Hai Leck Holdings Limited
9 Tuas Avenue 1
Singapore 639494

cre8
Tel: (65) 63278398

BUILDING PLATFORMS FOR GROWTH

ANNUAL REPORT 2008

HAI LECK HOLDINGS LIMITED

CONTENTS

ABOUT US

Established in the early 1970s, Hai Leck Holdings Limited is an integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil & gas and petrochemical industries. With an established track record of approximately 30 years, the Group has a strong customer base comprising various oil and gas and petrochemical companies with activities primarily conducted on Jurong Island. It is also the resident authorized contractor for maintenance works for oil majors.

The Group's principal activities comprise:

PROJECT SERVICES

- scaffolding and corrosion prevention services, complemented by general civil engineering services; and
- insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

MAINTENANCE SERVICES

- provided on a routine and turnaround basis.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present you the first annual report of Hai Leck Holdings Limited, ("Group" or "Hai Leck") for the year ended 30 June 2008 ("FY2008"). FY2008 marked a major milestone in the history of the Group, as we realised our aspirations to be a public listed company so as to drive our business to a higher scale and take advantage of the goodwill built up over the years.

On 28 August 2008, Hai Leck Holdings Limited was officially listed on the Main Board of Singapore Exchange after a successful launch of an Initial Public Offering ("IPO") of 85.0 million shares at $0.26 cents each. We would like to take this opportunity to thank all our shareholders for your confidence in us. With your support, the Board is motivated to create shareholders' value and will work towards our goal of being the preferred integrated service provider to the oil and gas and petrochemical industries.

Our Performance

For the purpose of clarity, I will report on the operations of the Company for FY 2008 on two main categories, namely Continuing Operations and Discontinued Operations.

Continuing Operations refer to Hai Leck and its subsidiaries, Hai Leck Engineering Pte Ltd, Industrial Services Pte Ltd, Hai Leck Corporation Sdn Bhd, and Hai Leck Vietnam Engineering Co Ltd as well as its joint venture company, Logthai-Hai Leck Engineering Co., Ltd. These operations form the core business of the listed Group.

Discontinued Operations refer to the entities that are disposed and distributed during the financial years and are no longer part of the Group. As such, these operations, including the gain on disposal of shares and share of results of an associated company, Hiap Seng Engineering Limited ("Hiap Seng adjustments"), will have no further bearing on the Group's results.

Continuing Operations

For the financial year ended 30 June 2008, the Group achieved a modest a 6.9% increase in the Group's turnover for Continuing Operations, posting revenue of $67.0 million, compared with $62.7 million in FY2007. The higher revenue was attributed largely to the overall increase in revenue from the Project services segment due to progressive income from Project services as well as the completion of the Universal project on Jurong Island.

Gross profit also increased by 14.3%, to $25.4 million in FY2008, from $22.2 million in FY2007. Gross profit margin has shown an improvement from 35.4% in FY2007 to 37.9% in FY2008.

Gross profit also increased by 14.3%, to $25.4 million in FY2008, from $22.2 million in FY2007. Gross profit margin has shown an improvement from 35.4% in FY2007 to 37.9% in FY2008.

Please refer to note 6 on page 60 and 61 showing the profit for the year from Continuing Operations, adjusted for non-inclusion of Hiap Seng adjustments, and earnings per share, on the same basis as the Summary Financial Data in the prospectus dated 14 August 2008.

Profit before taxation from Continuing Operations, less Hiap Seng adjustments, increased 30.3% to $12.7 million in FY2008 from $9.8 million in FY2007.

Net profit attributable to equity holders after Hiap Seng adjustments also surpassed FY2007 significantly by 35.1% to $10.4 million in FY2008, from $7.7 million previously.

Earnings per share for Continuing Operations (after Hiap Seng adjustments) on a fully diluted basis stood at 3.2 cents in FY2008 compared with 2.4 cents in FY2007.

Net asset value per ordinary share stood at 13.3 cents in FY2008.

