



HAI LECK HOLDINGS LIMITED
(Company Registration No. : 199804461D)
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR FIRST QUARTER ENDED 30 SEPTEMBER 2016

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**

	1Q17 \$'000	Group 1Q16 \$'000	Change %
Revenue	24,526	18,464	32.8
Less:			
Cost of sales	(11,856)	(9,413)	26.0
Other income	319	947	(66.3)
Distribution and selling expenses	(255)	(73)	249.3
Administrative expenses	(7,900)	(6,579)	20.1
Other operating expenses	(1,627)	(1,509)	7.8
Interest expense	(3)	(3)	-
Share of results of equity accounted investee	21	(34)	n.m.
Profit before taxation	<u>3,225</u>	<u>1,800</u>	79.2
Taxation	(664)	(250)	165.6
Profit for the quarter	<u>2,561</u>	<u>1,550</u>	65.2
Attributable to:			
Equity holders of the Company	<u>2,561</u>	<u>1,550</u>	65.2
Net profit included the following:			
	1Q17 \$'000	Group 1Q16 \$'000	
Interest income	62	13	
Interest expense	(3)	(3)	
Foreign exchange profit/(loss), net	5	(97)	
Gain/(loss) on disposal of property, plant and equipment	137	158	
Amortisation of intangible assets	(17)	(15)	
Depreciation of property, plant and equipment	(1,610)	(1,494)	
Write back of allowance for doubtful debts	-	970	
Consolidated statement of comprehensive income			
	1Q17 \$'000	Group 1Q16 \$'000	
Profit for the quarter	2,561	1,550	
Other comprehensive income:			
Foreign currency translation	(19)	(397)	
Total comprehensive income for the quarter	<u>2,542</u>	<u>1,153</u>	
Total comprehensive income attributable to:			
Equity holders of the Company	<u>2,542</u>	<u>1,153</u>	

Note:

1Q16: The 1st quarter ended 30 September 2015

1Q17: The 1st quarter ended 30 September 2016

n.m. denotes not meaningful

EPC: engineering, procurement and construction

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	
	30.9.2016 \$'000	30.6.2016 \$'000	30.9.2016 \$'000	30.6.2016 \$'000
Non-current assets:				
Property, plant and equipment	51,775	52,027	226	250
Investments in subsidiary companies	-	-	34,760	34,760
Loans due from subsidiary companies	-	-	21,861	21,861
Investment in joint venture	5,612	5,591	-	-
Intangible assets	238	250	-	-
Other receivables and deposits	150	150	100	100
Customer retention	157	-	-	-
	<u>57,932</u>	<u>58,018</u>	<u>56,947</u>	<u>56,971</u>
Current assets:				
Inventories	624	690	-	-
Trade receivables	28,307	35,277	-	-
Other receivables and deposits	676	873	36	24
Prepayments	819	465	108	156
Customer retention	-	971	-	-
Amounts due from subsidiary companies - trade	-	-	876	-
Amounts due from subsidiary companies - non-trade	-	-	-	399
Gross amount due from customers for contract work-in-progress	-	200	-	-
Fixed deposits pledged	1,200	-	-	-
Cash and cash equivalents	58,701	51,480	14,070	15,207
	<u>90,327</u>	<u>89,956</u>	<u>15,090</u>	<u>15,786</u>
Current liabilities:				
Trade and other payables	17,992	20,181	124	1,049
Advances from customers	-	618	-	-
Supplier retention	140	233	-	-
Amounts due to subsidiary companies - non-trade	-	-	87	115
Provision for foreseeable loss	-	-	-	71
Provision for warranty	2,593	2,593	-	-
Finance lease obligation - current portion	79	79	-	-
Provision for taxation	2,901	2,238	54	4
	<u>23,705</u>	<u>25,942</u>	<u>265</u>	<u>1,239</u>
Net current assets	<u>66,622</u>	<u>64,014</u>	<u>14,825</u>	<u>14,547</u>
Non-current liabilities:				
Deferred taxation	1,415	1,415	16	16
Finance lease obligation, non-current portion	157	177	-	-
	<u>1,572</u>	<u>1,592</u>	<u>16</u>	<u>16</u>
Net assets	<u>122,982</u>	<u>120,440</u>	<u>71,756</u>	<u>71,502</u>
Equity attributed to equity holders of the Company				
Share capital	65,019	65,019	65,019	65,019
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,152	1,152	1,152	1,152
Accumulated profits	57,259	54,698	5,745	5,491
Translation reserve	(288)	(269)	-	-
Total equity	<u>122,982</u>	<u>120,440</u>	<u>71,756</u>	<u>71,502</u>

