



**HAI LECK HOLDINGS LIMITED**  
(Company Registration No. : 199804461D)  
**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**  
**FOR FIRST QUARTER ENDED 30 SEPTEMBER 2013**

**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**

	<b>Group</b>		<b>Change %</b>
	<b>1st quarter 2013-14 \$'000</b>	<b>1st quarter 2012-13 \$'000</b>	
<b>Revenue</b>	32,381	33,042	(2.0)
Less:			
Cost of sales	(17,909)	(20,413)	(12.3)
Other income	595	439	35.5
Distribution and selling expenses	(246)	(239)	2.9
Administrative expenses	(9,566)	(9,012)	6.1
Other operating expenses	(1,104)	(1,271)	(13.1)
<b>Profit before taxation</b>	<u>4,151</u>	<u>2,546</u>	63.0
Taxation	(842)	(403)	108.9
<b>Profit for the quarter</b>	<u><u>3,309</u></u>	<u><u>2,143</u></u>	54.4
<b>Attributable to:</b>			
Equity holders of the Company	<u><u>3,309</u></u>	<u><u>2,143</u></u>	54.4

<b>Net profit included the following:</b>	<b>Group</b>	
	<b>1st quarter 2013-14 \$'000</b>	<b>1st quarter 2012-13 \$'000</b>
Interest income	28	14
Foreign exchange loss, net	(20)	(47)
Gain/(loss) on disposal of property, plant and equipment	9	(2)
Amortisation of intangible assets	(13)	(57)
Depreciation of property, plant and equipment	(1,095)	(1,158)

**Consolidated statement of comprehensive income**

	<b>Group</b>	
	<b>1st quarter 2013-14 \$'000</b>	<b>1st quarter 2012-13 \$'000</b>
<b>Profit for the quarter</b>	3,309	2,143
<b>Other comprehensive income:</b>		
Foreign currency translation	192	(30)
<b>Total comprehensive income for the quarter</b>	<u><u>3,501</u></u>	<u><u>2,113</u></u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<u><u>3,501</u></u>	<u><u>2,113</u></u>

**Note:**

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

	<b>Group</b>		<b>Company</b>	
	30.9.2013 \$'000	30.6.2013 \$'000	30.9.2013 \$'000	30.6.2013 \$'000
<b>Non-current assets:</b>				
Property, plant and equipment	39,271	39,885	-	-
Investments in subsidiary companies	-	-	30,958	30,958
Loan due from subsidiary companies	-	-	28,311	21,961
Intangible assets	280	293	-	-
Customer retention	6,653	5,873	-	-
Deposits	74	74	-	-
	<u>46,278</u>	<u>46,125</u>	<u>59,269</u>	<u>52,919</u>
<b>Current assets:</b>				
Inventories	797	794	-	-
Trade receivables	32,955	30,199	-	-
Other receivables and deposits	3,844	1,888	-	3
Prepayments	433	799	2	9
Amounts due from subsidiary companies - trade	-	-	3,133	2,263
Other investments	196	200	-	-
Gross amount due from customers for contract work-in-progress	3,676	1,376	-	-
Fixed deposits pledged	366	366	-	-
Cash and cash equivalents	67,804	60,790	31,371	29,905
	<u>110,071</u>	<u>96,412</u>	<u>34,506</u>	<u>32,180</u>
<b>Current liabilities:</b>				
Trade and other payables	26,436	24,576	303	1,015
Advances from customers	477	838	-	-
Amounts due to subsidiary companies - non-trade	-	-	19	16
Gross amount due to customers for contract work-in-progress	2,600	2,600	-	-
Provision for taxation	3,759	2,871	86	221
Provision for warranty	2,326	2,326	-	-
	<u>35,598</u>	<u>33,211</u>	<u>408</u>	<u>1,252</u>
<b>Net current assets</b>	<u>74,473</u>	<u>63,201</u>	<u>34,098</u>	<u>30,928</u>
<b>Non-current liabilities:</b>				
Deferred taxation	1,728	1,728	-	-
Other payables	50	51	-	-
Supplier retention	-	1,758	-	-
	<u>1,778</u>	<u>3,537</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	<u>118,973</u>	<u>105,789</u>	<u>93,367</u>	<u>83,847</u>
<b>Equity attributed to equity holders of the Company</b>				
Share capital	62,267	48,859	62,267	48,859
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,340	5,065	1,340	5,065
Accumulated profits	55,662	52,353	29,920	30,083
Translation reserve	(136)	(328)	-	-
<b>Total equity</b>	<u>118,973</u>	<u>105,789</u>	<u>93,367</u>	<u>83,847</u>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

**Amount repayable in one year or less, or on demand**

	30.9.2013		30.6.2013	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	-	-	-	-

