)
Profit for the period	2,252	2,217	1.6	7,053	5,662	24.6
Attributable to:						
Equity holders of the Company	<u>2,252</u>	<u>2,217</u>	1.6	<u>7,053</u>	<u>5,662</u>	24.6

Net profit included the following:	Group		Group	
	3Q17 \$'000	3Q16 \$'000	9M17 \$'000	9M16 \$'000
Interest income	55	42	176	108
Interest expense	(2)	(2)	(8)	(8)
Foreign exchange loss, net	(57)	(33)	(47)	(136)
Gain/(loss) on disposal of property, plant and equipment	4	33	(39)	414
Amortisation of intangible assets	(18)	(16)	(50)	(46)
Depreciation of property, plant and equipment	(1,672)	(1,522)	(4,866)	(4,505)
(Allowance)/write back of allowance for doubtful debts	(12)	-	(1)	970
(Provision)/write back of provision for warranty	(350)	800	(350)	800

Consolidated statement of comprehensive income	Group		Group	
	3Q17 \$'000	3Q16 \$'000	9M17 \$'000	9M16 \$'000
Profit for the period	2,252	2,217	7,053	5,662
Other comprehensive income:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	-	40	(54)	(210)
Total comprehensive income for the period	2,252	2,257	6,999	5,452
Total comprehensive income attributable to:				
Equity holders of the Company	<u>2,252</u>	<u>2,257</u>	<u>6,999</u>	<u>5,452</u>

Note:

3Q16: The 2nd quarter ended 31 March 2016
 3Q17: The 2nd quarter ended 31 March 2017
 9M16: The first nine months ended 31 March 2016
 9M17: The first nine months ended 31 March 2017
 n.m. denotes not meaningful

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.3.2017	30.6.2016	31.3.2017	30.6.2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets:				
Property, plant and equipment	51,284	52,027	189	250
Investments in subsidiary companies	-	-	34,760	34,760
Loans due from subsidiary companies	-	-	23,861	21,861
Investment in joint venture	5,722	5,591	-	-
Intangible assets	209	250	-	-
Other receivables and deposits	100	150	100	100
	<u>57,315</u>	<u>58,018</u>	<u>58,910</u>	<u>56,971</u>
Current assets:				
Inventories	644	690	-	-
Trade receivables	24,565	35,277	-	-
Other receivables and deposits	725	873	69	24
Prepayments	526	465	119	156
Customer retention	1,046	971	-	-
Amounts due from subsidiary companies - non-trade	-	-	1,360	399
Gross amount due from customers for contract work-in-progress	-	200	-	-
Fixed deposits pledged	1,273	-	-	-
Cash and cash equivalents	56,839	51,480	9,838	15,207
	<u>85,618</u>	<u>89,956</u>	<u>11,386</u>	<u>15,786</u>
Current liabilities:				
Trade and other payables	18,974	20,181	531	1,049
Advances from customers	-	618	-	-
Supplier retention	73	233	-	-
Amounts due to subsidiary companies - trade	-	-	119	115
Amounts due to subsidiary companies - non-trade	-	-	-	71
Provision for warranty	2,943	2,593	-	-
Finance lease obligation - current portion	59	79	-	-
Provision for taxation	2,079	2,238	182	4
	<u>24,128</u>	<u>25,942</u>	<u>832</u>	<u>1,239</u>
Net current assets	<u>61,490</u>	<u>64,014</u>	<u>10,554</u>	<u>14,547</u>
Non-current liabilities:				
Deferred taxation	1,414	1,415	16	16
Finance lease obligation, non-current portion	138	177	-	-
	<u>1,552</u>	<u>1,592</u>	<u>16</u>	<u>16</u>
Net assets	<u>117,253</u>	<u>120,440</u>	<u>69,448</u>	<u>71,502</u>
Equity attributed to equity holders of the Company				
Share capital	65,087	65,019	65,087	65,019
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,133	1,152	1,133	1,152
Accumulated profits	51,515	54,698	3,388	5,491
Translation reserve	(322)	(269)	-	-
Total equity	<u>117,253</u>	<u>120,440</u>	<u>69,448</u>	<u>71,502</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	As at 31.3.2017		As at 30.6.2016	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	59	-	79	-

Amount repayable after one year

	As at 31.3.2017		As at 30.6.2016	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	138	-	177	-

