



**HAI LECK HOLDINGS LIMITED**  
(Company Registration No. : 199804461D)  
**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**  
**FOR FIRST QUARTER ENDED 30 SEPTEMBER 2018**

**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

	1Q19 \$'000	Group 1Q18 \$'000 (Restated)	Change %
<b>Revenue</b>	26,736	24,457	9.3
Less:			
Cost of sales	(17,318)	(11,740)	47.5
Other income	597	313	90.7
Distribution and selling expenses	(81)	(453)	(82.1)
Administrative expenses	(7,355)	(8,043)	(8.6)
Other operating expenses	(1,885)	(1,789)	5.4
Interest expense	(3)	(3)	-
Share of results of joint venture	183	38	381.6
<b>Profit before taxation</b>	874	2,780	(68.6)
Taxation	(171)	(563)	(69.6)
<b>Profit for the quarter</b>	703	2,217	(68.3)
<b>Attributable to:</b>			
Equity holders of the Company	703	2,217	(68.3)

	1Q19 \$'000	Group 1Q18 \$'000	
<b>Net profit included the following:</b>			
Interest income	112	103	
Interest expense	(3)	(3)	
Foreign exchange (loss)/gain, net	(59)	15	
Gain on disposal of property, plant and equipment	147	103	
Gain on disposal of intangible assets	87	-	
Amortisation of intangible assets	(49)	(76)	
Depreciation of property, plant and equipment	(1,580)	(1,622)	
Allowance for doubtful trade debts	-	(248)	

	1Q19 \$'000	Group 1Q18 \$'000	
<b>Consolidated statement of comprehensive income</b>			
<b>Profit for the quarter</b>	703	2,217	
<b>Other comprehensive income:</b>			
Foreign currency translation	87	(78)	
<b>Total comprehensive income for the quarter</b>	790	2,139	
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	790	2,139	

**Note:**

1Q18: The 1st quarter ended 30 September 2017

1Q19: The 1st quarter ended 30 September 2018

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	
	30.9.2018 \$'000	30.6.2018 \$'000	30.9.2018 \$'000	30.6.2018 \$'000
<b>Non-current assets:</b>				
Property, plant and equipment	46,415	47,063	363	433
Investments in subsidiary companies	-	-	34,760	34,760
Loans due from subsidiary companies	-	-	18,014	19,591
Investment in joint venture	6,700	6,453	-	-
Intangible assets	286	341	-	-
Other receivables and deposits	20	25	-	-
Customer retention	1,139	1,139	-	-
Deferred tax assets	7	23	-	-
	<u>54,567</u>	<u>55,044</u>	<u>53,137</u>	<u>54,784</u>
<b>Current assets:</b>				
Inventories	1,814	2,790	-	-
Trade receivables	15,829	21,189	-	-
Other receivables and deposits	752	990	201	186
Prepayments	773	284	47	87
Customer retention	2,944	2,474	-	-
Amounts due from subsidiary companies - non-trade	-	-	1,019	776
Gross amounts due from customers for contract work-in-progress	8,039	2,215	-	-
Bank deposits pledged	4,145	1,827	-	-
Cash and cash equivalents	60,439	61,135	27,876	25,449
	<u>94,735</u>	<u>92,904</u>	<u>29,143</u>	<u>26,498</u>
<b>Current liabilities:</b>				
Trade and other payables	21,177	21,243	216	334
Advances from customers	153	153	-	-
Supplier retention	257	537	-	-
Amounts due to subsidiary companies - trade	-	-	75	59
Gross amounts due to customers for contract work-in-progress	1,155	325	-	-
Provision for warranty	3,359	3,384	-	-
Finance lease obligation - current portion	79	78	-	-
Provision for taxation	128	82	54	36
	<u>26,308</u>	<u>25,802</u>	<u>345</u>	<u>429</u>
<b>Net current assets</b>	<u>68,427</u>	<u>67,102</u>	<u>28,798</u>	<u>26,069</u>
<b>Non-current liabilities:</b>				
Deferred taxation	1,648	1,577	5	5
Supplier retention	239	232	-	-
Finance lease obligation, non-current portion	-	20	-	-
	<u>1,887</u>	<u>1,829</u>	<u>5</u>	<u>5</u>
<b>Net assets</b>	<u>121,107</u>	<u>120,317</u>	<u>81,930</u>	<u>80,848</u>
<b>Equity attributed to equity holders of the Company</b>				
Share capital	65,403	65,403	65,403	65,403
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,046	1,046	1,046	1,046
Accumulated profits	54,454	53,751	15,641	14,559
Translation reserve	364	277	-	-
<b>Total equity</b>	<u>121,107</u>	<u>120,317</u>	<u>81,930</u>	<u>80,848</u>