Looking Ahead

With the global energy consumption on the rise, the oil and gas and petrochemical sector is expected to experience continued growth in market demand. Particularly, the Asian petrochemical industry, driven by the buoyant economies in China and India, has led the region to enjoy strong growth in recent years. The demand for petrochemical products in Asia-Pacific region, in addition to persistently high crude oil prices have generated demand for offshore marine and oil and gas support services. This in turn is likely to create many growth opportunities for Asian industry players.

The development of Jurong Island into a world-class chemical hub serving the oil and gas, petrochemical and, specialty chemicals, manufacturing and service companies is one of the essential growth drivers of the Group's business. The Group is fairly optimistic about the outlook of the oil and gas industry in Singapore due to on-going infrastructure investments in the industry. However, we note that the increasing global economic uncertainties may affect investments in new projects in Singapore. We have also noted that there is increasing competition as a result of the attractive business opportunities in the local oil and gas and petrochemical industry. Nevertheless, the Group is positive that as one of the niche players offering one-stop services for scaffolding, corrosion prevention and insulation services to the oil and gas and petrochemical industries, it is well-placed to benefit from the investments in oil and gas facilities in Singapore.

As the global economy continues to experience inflationary pressures, rising costs for commodities and labour are not expected to subside in the near future. As a result, our variable overheads and other elements may be affected. However, the Group has where possible, endeavoured to factor in these cost increases into our pricing of our products and services.

Proposed Dividend

In view of the healthy financial performance for FY2008, the Board of Directors is proposing a final dividend of 0.8 cents per ordinary share. The proposed dividend is subject to shareholders' approval at the Annual General Meeting to be held on 7 November 2008.

Previously, an interim dividend of 14.4 cents per ordinary share was also declared and distributed to pre-invitation equity holders.

Acknowledgements

I would like to thank my Board of Directors as well as the management team for their unwavering support and commitment in steering the Group. I am also grateful to all our staff whose dedication, hard work and contribution to the Group's growth have helped shape our success today.

My deepest appreciation to all parties of the IPO team who have supported us through a very important period of transition for us all at Hai Leck.

More importantly, I would like to express my appreciation to all our valued clients, sub-contractors, suppliers, business associates in Singapore and the region for their continuous support and co-operation.

Last but not least, I wish to thank our shareholders once again for your confidence in us. We look forward to your continued support as we take Hai Leck to a new and exciting phase.

Cheng Buck Poh
Executive Chairman

OPERATIONS REVIEW

OVERVIEW

The local oil and gas market continued to perform strongly in FY2008, due mainly to the presence of major oil and gas projects in Singapore. The boom has benefited local oil and gas supporting companies across the value chain. Specifically for the Group, the demand for its services will be driven by the construction of new plants and facilities, which also in the long run, require maintenance. In FY2008, Singapore continues to be the key contributor to the Group's top line, representing 97.2% of the revenue, compared with 96.7% in FY2007.

Overall, the financial performance for FY2008 was in line with the Group's expectations. Gross profit also increased by 14.3%, to $25.4 million in FY2008, from $22.2 million in FY2007.

In FY2008, the Group was pleased to secured packages in new projects such as the Schenectady International Asia AP project (SI Asia) and Horizon III project. In addition, we have also secured a contract to provide corrosion prevention services for an oil-rig which is part of the offshore marine industry. In the operational aspects, contractual works comprising both Project and Maintenance services that were previously secured continued smoothly into FY2008.

BUSINESS SEGMENTS

The principal business of the Group can be categorised under Project services and Maintenance services.

PROJECT SERVICES

Project services comprises of:

- scaffolding, corrosion prevention services, complemented by general civil engineering works; and
- insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

In FY2008, revenue from Project services segment surged by $7.3 million, from $32.5 million in FY2007 to $39.8 million. In FY2008, Project services accounted for 59.4% of the Group revenue, compared with 51.8% in FY2007.