Details of any collateral

Hire purchase financing for plant and equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows	Group		Group	
	3Q17 \$'000	3Q16 \$'000	9M17 \$'000	9M16 \$'000
Cash flows from operating activities:				
Profit before taxation	2,368	2,926	7,828	7,172
Adjustments for:				
Depreciation of property, plant and equipment	1,672	1,522	4,866	4,505
Amortisation of intangible assets	18	16	50	46
(Gain)/loss on disposal of property, plant and equipment	(4)	(33)	39	(414)
Share of results of joint venture	(30)	(51)	(131)	(305)
Provision/(write back of provision) for warranty	350	(800)	350	(800)
Allowance/(write back of allowance) for doubtful debts	12	-	1	(970)
Interest income	(55)	(42)	(176)	(108)
Interest expense	2	2	8	8
Unrealised exchange (gain)/loss	(12)	40	(67)	87
Operating cash flows before working capital changes	4,321	3,580	12,768	9,221
<i>(Increase)/Decrease in:</i>				
Customer retention, trade and other receivables and prepayments	(8,927)	5,888	10,816	11,055
Inventories	(137)	(92)	46	2,284
Gross amount due from/(to) customers for contract work-in-progress, net	-	1,141	200	909
<i>Increase/(Decrease) in:</i>				
Trade and other payables and advances from customers	4,050	(1,482)	(1,985)	(8,025)
Cash (used in)/generated from operations	(693)	9,035	21,845	15,444
Tax paid	(545)	(994)	(933)	(1,590)
Net cash flows (used in)/generated from operating activities	(1,238)	8,041	20,912	13,854
Cash flows from investing activities:				
Interest received	50	42	129	108
Purchase of property, plant and equipment	(1,974)	(1,499)	(4,393)	(2,909)
Purchase of intangible assets	-	(26)	(8)	(87)
Proceeds from disposal of property, plant and equipment	(21)	35	246	447
Net cash flows used in investing activities	(1,945)	(1,448)	(4,026)	(2,441)
Cash flows from financing activities:				
Net proceeds from issue of new shares	49	-	49	-
Repayment of finance lease obligations	(19)	(19)	(59)	(58)
Increase in fixed deposits pledged	354	642	(1,273)	588
Dividend paid	(10,236)	-	(10,236)	-
Interest paid	(2)	(2)	(8)	(8)
Net cash flows (used in)/generated from financing activities	(9,854)	621	(11,527)	522
Net (decrease)/increase in cash and cash equivalents	(13,037)	7,214	5,359	11,935
Cash and cash equivalents at beginning of period	69,876	60,022	51,480	55,301
Cash and cash equivalents at end of period	56,839	67,236	56,839	67,236

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Statements of changes in equity
For period ended 31 March 2017**

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2015	65,008	(160)	1,155	52,173	(360)	117,816
Profit net of tax	-	-	-	5,662	-	5,662
Other comprehensive income for the period	-	-	-	-	(210)	(210)
Total comprehensive income for the period	-	-	-	5,662	(210)	5,452
Balance at 31 March 2016	65,008	(160)	1,155	57,835	(570)	123,268
At 1 July 2016	65,019	(160)	1,152	54,698	(269)	120,440
Profit net of tax	-	-	-	7,053	-	7,053
Other comprehensive income for the period	-	-	-	-	(53)	(53)
Total comprehensive income for the period	-	-	-	7,053	(53)	7,000
<u>Contributions by and distributions to owners</u>						
Issuance of ordinary shares	68	-	(19)	-	-	49
Dividend on ordinary shares	-	-	-	(10,236)	-	(10,236)
Balance at 31 March 2017	65,087	(160)	1,133	51,515	(322)	117,253
Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2015	65,008	(160)	1,155	14,716	80,719	
Profit net of tax	-	-	-	50	50	
Total comprehensive income for the period	-	-	-	50	50	
Balance at 31 March 2016	65,008	(160)	1,155	14,766	80,769	
At 1 July 2016	65,019	(160)	1,152	5,491	71,502	
Profit net of tax	-	-	-	8,133	8,133	
Total comprehensive income for the period	-	-	-	8,133	8,133	
<u>Contributions by and distributions to owners</u>						
Issuance of ordinary shares	68	-	(19)	-	49	
Dividend on ordinary shares	-	-	-	(10,236)	(10,236)	
Balance at 31 March 2017	65,087	(160)	1,133	3,388	69,448	

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share consolidation

Following the completion of the Share Consolidation, which became effective on 25 November 2015, the total number of issued shares of the Company (excluding treasury shares) was 204,578,897 after disregarding any fractions of a consolidated share arising from the Share Consolidation.

