



HAI LECK HOLDINGS LIMITED

(Company Registration No. : 199804461D)

Financial Statements and Dividend Announcement

For the First Nine Months and Third Quarter ended 31 March 2011

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

	Group		Change %	Group		Change %
	3rd quarter 2010-11 \$'000	3rd quarter 2009-10 \$'000		9 months 2010-11 \$'000	9 months 2009-10 \$'000	
Revenue	23,436	35,850	(34.6)	67,300	104,507	(35.6)
Less:						
Cost of sales	(11,848)	(20,910)	(43.3)	(31,266)	(59,907)	(47.8)
Other income	538	486	10.7	1,207	1,369	(11.8)
Distribution and selling expenses	(150)	(330)	(54.5)	(483)	(814)	(40.7)
Administrative expenses	(6,900)	(7,101)	(2.8)	(21,231)	(20,476)	3.7
Other operating expenses	(2,239)	(3,285)	(31.8)	(6,727)	(11,824)	(43.1)
Interest expense	(5)	(6)	(16.7)	(19)	(22)	(13.6)
Profit before taxation	<u>2,832</u>	<u>4,704</u>	(39.8)	<u>8,781</u>	<u>12,833</u>	(31.6)
Taxation	(1,201)	(978)	22.8	(1,872)	(2,841)	(34.1)
Profit for the period	<u>1,631</u>	<u>3,726</u>	(56.2)	<u>6,909</u>	<u>9,992</u>	(30.9)
Attributable to:						
Equity holders of the Company	<u>1,631</u>	<u>3,726</u>	(56.2)	<u>6,909</u>	<u>9,992</u>	(30.9)
Net profit included the following:						
	3rd quarter 2010-11 \$'000	3rd quarter 2009-10 \$'000		9 months 2010-11 \$'000	9 months 2009-10 \$'000	
Interest income	9	3		63	14	
Interest expense	(5)	(6)		(19)	(22)	
Foreign exchange loss, net	(1)	(54)		(70)	(59)	
Gain on disposal of property, plant and equipment	45	-		113	10	
Amortisation of intangible assets	(3)	(3)		(10)	(11)	
Depreciation of property, plant and equipment	(2,258)	(2,429)		(6,697)	(10,953)	
Consolidated statement of comprehensive income						
	3rd quarter 2010-11 \$'000	3rd quarter 2009-10 \$'000		9 months 2010-11 \$'000	9 months 2009-10 \$'000	
Profit for the period	1,631	3,726		6,909	9,992	
Other comprehensive income:						
Foreign currency translation	(35)	102		(59)	93	
Other comprehensive income for the period	<u>(35)</u>	<u>102</u>		<u>(59)</u>	<u>93</u>	
Total comprehensive income for the period	<u>1,596</u>	<u>3,828</u>		<u>6,850</u>	<u>10,085</u>	
Total comprehensive income attributable to:						
Equity holders of the Company	<u>1,596</u>	<u>3,828</u>		<u>6,850</u>	<u>10,085</u>	

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

	Group		Company	
	31.3.2011 \$'000	30.6.2010 \$'000	31.3.2011 \$'000	30.6.2010 \$'000
Non-current assets:				
Property, plant and equipment	34,918	39,235	-	-
Investments in subsidiary companies	-	-	28,013	28,000
Long-term loan to a subsidiary company	-	-	18,693	21,496
Intangible assets	280	228	-	-
	35,198	39,463	46,706	49,496
Current assets:				
Inventories	486	217	-	-
Trade receivables	13,991	22,409	-	-
Other receivables and deposits	1,572	2,396	-	-
Prepayments	114	102	-	-
Due from subsidiary companies, trade	-	-	402	3,017
Other investments	1,004	1,012	-	-
Cash and cash equivalents	60,745	49,080	21,663	10,314
	77,912	75,216	22,065	13,331
Current liabilities:				
Trade and other payables	18,729	22,632	1,007	1,243
Due to subsidiary companies - non-trade	-	-	12	12
Loan from non-controlling interest	-	392	-	-
Gross amount due to customers for contract work-in-progress	1,500	1,500	-	-
Provision for taxation	2,604	2,942	6	6
Finance lease obligation - current portion	376	510	-	-
Provision for warranty	840	840	-	-
	24,049	28,816	1,025	1,261
Net current assets	53,863	46,400	21,040	12,070
Non-current liabilities:				
Deferred taxation	2,702	2,702	-	-
Finance lease obligation - non-current portion	12	278	-	-
	2,714	2,980	-	-
Net assets	86,347	82,883	67,746	61,566
Equity attributed to equity holders of the Company				
Share capital	48,817	48,804	48,817	48,804
Treasury shares	(148)	-	(148)	-
Capital reserve	1,156	1,157	1,156	1,157
Accumulated profits	36,772	33,113	17,921	11,605
Translation reserve	(250)	(191)	-	-
Total equity	86,347	82,883	67,746	61,566