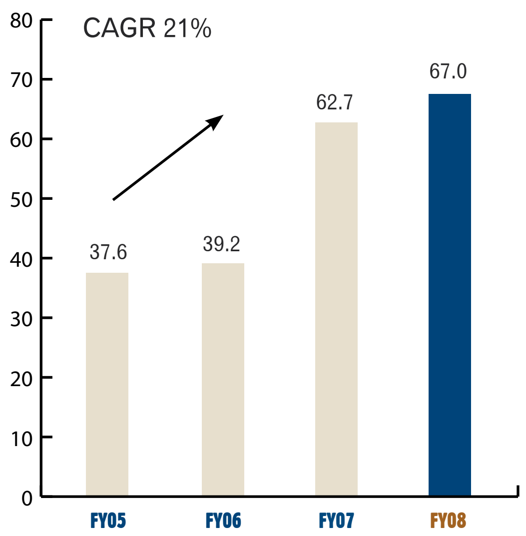
MAINTENANCE SERVICES

Maintenance services refer to the provision of any of our scaffolding, corrosion prevention and insulation services for routine and turnaround maintenance for oil and gas facilities where we are the resident authorised contractor.

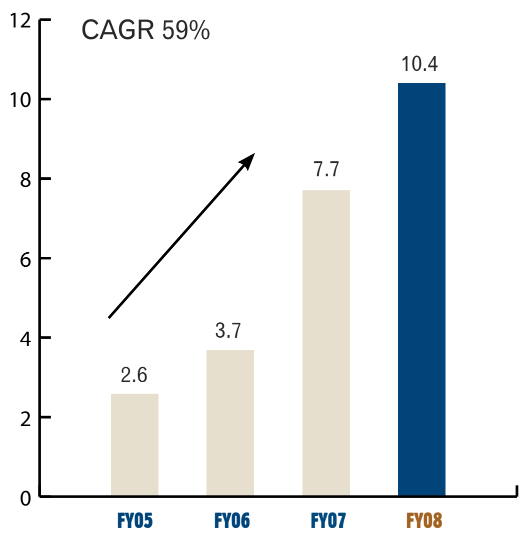
In FY2008, revenue from Maintenance services segment reduced slightly by $2.5 million, to $27.3 million from $29.8 million in FY2007.

FINANCIAL HIGHLIGHTS

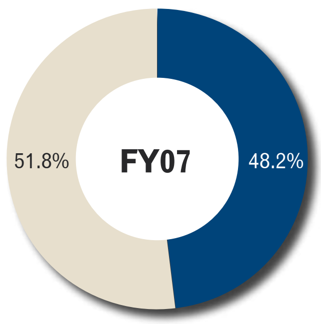
Revenue (S$'mil)

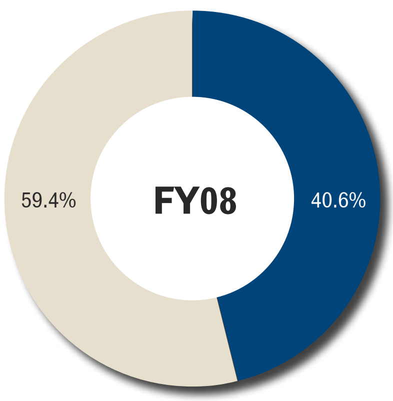


Net Profit (S$'mil)



Revenue Contributed by Segment





Maintenance Services   Project Services

FY: Financial year ended 30 June

Invest in automated shot-blasting facility and increase workshop and warehousing capacities to maintain competitive edge and to improve services to customers.

ENHANCING the core

BOARD OF DIRECTORS

MR. CHENG BUCK POH @ CHNG BOK POH is our founder and Executive Chairman. Appointed to the Board on 12 September 1998, Mr. Cheng is responsible for the overall management, operations, charting and reviewing of corporate directions, and strategies of the Group. He has more than 30 years of experience in the industry and has led the management in pursuing the Group's mission and objectives.

MR. LEE SEE KEE is our Chief Executive Officer and was appointed to the Board on 12 September 1998. He oversees management and development of the Group's business, and is also responsible for the sales and marketing divisions. He has more than 30 years of experience in the industry and has been instrumental to the Group's progress.