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

Amount repayable in one year or less, or on demand

	As at 30.9.2018		As at 30.6.2018	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	79	-	78	-

Amount repayable after one year

	As at 30.9.2018		As at 30.6.2018	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	20	-

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**

	<b>Group</b>	
	1Q19 \$'000	1Q18 \$'000
<b>Cash flows from operating activities:</b>		
Profit before taxation	874	2,780
Adjustments for:		
Depreciation of property, plant and equipment	1,580	1,622
Amortisation of intangible assets	49	76
Property, plant and equipment expensed off	-	2
Intangible assets written off	10	-
Gain on disposal of property, plant and equipment	(147)	(103)
Gain on disposal of intangible assets	(87)	-
Share of results of joint venture	(183)	(38)
Allowance for doubtful trade debts	-	248
Interest income	(112)	(103)
Interest expense	3	3
Unrealised exchange (gain)/loss	(15)	2
Operating cash flows before working capital changes	<u>1,972</u>	<u>4,489</u>
<i>Decrease/(Increase) in:</i>		
Customer retention, trade and other receivables and prepayments	4,732	687
Inventories	976	(61)
Gross amount due from/(to) customers for contract work-in-progress, net	(4,694)	261
<i>Increase/(Decrease) in:</i>		
Trade and other payables and advances from customers	(1,264)	(1,740)
Cash generated from operations	<u>1,722</u>	<u>3,636</u>
Tax refund	-	417
Net cash flows generated from operating activities	<u>1,722</u>	<u>4,053</u>
<b>Cash flows from investing activities:</b>		
Interest received	24	75
Purchase of property, plant and equipment	(387)	(574)
Purchase of intangible assets	(4)	-
Proceeds from disposal of property, plant and equipment	202	134
Proceeds from disposal of intangible assets	87	-
Net cash flows used in investing activities	<u>(78)</u>	<u>(365)</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from issue of new shares	-	13
Repayment of finance lease obligations	(19)	(20)
Interest paid	(3)	(3)
Increase in fixed deposit pledged	(2,318)	(2)
Net cash flows used in financing activities	<u>(2,340)</u>	<u>(12)</u>
Net (decrease)/increase in cash and cash equivalents	(696)	3,676
Cash and cash equivalents at beginning of period	<u>61,135</u>	<u>52,222</u>
<b>Cash and cash equivalents at end of period</b>	<u>60,439</u>	<u>55,898</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 2018

<b>Group</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2017	65,112	(160)	1,126	52,393	207	118,678
Profit for the quarter	-	-	-	2,217	-	2,217
Other comprehensive income for the quarter	-	-	-	-	(78)	(78)
Total comprehensive income for the quarter	-	-	-	2,217	(78)	2,139
<u>Contributions by and distributions to owners</u>						
Issuance of ordinary shares	17	-	(4)	-	-	13
Balance at 30 September 2017	<u>65,129</u>	<u>(160)</u>	<u>1,122</u>	<u>54,610</u>	<u>129</u>	<u>120,830</u>
At 1 July 2018	65,403	(160)	1,046	53,751	277	120,317
Profit for the quarter	-	-	-	703	-	703
Other comprehensive income for the quarter	-	-	-	-	87	87
Total comprehensive income for the quarter	-	-	-	703	87	790
Balance at 30 September 2018	<u>65,403</u>	<u>(160)</u>	<u>1,046</u>	<u>54,454</u>	<u>364</u>	<u>121,107</u>
<b>Company</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2017	65,112	(160)	1,126	7,228	73,306	
Total comprehensive income for the quarter	-	-	-	(294)	(294)	
<u>Contributions by and distributions to owners</u>						
Issuance of ordinary shares	17	-	(4)	-	13	
Balance at 30 September 2017	<u>65,129</u>	<u>(160)</u>	<u>1,122</u>	<u>6,934</u>	<u>73,025</u>	
At 1 July 2018	65,403	(160)	1,046	14,559	80,848	
Total comprehensive income for the quarter	-	-	-	1,082	1,082	
Balance at 30 September 2018	<u>65,403</u>	<u>(160)</u>	<u>1,046</u>	<u>15,641</u>	<u>81,930</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.