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

Amount repayable in one year or less, or on demand

31.3.2011		30.6.2010	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
376	-	510	-

Amount repayable after one year

31.3.2011		30.6.2010	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
12	-	278	-

Details of any collateral

Hire purchase financing for plant and equipment.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	3rd quarter 2010-11	3rd quarter 2009-10	9 months 2010-11	9 months 2009-10
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities:				
Profit before taxation	2,832	4,704	8,781	12,833
Adjustments for:				
Depreciation of property, plant and equipment	2,258	2,429	6,697	10,953
Amortisation of intangible assets	3	3	10	11
Gain on disposal of property, plant and equipment	(45)	9	(113)	(1)
Currency realignment	10	92	19	100
Interest income	(9)	(3)	(63)	(14)
Interest expense	5	6	19	22
Operating cash flows before working capital changes	<u>5,054</u>	<u>7,240</u>	<u>15,350</u>	<u>23,904</u>
Increase in trade and other receivables and prepayments	685	(7,903)	9,230	(4,327)
Decrease/(increase) in inventories	(24)	(277)	(269)	(357)
(Decrease)/increase in trade and other payables	(83)	897	(3,903)	4,201
Decrease/(increase) in gross amount due from/(to) customers for contract work-in-progress, net	800	593	-	1,410
Cash generated from operations	<u>6,432</u>	<u>550</u>	<u>20,408</u>	<u>24,831</u>
Tax paid	(841)	(207)	(2,210)	(678)
Net cash flows generated from operating activities	<u>5,591</u>	<u>343</u>	<u>18,198</u>	<u>24,153</u>
Cash flows from investing activities:				
Interest received	9	3	63	14
Purchase of property, plant and equipment	(866)	(787)	(2,467)	(4,406)
Purchase of intangible assets	(62)	-	(62)	-
Proceeds from disposal of property, plant and equipment	44	-	130	11
Net cash flows used in investing activities	<u>(875)</u>	<u>(784)</u>	<u>(2,336)</u>	<u>(4,381)</u>
Cash flows from financing activities:				
Net proceeds from issue of new shares	-	-	12	4
Net proceeds from issue of new warrants	-	(5)	-	1,157
Purchase of treasury shares	(148)	-	(148)	-
Interest paid	(5)	(6)	(19)	(22)
Repayment of loan to non-controlling interest of a subsidiary company	-	-	(392)	-
Repayment of finance lease obligations	(110)	(183)	(400)	(436)
Dividend paid	-	-	(3,250)	(3,250)
Net cash flows used in financing activities	<u>(263)</u>	<u>(194)</u>	<u>(4,197)</u>	<u>(2,547)</u>
Net increase/(decrease) in cash and cash equivalents	4,453	(635)	11,665	17,225
Cash and cash equivalents at beginning of period	<u>56,292</u>	<u>35,892</u>	<u>49,080</u>	<u>18,032</u>
Cash and cash equivalents at end of period	<u><u>60,745</u></u>	<u><u>35,257</u></u>	<u><u>60,745</u></u>	<u><u>35,257</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 31 March 2011