MS CHENG LI CHEN is our Executive Director (Strategic Planning) and assists our Executive Chairman and Chief Executive Officer in the planning, development, implementation and evaluation of our Company's business development and expansion plans. She was appointed to the Board on 17 October 2007. Ms Cheng holds a Master of Business Administration from the University of Hull and a Bachelor of Business from Monash University.

MR. KHAIZAR ABBAS NOMANBHOY is our Executive Director (Corporate Planning), and is responsible for our Group's human resource planning and training, which includes manpower planning and staff recruitment. He was appointed to the Board on 17 October 2007. Prior to joining Hai Leck Group in July 2007, Mr. Nomanbhoy held key positions in Hiap Seng Engineering Limited, Esso Singapore Pte Ltd and Rotary Brown & Root Pte Ltd. Mr Nomanbhoy holds a Bachelor of Science in Mechanical Engineering from the University of Edinburgh.

MR. TAN SIM CHENG was appointed to the Board on 5 June 2008 as an Independent Director. Currently a consultant with Trims Management Consultant Pte Ltd and a director of SKF Asia Pacific Pte Ltd, Mr. Tan brings more than 40 years of experience in finance, administration and human resource into the Group. Mr. Tan obtained a Bachelor in Accountancy from the University of Singapore in 1969 and is a Fellow of the Institute of Certified Public Accoutants, Singapore.

DR LOW SEOW CHAY was appointed to the Board on 5 June 2008 as an Independent Director. He is currently an associate professor of the School of Mechanical and Aerospace Engineering at Nanyang Technological University ("NTU") and has been lecturing at NTU for more than 25 years. In addition, Dr Low has served as an elected Member of Parliament for 18 years, from 1988 to 2006, representing the ward of Chua Chu Kang. Dr Low currently sits on the board of several listed companies. He obtained a Bachelor of Engineering from the University of Singapore in 1973 as well as a Master of Science and a PhD in Philosophy from the University of Manchester Institute of Science and Technology in 1977 and 1981 respectively.

MR. CHEE TECK KWONG PATRICK was appointed to the Board on 5 June 2008 as an Independent Director. He is currently a senior consultant with M/s KhattarWong and has been an advocate and solicitor since 1980. His vast experience spans general corporate and commercial, banking and finance, employment, real estate, civil and criminal matters. Mr Chee currently sits on the Board of several listed companies. Mr. Chee is a Notary Public and a Commissioner for Oaths. He is also a member of the Singapore Institute of Arbitrators and the Singapore Institute of Directors. He obtained a Bachelor of Laws (Honours) from the University of Singapore in 1979.

SENIOR MANAGEMENT

MR. QUEK CHIAU BENG is our Group General Manager. He assists the Chief Executive Officer and is responsible for overseeing the daily operations of the Group with regard to its scaffolding, corrosion prevention and insulation as well as its maintenance businesses both locally and overseas. He is also involved in business development, sales and marketing. Mr. Quek Chiau Beng has accumulated more than 18 years of experience in this industry.