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 2018, no Consolidated 2013 Warrants were exercised to acquire new shares.

As of 30 September 2018, 97,396,852 (30 September 2017: 97,396,852) Consolidated 2013 Warrants are outstanding.

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

	1Q19		1Q18	
	No of shares	\$'000	No of shares	\$'000
<b>Issued and paid up capital</b>				
As at beginning of financial year	205,993,947	65,403	205,189,122	65,112
Share issued pursuant to the exercise of Warrants	-	-	43,250	17
At 30 September	205,993,947	65,403	205,232,372	65,129
<b>Treasury shares</b>				
As at beginning of financial year and at 30 September	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	205,673,947	65,243	204,912,372	64,969

**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 2018, the total number of issued ordinary shares (excluding treasury shares) was 205,673,847 (30 June 2018: 205,673,847).

**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 Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group adopted the new financial reporting framework on 1 July 2018. The adoption of the new financial reporting framework has no material impact on the financial statements in the year of initial application.

The Group has adopted the same methods of computation in the financial statements for the current financial period as those applied for the most recently audited financial statements for the year ended 30 June 2018.

**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**

Comparative figures in the income statement have been reclassified to conform with current period's presentation.

**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	
	1Q19	1Q18
Profit attributable to ordinary equity holders of the Company (\$'000)	703	2,217
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)	205,674	204,892
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)	205,674	205,422
Earnings per share -		
Basic (cents)	0.3	1.1
Fully diluted (cents)	0.3	1.1

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>	
	30.9.2018	30.6.2018	30.9.2018	30.6.2018
Net asset value (\$'000)	121,107	120,317	81,930	80,848
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	205,674	205,674	205,674	205,674
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of quarter (cents)	58.9	58.5	39.8	39.3

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 2018**

**Revenue**

Recovery in down-stream oil and gas remains uncertain. In general, oil majors continue to be conservative in their expenditure.

Revenue for 1Q19 increased by 9.3% or \$2.3 million from \$24.5 million in 1Q18 to \$26.7 million in 1Q19. This is due to higher project revenue in 1Q19 compared to 1Q18.

**Cost of sales**

Cost of sales increased by \$5.6 million to \$17.3 million in 1Q19 as compared to \$11.7 million in 1Q18. The increase was mainly due to higher subcontractor cost in 1Q19.

**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 government grant, jobs credit grant and special employment credit.

Other income increased by \$0.3 million from \$0.3 million in 1Q18 to \$0.6 million in 1Q19 due to higher net foreign exchange gain and gain from disposal of intangible assets.

**Operating expenses**

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

For 1Q19, operating expenses decreased by 9.4% or \$1.0 million to \$9.3 million as compared to \$10.3 million in 1Q18. The decrease was mainly due to absence of allowance for doubtful trade debts of \$0.2 million in 1Q19 and reduction in travelling and transportation expenses by \$0.4 million.

**Taxation**

The effective tax rate in 1Q19 is 19.6% which is higher than the statutory tax rate of 17% mainly due to certain non-tax deductible expenses incurred in 1Q19.

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

The profit attributable to equity holders for 1Q19 decreased by \$1.5 million from \$2.2 million in 1Q18 to \$0.7 million in 1Q19.

**Review of Financial Position**

**Non-current assets**

Non-current assets of the Group decreased from \$55.0 million as at 30 June 2018 to \$54.6 million as at 30 September 2018 due to depreciation of property, plant and equipment.

**Current assets**

Current assets increased by \$1.8 million from \$92.9 million as at 30 June 2018 to \$94.7 million as at 30 September 2018. The increase is due to increase in gross amounts due from customers for contract work-in-progress and bank deposits pledged, partially offset by decrease in trade receivables.

#### **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 \$0.5 million from \$25.8 million as at 30 June 2018 to \$26.3 million as at 30 September 2018, mainly due to increase in gross amounts due to customers for contract work-in-progress, partially offset by decrease in supplier retention.

#### **Non-current liabilities**

Non-current liabilities remained at about \$1.8 million as at 30 September 2018.

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

##### 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 2018, 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 used to acquire property, plant and equipment for business expansion.

**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 weak and recovery is uncertain. The Group will continue to judiciously control operating cost and capital investments, whilst it works towards securing new contracts.

**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 2018 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  
12 November 2018