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2009	48,800	-	-	22,914	(276)	71,438
Profit net of tax	-	-	-	9,992	-	9,992
Other comprehensive income for the period	-	-	-	-	93	93
Total comprehensive income for the period	-	-	-	9,992	93	10,085
Issuance of ordinary shares	4	-	-	-	-	4
Issuance of warrants	-	-	1,300	-	-	1,300
Warrant issue expenses	-	-	(143)	-	-	(143)
Dividend on ordinary shares	-	-	-	(3,250)	-	(3,250)
Balance at 31 March 2010	48,804	-	1,157	29,656	(183)	79,434
At 1 July 2010	48,804	-	1,157	33,113	(191)	82,883
Profit net of tax	-	-	-	6,909	-	6,909
Other comprehensive income for the period	-	-	-	-	(59)	(59)
Total comprehensive income for the period	-	-	-	6,909	(59)	6,850
Issuance of ordinary shares	-	-	-	-	-	-
Share issue expenses	13	-	(1)	-	-	12
Purchase of treasury shares	-	(148)	-	-	-	(148)
Dividend on ordinary shares	-	-	-	(3,250)	-	(3,250)
Balance at 31 March 2011	48,817	(148)	1,156	36,772	(250)	86,347
Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2009	48,800	-	-	6,391	55,191	
Total comprehensive income for the period	-	-	-	7,762	7,762	
Issuance of ordinary shares	4	-	-	-	4	
Issuance of warrants	-	-	1,300	-	1,300	
Warrant issue expenses	-	-	(143)	-	(143)	
Dividend on ordinary shares	-	-	-	(3,250)	(3,250)	
Balance at 31 March 2010	48,804	-	1,157	10,903	60,864	
At 1 July 2010	48,804	-	1,157	11,605	61,566	
Total comprehensive income for the period	-	-	-	9,566	9,566	
Issuance of ordinary shares	13	-	(1)	-	12	
Purchase of treasury shares	-	(148)	-	-	(148)	
Dividend on ordinary shares	-	-	-	(3,250)	(3,250)	
Balance at 31 March 2011	48,817	(148)	1,156	17,921	67,746	

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, 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 at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the second quarter, 47,000 Warrants were exercised to acquire 47,000 New Shares. As of 31 March 2011, 129,939,000 warrants are outstanding.

During the third quarter, the Company purchased 590,000 of its own shares for \$147,675 and held these shares as treasury shares.

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

	As at 31.3.2011	
	No of shares	S\$
At 30 June 2010	325,014,000	50,103,640
Share issued pursuant to the exercise of Warrants	47,000	12,220
At 31 March 2011	<u>325,061,000</u>	<u>50,115,860</u>

Save for the above, there is no change in the issued share capital of the Company since 30 June 2010.

As at 31 March 2011, the total number of issued ordinary shares was 325,061,000 (30 June 2010: 325,014,000).

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 2011, the total number of issued ordinary shares (excluding treasury shares) was 324,471,000 (30 June 2010: 325,014,000).

1(d)(iv) A statement showing all sales, transfer, 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 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.

Except as disclosed in Note 5 below, 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 2010.

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.

The Group adopted all applicable new and revised FRS and Interpretations to FRS ("INTFRS") that became effective for the financial year beginning on 1 July 2010. The adoption of these FRS and INTFRS has no significant impact on the financial statements.

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	
	3rd quarter 2010-11	3rd quarter 2009-10	9 months 2010-11	9 months 2009-10
Profit attributable to ordinary equity holders of the Company (\$'000)	1,631	3,726	6,909	9,992
Weighted average number of ordinary shares in issue applicable to basic earnings per share ('000)	325,061	325,005	325,045	325,002
Weighted average number of ordinary shares in issue applicable to diluted earnings per share ('000)	325,061	342,691	331,234	334,365
Earning per share -				
Basic (cents)	0.5	1.1	2.1	3.1
Fully diluted (cents)	0.5	1.1	2.1	3.0

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

	Group		Company	
	31.3.2011	30.6.2010	31.3.2011	30.6.2010
Net asset value (\$'000)	86,347	82,883	67,746	61,566
Number of ordinary shares in issue at end of period ('000)	325,061	325,014	325,061	325,014
Net asset value per ordinary share based on the number of shares in issue at end of period (cents)	26.6	25.5	20.8	18.9

- 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 the first nine months and third quarter ended 31 March 2011

Revenue

Revenue for the first nine months 2010-11 decreased by 35.6% or \$37.2 million to \$67.3 million compared to \$104.5 million recorded in the corresponding period 2009-10. The decrease is mainly due to lower revenue from Project services. Most major projects contracted between 2006-07 and 2007-08 have been completed.