1(b)(ii) A aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Finance lease liabilities

As at 30.9.2016	
\$'000	\$'000
Secured	Unsecured
79	-

As at 30.6.2016	
\$'000	\$'000
Secured	Unsecured
79	-

Amount repayable after one year

Finance lease liabilities

As at 30.9.2016	
\$'000	\$'000
Secured	Unsecured
157	-

As at 30.6.2016	
\$'000	\$'000
Secured	Unsecured
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	
	1Q17	1Q16
	\$'000	\$'000
Cash flows from operating activities:		
Profit before taxation	3,225	1,800
Adjustments for:		
Depreciation of property, plant and equipment	1,610	1,494
Amortisation of intangible assets	17	15
Gain on disposal of property, plant and equipment	(137)	(158)
Share of results of equity accounted investee	(21)	34
Interest income	(62)	(13)
Interest expense	3	3
Unrealised exchange (gain)/loss	(19)	(87)
Operating cash flows before working capital changes	<u>4,616</u>	<u>3,088</u>
<i>Decrease/(Increase) in:</i>		
Customer retention, trade and other receivables and prepayments	7,627	10,501
Inventories	66	2,267
<i>Increase/(Decrease) in:</i>		
Trade and other payables and advances from customers	(2,900)	(11,276)
Gross amount due from/(to) customers for contract work-in-progress, net	<u>200</u>	<u>(3,430)</u>
Cash generated from operations	9,609	1,150
Tax paid/(refund)	<u>(1)</u>	<u>(177)</u>
Net cash flows generated from operating activities	<u>9,608</u>	<u>973</u>
Cash flows from investing activities:		
Interest received	62	13
Purchase of property, plant and equipment	(1,359)	(663)
Purchase of intangible assets	(5)	(40)
Proceeds from disposal of property, plant and equipment	<u>138</u>	<u>160</u>
Net cash flows used in investing activities	<u>(1,164)</u>	<u>(530)</u>
Cash flows from financing activities:		
Repayment of finance lease obligations	(20)	(19)
Interest paid	(3)	(3)
Increase in fixed deposit pledged	<u>(1,200)</u>	<u>-</u>
Net cash flows (used in)/generated from financing activities	<u>(1,223)</u>	<u>(22)</u>
Net increase/(decrease) in cash and cash equivalents	7,221	421
Cash and cash equivalents at beginning of period	<u>51,480</u>	<u>55,301</u>
Cash and cash equivalents at end of period	<u><u>58,701</u></u>	<u><u>55,722</u></u>

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 30 September 2016

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	-	-	-	1,550	-	1,550
Other comprehensive income for the quarter	-	-	-	-	(397)	(397)
Total comprehensive income for the quarter	-	-	-	1,550	(397)	1,153
Balance at 30 September 2015	<u>65,008</u>	<u>(160)</u>	<u>1,155</u>	<u>53,723</u>	<u>(757)</u>	<u>118,969</u>
At 1 July 2016	65,019	(160)	1,152	54,698	(269)	120,440
Profit net of tax	-	-	-	2,561	-	2,561
Other comprehensive income for the quarter	-	-	-	-	(19)	(19)
Total comprehensive income for the quarter	-	-	-	2,561	(19)	2,542
Balance at 30 September 2016	<u>65,019</u>	<u>(160)</u>	<u>1,152</u>	<u>57,259</u>	<u>(288)</u>	<u>122,982</u>
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	
Total comprehensive income for the quarter	-	-	-	(287)	(287)	
Balance at 30 September 2015	<u>65,008</u>	<u>(160)</u>	<u>1,155</u>	<u>14,429</u>	<u>80,432</u>	
At 1 July 2016	65,019	(160)	1,152	5,491	71,502	
Total comprehensive income for the quarter	-	-	-	254	254	
Balance at 30 September 2016	<u>65,019</u>	<u>(160)</u>	<u>1,152</u>	<u>5,745</u>	<u>71,756</u>	

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

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:

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

Since 1 July 2016, no Consolidated 2012 Warrants were exercised to acquire new shares.