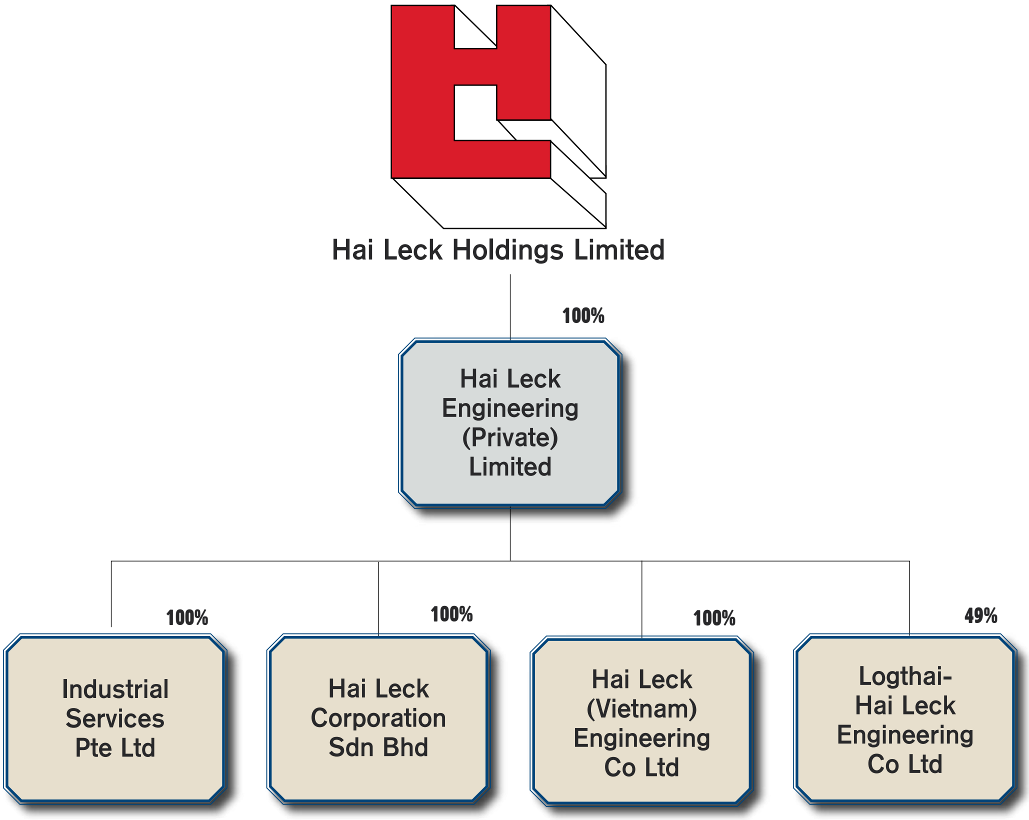
MR. YOW HON MENG is our Chief Financial Officer and is responsible for the full spectrum of financial, taxation and treasury functions in our Group. He oversees the day-to-day finance/accounts functions of the Group and consolidates the Group's accounts and reporting as well as providing financial analysis and appraisal of the Group's investments and disposals of assets. Mr. Yow is a member of the Institute of Certified Public Accountants of Singapore.

MR. TAY CHOON WAH is our Safety Manager and he is responsible for the development and maintenance of our Group's SHE program for scaffolding, corrosion prevention and insulation, as well as maintenance works. He also ensures our Group's compliance with MOM's workplace safety requirements and our clients' SHE requirements. Mr. Tay holds a Master of Business Administration from the University of Surrey and a Bachelor of Science in Business and Management Studies from the University of Bradford. He also holds a Diploma in Management Studies from the Singapore Institute of Management, a Diploma in Sales & Marketing from the Marketing Institute of Singapore and a Diploma in Marketing from the Institute of Marketing (UK).

MR. CHENG YAO TONG is our Planning Manager for our scaffolding, corrosion prevention and insulation as well as maintenance works. He is responsible for the procurement functions of our Group as well as the execution of plans to maximize utilization of resources and productivity. He is also responsible for the deployment of resources to various worksites. Mr. Cheng holds a Diploma in Mechanical Engineering from the Ngee Ann Polytechnic and is a Level 1 Coating Inspector certified by NACE.

MR. MOHAMAD JUFRI ERETHINAVELAN is our Contracts Manager for scaffolding, corrosion prevention and insulation as well as maintenance works. He is responsible for the preparation of our Group's project budgets and tender for contracts. Mr. Erethinavelan holds a Diploma in Civil Engineering from the Institute Of EngineeringTechnology Inc., Malaysia and an Ordinary Technician Diploma in Building and Civil Engineering from the City and Guilds of London.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Cheng Buck Poh @ Chng Bok Poh
(Executive Chairman)

Lee See Kee
(Chief Executive Officer)

Cheng Li Chen
(Executive Director, Strategic Planning)

Khaizar Abbas Nomanbhoy
(Executive Director, Corporate Planning)

Tan Sim Cheng
(Independent Director)

Dr. Low Seow Chay
(Independent Director)

Chee Teck Kwong Patrick
(Independent Director)

KEY EXECUTIVES
Quek Chiau Beng
(Group General Manager)

Yow Hon Meng
(Chief Financial Officer)