2012 Warrants

On 7 January 2013, the Company had allotted and issued the Warrants ("2012 Warrants") pursuant to the Warrants Issue. The 81,114,750 2012 Warrants were listed and quoted on the Official List of SGX-ST on 9 January 2013. The new shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

Further to the completion of the above Share Consolidation, the Company has made the following adjustments to the 2012 Warrants on the same date:

- on the basis that two (2) 2012 Warrants will be consolidated into one (1) Consolidated 2012 Warrant.
- the existing exercise price of each Consolidated 2012 Warrant will be adjusted from \$0.13 to \$0.26.
- each Consolidated 2012 Warrant shall carry the right to receive one (1) Consolidated Share.

Since 1 July 2016, 190,225 Consolidated 2012 Warrants were exercised to acquire new shares.

As of 31 March 2017, 1,085,400 (31 March 2016: 1,306,125) Consolidated 2012 Warrants are outstanding.

2013 Warrants

On 14 May 2014, the Company had allotted and issued the Warrants ("2013 Warrants") pursuant to the Warrants Issue. The 200,990,250 2013 Warrants were listed and quoted on the Official List of SGX-ST on 16 May 2014. The new shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

Further to the completion of the above Share Consolidation, the Company has made the following adjustments to the 2013 Warrants on the same date:

- on the basis that two (2) 2013 Warrants will be consolidated into one (1) Consolidated 2013 Warrant.
- the existing exercise price of each 2013 Consolidated Warrant will be adjusted from \$0.33 to \$0.66.
- each Consolidated 2013 Warrant shall carry the right to receive one (1) Consolidated Share.

Since 1 July 2016, no Consolidated 2013 Warrants were exercised to acquire new shares.

As of 31 March 2017, 97,396,852 (31 March 2016: 97,396,852) Consolidated 2013 Warrants are outstanding.

In view of the above, the changes in the Company's share capital are as follows:-

	9M17		9M16	
	No of shares	\$'000	No of shares	\$'000
Issued and paid up capital				
As at beginning of financial period	204,929,397	65,019	409,797,859	65,008
Share issued pursuant to the exercise of Warrants	190,225	68	-	-
Share consolidation	-	-	(204,898,962)	-
At 31 March	205,119,622	65,087	204,898,897	65,008
Treasury shares				
As at beginning of financial period	320,000	160	640,000	160
Share consolidation	-	-	(320,000)	-
At 31 March	320,000	160	320,000	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of period	204,799,622	64,927	204,578,897	64,848

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

As at 31 March 2017, the total number of issued ordinary shares (excluding treasury shares) was 204,799,622 (30 June 2016: 204,609,397).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the most recent audited financial statements for the year ended 30 June 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	3Q17 \$'000	3Q16 \$'000	9M17 \$'000	9M16 \$'000
Profit attributable to ordinary equity holders of the Company (\$'000)	2,252	2,217	7,053	5,662
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share ('000)	204,696	204,579	204,609	204,579
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share ('000)	204,650	204,901	205,148	204,989
Earnings per share -				
Basic (cents)	1.1	1.1	3.4	2.8
Fully diluted (cents)	1.1	1.1	3.4	2.8

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31.3.2017	30.6.2016	31.3.2017	30.6.2016
Net asset value (\$'000)	117,253	120,440	69,448	71,502
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	204,800	204,609	204,800	204,609
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of period (cents)	57.3	58.9	33.9	34.9

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of Financial Results

Results for first nine months and third quarter ended 31 March 2017

Revenue

Revenue for 9M17 increased by 8.7% to \$75.8 million compared to \$69.8 million recorded in 9M16 due to higher project revenue in 3Q17 from the projects secured in 2Q17. Higher maintenance revenue in 1Q2017 compared to 1Q16 also contributed to the increase in revenue for 9M17.

Quarter-on-quarter, revenue increased by \$5.2 million to \$29.0 million in 3Q17 due to higher project revenue from the projects secured in 2Q17.