As of 30 September 2016, 1,275,625 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:

- a. on the basis that two (2) 2013 Warrants will be consolidated into one (1) Consolidated 2013 Warrant.
- b. the existing exercise price of each 2013 Consolidated Warrant will be adjusted from S\$0.33 to S\$0.66.
- c. 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 30 September 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:-

Issued and paid up capital

As at beginning of financial year

Share issued pursuant to the exercise of Warrants

At 30 September

Treasury shares

As at beginning of financial year

Share buy-back

At 30 September

Total shares excluding treasury shares as at end of first quarter

1Q17		1Q16	
No of shares	\$'000	No of shares	\$'000
204,929,397	65,019	409,797,859	65,008
-	-	-	-
204,929,397	65,019	409,797,859	65,008
<hr/>			
320,000	160	640,000	160
-	-	-	-
320,000	160	640,000	160
<hr/>			
204,609,397	64,859	409,157,859	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 30 September 2016, the total number of issued ordinary shares (excluding treasury shares) was 204,609,397 (30 June 2016: 204,609,397).

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 auditor's 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	
	1Q17	1Q16
Profit attributable to ordinary equity holders of the Company (\$'000)	2,561	1,550
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)	204,609	201,519
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)	205,017	215,025
Earnings per share -		
Basic (cents)	1.3	0.8
Fully diluted (cents)	1.2	0.7

Comparative basic and diluted earnings per share have been adjusted to reflect the effect of Share Consolidation during the previous financial year.

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	
	30.9.2016	30.6.2016	30.9.2016	30.6.2016
Net asset value (\$'000)	122,982	120,440	71,756	71,502
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	204,609	204,609	204,609	204,609
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of quarter (cents)	60.1	58.9	35.1	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 quarter ended 30 September 2016

Revenue

Oil prices remained low and impacted the down-stream in the oil and gas industries negatively. In general, oil majors are reducing their capital expenditure but speeding up the maintenance of their existing plants.

Revenue for 1Q17 increased by 32.8% or \$6.0 million to \$24.5 million compared to \$18.5 million recorded in 1Q16 due to higher maintenance revenue.

Cost of sales

Cost of sales increased by \$2.5 million to \$11.9 million in 1Q17 as compared to \$9.4 million in 1Q16. The increase was mainly due to the similar reason mentioned above.

Other income

Other income comprised mainly of interest income, miscellaneous income earned from non-core businesses, safety and performance incentives, and gain on disposal of property, plant and equipment as well as governmental grant, jobs credit grant and special employment credit. The amount of other income for 1Q17 was \$0.3 million as compared \$0.9 million in 1Q16. The decrease was mainly due to the gain on disposal of a subsidiary company in 1Q16.

Operating expenses

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

For 1Q17, operating expenses increased by 19.9% or \$1.6 million to \$9.8 million as compared to \$8.2 million in 1Q16. The increase was in line with higher revenue.

Taxation

The effective tax rate in 1Q17 is 20.6% which is higher than that of the statutory tax rate of 17%.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 1Q17 increased by \$1.1 million to \$2.6 million compared to 1Q16.

Review of Financial Position

Non-current assets

Non-current assets of the Group remained at \$58.0 million as at 30 June 2016 and as at 30 September 2016.

Current assets

Current assets increased by 0.4% or \$0.3 million, from \$90.0 million as at 30 June 2016 to \$90.3 million as at 30 September 2016.

Current liabilities

Current liabilities comprise of payables to suppliers of materials and equipment and subcontractors, other payables, advances from customers, provision for warranty as well as tax provision. Current liabilities decreased by 8.6% or \$2.2 million, from \$25.9 million as at 30 June 2016 to \$23.7 million as at 30 September 2016, mainly due to a decrease in trade and other payables.

Non-current liabilities

Non-current liabilities remained at about \$1.6 million as at 30 September 2016.

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 30 September 2016, the Group has applied S\$0.5 million of the proceeds for business expansion and S\$3.4 million as working capital in accordance with the announcement dated 4 January 2013.

From 7 January 2013 to 30 September 2016, 78,502,500 2012 Warrants and 30,500 2012 Consolidated Warrants were exercised for 78,502,500 new shares and 30,500 new Consolidated Shares. The Company raised net proceeds of about \$10.2 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 30 September 2016, 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 oil and gas industry remains uncertain. The Group's results was buffered by non-oil and gas related businesses.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Final dividends

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	

(b) Corresponding period of the immediately preceding financial year

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

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded.

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 first quarter ended 30 September 2016 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
7 November 2016