Tay Choon Wah
(Safety Manager)

Cheng Yao Tong
(Planning Manager)

Mohamad Jufri Erethinavelan
(Contracts Manager)

AUDIT COMMITTEE
Tan Sim Cheng
(Chairman)

Dr Low Seow Chay

Chee Teck Kwong Patrick

REMUNERATION COMMITTEE
Dr Low Seow Chay
(Chairman)

Tan Sim Cheng

Chee Teck Kwong Patrick

NOMINATING COMMITTEE
Chee Teck Kwong Patrick
(Chairman)

Dr Low Seow Chay

Tan Sim Cheng

COMPANY SECRETARY
Sin Chee Mei, ACIS

REGISTERED OFFICE
9 Tuas Avenue 1
Singapore 639494
Tel#: (65) 6862 2211,
Fax#: (65) 6861 0700
Website : www.haileck.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01, Samsung Hub
Singapore 049483

PRINCIPAL BANKERS
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Standard Chartered Bank
6 Battery Road
Singapore 049909

The Hongkong and Shanghai Banking Corporation Limited
21 Collyer Quay
#08-01, HSBC Building
Singapore 049320

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Max Loh Khum Whai
Appointed since financial year ended 30 June 2003

CORPORATE GOVERNANCE

Preamble

The Board of Directors of the Company (the “Board”) is committed to maintain good corporate governance to enhance and safeguard the interest of its shareholders. This report below describes the corporate governance framework & practices of the Company with reference to the Code of Corporate Governance 2005 (“the Code”). Explanations are provided where there are deviations from the Code.

1. BOARD MATTERS

1.1 The Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Apart from its statutory responsibilities, the principal functions of the Board encompass the following:

- Providing stewardship to the Company including charting its corporate strategies;
- Monitoring Management performance in achieving an adequate return for shareholders;
- Overseeing the evaluation of the adequacy of internal controls, risks management, financial reporting and compliance, and satisfy itself as to the sufficiency of such processes;
- Guidance and advice to management; and
- Being responsible for good corporate governance.

The Board’s approval is also required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, the release of the Group’s half year and full year results and interested person transactions of a material nature. The Board ensures that incoming new directors are familiarized with the Group’s businesses and corporate governance practices upon their appointment to facilitate the effective discharge of their duties.

The Company’s Articles of Association permit Directors of the Company to attend meetings through the use of audio-visual communication equipment.

In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings.

CORPORATE GOVERNANCE

The Company was formally admitted to the Official List of the SGX-ST on 28 August 2008 and up to the date of this report the Board has held one meeting during this period. The number of Board Meeting held and attendance at the meeting were as follows:

Directors	No. of meeting held	Attendance
Mr Cheng Buck Poh @ Chng Bok Poh	1	1
Mr Lee See Kee	1	1
Ms Cheng Li Chen (1)	1	1
Mr Khaizar Abbas Nomanbhoy (1)	1	1
Mr Tan Sim Cheng (2)	1	1
Dr Low Seow Chay (2)	1	1
Mr Chee Teck Kwong Patrick (2)	1	1

Notes:

1. Ms Cheng Li Chen and Mr Khaizar Abbas Nomanbhoy were appointed as directors on 17 October 2007.
2. Mr Tan Sim Cheng, Dr Low Seow Chay and Mr Chee Teck Kwong Patrick were appointed as directors on 5 June 2008.

To assist the Board in the discharge of its responsibilities, the Board has established three Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

Newly appointed directors will be given briefings by management on the business activities and its strategic directions. They will also be provided a formal letter setting out their duties and obligations. Management will monitor new laws, regulations and commercial developments and will keep the board informed accordingly.

1.2 Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently the Board consists of seven Directors, four of whom are executive, three of whom are considered to be independent by the Nominating Committee The independence of each director is reviewed by the Nominating Committee in accordance with the definition of independence in the Code annually.

The Board is able to exercise objective judgement independently from management and no individual or small group of individuals dominate the decisions of the Board.

The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The independent directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the executive directors.