Cost of sales

For 9M17, cost of sales increased by 12.8% to \$38.6 million mainly due to higher subcontractor charges, partially offset by lower material usage.

Quarter-on-quarter, cost of sales increased by \$4.5 million to \$16.7 million in 3Q17 as compared to \$12.1 million in 3Q16 mainly due to the same reasons as above.

Other income

Other income comprise mainly of interest income, miscellaneous income earned from non-core businesses, safety and performance incentives, gain on disposal of property, plant and equipment as well as government grant, jobs credit grant and special employment credit. The amount of other income for 9M17 and 3Q17 was \$0.8 million and \$0.2 million respectively. Other income was higher in 9M16 by \$1.2 million compared to 9M17 mainly due to write back of allowance for doubtful debts of \$1.0 million in 9M16.

Operating expenses

Operating expenses consist of distribution and selling expenses, administrative expenses and other operating expenses, including depreciation, amortisation and exchange differences.

For 9M17, operating expenses remained comparable to 9M16 at \$30.4 million.

For 3Q17, operating expenses increased from \$9.3 million in 3Q16 to \$10.2 million in 3Q17 in line with the higher level of activities in 3Q17.

Taxation

The effective tax rate in 9M17 is 10% which is lower than that of the statutory tax rate of 17% mainly due to tax refunds received in 2Q17.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 9M17 increased by \$1.4 million to \$7.1 million compared to 9M16.

Quarter-on-quarter, the profit attributable to equity holders for 3Q17 remained comparable to 3Q16 at \$2.3 million.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased by 1.2% or \$0.7 million, from \$58.0 million as at 30 June 2016 to \$57.3 million as at 31 March 2017. This decrease is mainly due to depreciation of property, plant and equipment in excess of additions during the period.

Current assets

Current assets decreased from \$90.0 million as at 30 June 2016 to \$85.6 million as at 31 March 2017. The decrease is mainly attributable to decrease in trade receivables by \$10.7 million, offset by increase in cash and cash equivalents and fixed deposits pledged of \$6.6 million.

Current liabilities

Current liabilities decreased by 7.0% or \$1.8 million, from \$25.9 million as at 30 June 2016 to \$24.1 million as at 31 March 2017, mainly due to decrease in trade and other payables.

Non-current liabilities

Non-current liabilities remained at about \$1.6 million as at 31 March 2017.

Utilisation of Warrant Issue Proceeds

2012 Warrants

On 7 January 2013, the Company had allotted and issued 81,114,750 2012 Warrants and raised net proceeds of \$3.9 million for business expansion and working capital.

As at 31 March 2017, the Group has applied \$0.5 million of the proceeds for business expansion and \$3.4 million as working capital in accordance with the announcement dated 4 January 2013.

From 7 January 2013 to 31 March 2017, 78,502,500 2012 Warrants and 220,725 2012 Consolidated Warrants were exercised for 78,502,500 new shares and 220,725 new Consolidated Shares. The Company raised net proceeds of about \$10.3 million, which was used to acquire property, plant and equipment for business expansion.

2013 Warrants

On 16 May 2014, the Company had allotted and issued 200,990,250 2013 Warrants and raised net proceeds of \$13,000 for general working capital. The amount was applied in accordance with the announcement dated 9 May 2014.

From 16 May 2014 to 31 March 2017, 6,196,359 2013 Warrants were exercised for 6,196,359 new shares. The Company raised net proceeds of approximately \$2.0 million, which was set aside for investment purposes, business expansion purposes, working capital and/or such other purposes as the Directors may deem fit.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The outlook of oil and gas industry remains uncertain. The Group will continue to monitor and manage its costs to be competitive.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Not applicable

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Interim dividends

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	2 cents per ordinary share (one-tier tax exempt)

Special dividends

Name of Dividend	Special
Dividend Type	Cash
Dividend Rate	3 cents per ordinary share (one-tier tax exempt)

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable

13 If the Group has obtained a general mandate from shareholders for Interested Persons Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate has been obtained.

14 Negative Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh and Cheng Yao Tong, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for third quarter ended 31 March 2017 to be false or misleading in any material aspect.

15 Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 collectively from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY THE ORDER OF THE BOARD

Cheng Yao Tong
Chief Executive Officer
8 May 2017