Quarter-on-quarter, revenue decreased by 34.6% or \$12.5 million to reach \$23.4 million in the third quarter ended 31 March 2011 compared to \$35.9 million in the corresponding quarter 2009-10, which is largely attributed to lower revenue from Project services.

Cost of sales

For the first nine months 2010-11, cost of sales decreased by 47.8% or \$28.6 million to \$31.3 million as compared to \$59.9 million in the corresponding period in 2009-10. This is in line with the lower revenue.

Quarter-on-quarter, cost of sales decreased by 43.3% or \$9.1 million to \$11.8 million in the third quarter ended 31 March 2011 compared to \$20.9 million in the corresponding quarter in 2009-10.

Other income

Other income comprises mainly interest income, miscellaneous income earned from non-core businesses as well as safety and performance incentives. This also includes items such as gain on disposal of property, plant and equipment. For the first nine months ended 31 March 2011, other income amounted to \$1.2 million, a decrease of \$0.2 million.

Other income for the third quarter ended 31 March 2011 remained at \$0.5 million.

Operating expenses

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

For the nine months ended 31 March 2011, operating expenses decreased by 14.1% or \$4.7 million to \$28.4 million compared to \$33.1 million recorded in first nine months 2009-10. The decrease in operating expenses was mainly due to lower depreciation charges as more equipment have been fully depreciated.

Operating expenses in the third quarter ended 31 March 2011 decreased 13.3% or \$1.4 million. The quarter-on-quarter decrease is largely attributed to the above reason.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for the first nine months 2010-11 decreased by \$3.1 million or 30.9% to \$6.9 million compared to the corresponding period in 2009-10.

For the third quarter ended 31 March 2011, the profit attributable to equity holders decreased by \$2.1 million or 56.2%.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased by 10.8% or \$4.3 million, from \$39.5 million as at 30 June 2010 to \$35.2 million as at 31 March 2011. This decrease is mainly due to depreciation charge against its property, plant and equipment for automated shot-blasting facility, workshop and warehouse, as well as office premises at 47, Tuas View Circuit and equipment.

Current assets

Current assets increased by 3.6% or \$2.7 million, from \$75.2 million as at 30 June 2010 to \$77.9 million as at 31 March 2011. This is mainly due to the increase in cash and cash equivalent resulting from better collection.

Current liabilities

Current liabilities decreased by 16.5% or \$4.8 million, from \$28.8 million as at 30 June 2010 to \$24.0 million as at 31 March 2011, primarily due to the decrease in account payables. Current liabilities comprise payables to suppliers of materials and equipment and subcontractors, as well as tax provision.

Non-current liabilities

Non-current liabilities decreased by 8.9% or \$0.2 million, from \$3.0 million as at 30 June 2010 to \$2.8 million as at 31 March 2011, mainly due to repayment of finance leases.

Utilisation of Warrant Issue Proceeds

On 26 November 2009, the Company had allotted and issued 130,000,000 Warrants and raised net proceeds of \$1.2 million for working capital.

As at 31 March 2011, the Group has applied the proceeds as working capital in accordance with the announcement dated 26 August 2009.

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 global market is gradually improving. As confidence builds up, a rebound of capital investments in the Oil & Gas and Petrochemical sectors is expected. However, the business environment remains very competitive and challenging, as a result there is increasing pressure on overall margins.

In the short term, we will carefully manage our capital expenditure, streamline costs, rationalise operations and enhance productivity to improve the profitability. We will focus on our core business in Project and Maintenance Services and expand our customer base and explore overseas opportunities.

Barring any unforeseen circumstances, the Board expects the Group performance continues to be satisfactory.

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 ?

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

Not applicable

13 Confirmation By The Board Pursuant To Rule 705(5) Of The Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh and Chen Li Chen, 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 the period ended 31 March 2011 to be false or misleading in any material aspect.

By order of the Board

Cheng Li Chen
Chief Executive Officer
12 May 2011