**Amount repayable after one year**

	30.9.2013		30.6.2013	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	-	-	-	-

**Details of any collateral**

Not applicable

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**

	<b>Group</b>	
	1st quarter 2013-14 \$'000	1st quarter 2012-13 \$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	4,151	2,546
Adjustments for:		
Depreciation of property, plant and equipment	1,095	1,188
Amortisation of intangible assets	13	57
Gain on disposal of property, plant and equipment	(9)	2
Unrealised exchange (gain)/loss	210	(28)
Interest income	(28)	(14)
Operating cash flows before working capital changes	5,432	3,721
<i>Decrease/(Increase) in:</i>		
Customer retention, trade and other receivables and prepayments	(5,129)	(1,785)
Inventories	(3)	(419)
<i>Increase/(Decrease) in:</i>		
Trade and other payables and advances from customers	(256)	(1,891)
Gross amount due from/(to) customers for contract work-in-progress, net	(2,300)	331
Cash generated from operations	(2,256)	(43)
Tax paid	46	(21)
Net cash flows generated from operating activities	(2,210)	(64)
<b>Cash flows from investing activities:</b>		
Interest received	28	14
Purchase of property, plant and equipment	(540)	(330)
Proceeds from disposal of property, plant and equipment	53	-
Net cash flows used in investing activities	(459)	(316)
<b>Cash flows from financing activities:</b>		
Net proceeds from issue of new shares	9,683	-
Interest paid	-	(3)
Net cash flows (used in)/generated from financing activities	9,683	(3)
Net increase/(decrease) in cash and cash equivalents	7,014	(383)
Cash and cash equivalents at beginning of period	60,790	48,702
<b>Cash and cash equivalents at end of period</b>	<b>67,804</b>	<b>48,319</b>

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 2013

<b>Group</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Fair value reserve \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2012	48,826	(160)	1,156	38,360	232	(335)	88,079
Profit net of tax	-	-	-	2,143	-	-	2,143
Other comprehensive income for the quarter	-	-	-	-	-	(30)	(30)
Total comprehensive income for the quarter	-	-	-	2,143	-	(30)	2,113
Balance at 30 September 2012	<u>48,826</u>	<u>(160)</u>	<u>1,156</u>	<u>40,503</u>	<u>232</u>	<u>(365)</u>	<u>90,192</u>
At 1 July 2013	48,859	(160)	5,065	52,353	0	(328)	105,789
Profit net of tax	-	-	-	3,309	-	-	3,309
Other comprehensive income for the quarter	-	-	-	-	-	192	192
Total comprehensive income for the quarter	-	-	-	3,309	-	192	3,501
Issuance of ordinary shares	13,408	-	(3,725)	-	-	-	9,683
Balance at 30 September 2013	<u>62,267</u>	<u>(160)</u>	<u>1,340</u>	<u>55,662</u>	<u>-</u>	<u>(136)</u>	<u>118,973</u>
<b>Company</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000		
At 1 July 2012	48,826	(160)	1,156	16,428	66,250		
Total comprehensive income for the quarter	-	-	-	(98)	(98)		
Balance at 30 September 2012	<u>48,826</u>	<u>(160)</u>	<u>1,156</u>	<u>16,330</u>	<u>66,152</u>		
At 1 July 2013	48,859	(160)	5,065	30,083	83,847		
Total comprehensive income for the quarter	-	-	-	(163)	(163)		
Issuance of ordinary shares	13,408	-	(3,725)	-	9,683		
Balance at 30 September 2013	<u>62,267</u>	<u>(160)</u>	<u>1,340</u>	<u>29,920</u>	<u>93,367</u>		

**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 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**

On 21 September, 23 October and 12 November 2012, the Company had announced that it was proposing to undertake a renounceable non-underwritten rights issue of 81,114,750 warrants ("Warrants") at an issue price of S\$0.05 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at an exercise price of S\$0.13 for each New Share during the exercise period on the basis of one (1) warrants for every four (4) existing ordinary shares in the capital of the company held by the entitled shareholders as at the books closure date, fractional entitlements to be disregarded ("Warrants Issue").

The Company had obtained an approval in-principle from SGX-ST on 9 November 2012 in respect of the above application for the dealing in, listing of and quotation for the Warrants and New Shares, subject to fulfillment of certain conditions as set in the Company's announcement released on 12 November 2012. Approval in-principle granted is not be taken as an indication of the merits of the Warrants Issue, the Warrants, the New Share, the Company and its subsidiaries. The offer information statement in relation to the Warrants Issue had been lodged with the Monetary Authority of Singapore on 7 December 2012.

On 7 January 2013, the Company had allotted and issued the Warrants pursuant to the Warrants Issue. The 81,114,750 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.

Since 1 July 2013, 74,490,750 Warrants were exercised to acquire 74,490,750 New Shares. As of 30 September 2013, 6,440,000 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

FY 2013-14		FY 2012-13	
No of shares	\$'000	No of shares	\$'000
325,283,000	48,859	325,099,000	48,826
74,490,750	13,407	0	0
<b>399,773,750</b>	<b>62,266</b>	<b>325,099,000</b>	<b>48,826</b>
640,000	160	640,000	160
-	-	-	-
<b>640,000</b>	<b>160</b>	<b>640,000</b>	<b>160</b>
<b>399,133,750</b>	<b>62,106</b>	<b>324,459,000</b>	<b>48,666</b>

**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 2013, the total number of issued ordinary shares (excluding treasury shares) was 399,133,750 (30 June 2013: 324,643,000).

**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**

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 2013.

**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**

		<b>Group</b>	
		1st quarter 2013-14	1st quarter 2012-13
Profit attributable to ordinary equity holders of the Company (\$'000)		3,309	2,143
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)		395,814	324,447
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)		399,959	324,447
Earnings per share -	Basic (cents)	0.8	0.7
	Fully diluted (cents)	0.8	0.7

**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**

	<b>Group</b>		<b>Company</b>	
	30.9.2013	30.6.2013	30.9.2013	30.6.2013
Net asset value (\$'000)	118,973	105,789	93,367	83,847
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	399,134	324,643	399,134	324,643
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of quarter (cents)	29.8	32.6	23.4	25.8

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 quarter ended 30 September 2013**

##### **Revenue**

Revenue for the quarter ended 30 September 2013 lowered by 2.0% or \$0.6 million to \$32.4 million compared to \$33.0 million recorded in the corresponding period 2012-13.

##### **Cost of sales**

Quarter-on-quarter, cost of sales decreased by \$2.5 million to \$17.9 million in the first quarter ended 30 September 2013 compared to \$20.4 million in the corresponding quarter in 2012-13. The decrease is mainly due to less material usage and subcontract works outsourced for projects.

##### **Other income**

Other income comprises mainly of 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. Other income amounted to \$0.6 million for the first quarter ended 30 September 2013, which was similar to that for corresponding quarter in 2012-2013.

##### **Operating expenses**

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

Operating expenses in the first quarter ended 30 September 2013 increased by 3.7% or \$0.4 million. The increase in the first quarter 2014 were attributed to increase in foreign worker levies and dormitory rentals.

##### **Taxation**

The increase in taxation for the first quarter ended 30 September 2013 as compared to that of the corresponding period of the previous year was mainly due higher profit before taxation.

##### **Profit attributable to equity holders of the Company**

For the first quarter ended 30 September 2013, the profit attributable to equity holders increased by \$1.2 million recording a net profit of \$3.3 million.

The current results are in line with the Group's commentary in paragraph 10 of the previous 4QFY2012-13 results announcement dated 26 August 2013.



## **Review of Financial Position**

### **Non-current assets**

Non-current assets of the Group increased by 0.3% or \$0.1 million, from \$46.1 million as at 30 June 2013 to \$46.2 million as at 30 September 2013.

### **Current assets**

Current assets increased by 14.2% or \$13.7 million from \$96.4 million as at 30 June 2013 to \$110.1 million as at 30 September 2013. This was mainly due to an increase in trade receivables as a result of more billings were booked at the quarter end. The increase is also contributed by an increase in gross amount due to customers for contract work-in-progress, and cash and cash equivalent from proceed from issuance of new shares.

### **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 increased by 7.2% or \$2.4 million, from \$33.2 million as at 30 June 2013 to \$35.6 million as at 30 September 2013, primarily due to an increase in trade and other payables as a result of increase in contract work-in-progress.

### **Non-current liabilities**

Non-current liabilities amounted to \$1.7 million as at 30 September 2013, a decrease of \$1.8 million as compared to that of 30 June 2013. The decrease is due to suppliers' retention monies became payable and reclassified as current liability.

### **Utilisation of Warrant Issue Proceeds**

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

As at 30 September 2013, 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.

## **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 Group's operating environment remains challenging due to the weak global economy, keen competition, higher operating costs in particular manpower costs in a tight labour market.

However with new initiatives introduced by the Government, such as Productivity Innovation Incentives the Group maintains its efforts to improve its productivity through various measures, by investing in plant and equipment, as well as providing training programmes to employees. Through the development of its engineering, procurement and construction (EPC) capabilities, the Group will continue to pursue business opportunities.

**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**

Not applicable

**13 If the Group has obtained a general mandate from shareholders for interested persons transactions (“IPTs”),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**

Not applicable

**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 the first nine months and first quarter ended 30 September 2013 to be false or misleading in any material aspect.

By order of the Board

Cheng Yao Tong  
Chief Executive Officer  
11 November 2013