The profiles of the Directors are set out on pages 8 and 9 of this Annual Report. The Board considers its current Board size appropriate for the nature and scope of the Group's operations.

CORPORATE GOVERNANCE

1.3 Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The functions of the Chairman and that of the CEO in the Group are assumed by different individuals. The Chairman is Mr Cheng Buck Poh @ Chng Bok Poh who is the Executive Chairman while the CEO, Mr Lee See Kee is an executive director.

The Chairman is responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. The Chairman also schedules the meetings and the Company Secretary assists to prepare the meeting agenda. The CEO oversees management and development of our Group's business, locally and overseas, and is also responsible for sales and marketing for our business.

The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board of Directors is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Further, all the committees are chaired by Independent Directors.

1.4 Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee

The Company has established a Nominating Committee to, among other things, make recommendations to the board on all board appointments and oversee the Company's succession and leadership development plans. The Nominating Committee comprises entirely independent directors; namely, Mr Chee Teck Kwong Patrick (Chairman of the Nominating Committee), Mr Tan Sim Cheng and Dr Low Seow Chay.

The Nominating Committee will be responsible for (i) re-nomination of the Directors having regard to the Director's contribution and performance, (ii) determining annually whether or not a Director is independent (iii) assessing whether or not a Director is able to and has been adequately carrying out his duties as a director, (iv) assessing the effectiveness of the Board as a whole, and (v) ensuring that the Company has a succession plan for key Executive Directors and officers.

The Nominating Committee will decide how the board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value.

The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

CORPORATE GOVERNANCE

The Company was formally admitted to the Official List of the SGX-ST on 28 August 2008 and the first Nominating meeting was held on 10 September 2008. Up to the date of this report, the number of Nominating Committee Meeting held and attendance at the meeting were as follows:

Directors	No. of meeting held	Attendance
Mr Chee Teck Kwong Patrick	1	1
Mr Tan Sim Cheng	1	1
Dr Low Seow Chay	1	1

The initial appointment date and the date of last re-election of the directors are set out below:-

Name of Director	Date of initial appointment	Date of last re-election
Mr Cheng Buck Poh @ Chng Bok Poh (Executive Chairman)	12 September 1998	10 December 2007
Mr Lee See Kee (Chief Executive Officer)	12 September 1998	21 November 2006
Ms Cheng Li Chen (Executive Director, Strategic Planning)	17 October 2007	10 December 2007
Mr Khaizar Abbas Nomanbhoy (Executive Director, Corporate Planning)	17 October 2007	10 December 2007
Mr Tan Sim Cheng (Independent Director)	5 June 2008	–
Dr Low Seow Chay (Independent Director)	5 June 2008	–
Mr Chee Teck Kwong Patrick (Independent Director)	5 June 2008	–

According to Article 92 of the Company's Articles of Association, Mr Tan Sim Cheng, Dr Low Seow Chay and Mr Chee Teck Kwong Patrick will retire at the Company's forthcoming Annual General Meeting ("AGM") and be eligible for re-election.

According to Article 93 of the Company's Articles of Association, Mr Lee See Kee will retire at the Company's forthcoming AGM and be eligible for re-election.

According to Section 153(6) of the Companies Act, Cap. 50, Mr Khaizar Abbas Nomanbhoy who is over the age of 70 years will retire at the Company's forthcoming AGM and be eligible for re-appointment as director.

1.5 Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Review of the Board's performance is conducted by the Nominating Committee annually. The Nominating Committee is guided by its terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole and the contribution from each individual director to the effectiveness of the Board. The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Company's business and that each director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE

With regard to collective Board appraisal, each director assesses the Board's performance as a whole and provides the feedback to Nominating Committee. In reviewing the Board's effective as a whole, the Nominating Committee takes into account feedback from Board members as well as the director's individual skills and experience. The Nominating Committee also considers the guideline set out in the Code for the evaluation and assessment of the performance of the Board as a whole in achieving strategic objectives.

In assessing an individual director's performance, factors taken into consideration include, attendance at board and related activities, adequacy of preparing for board meeting, contributions in specialist areas, generation of constructive debate, maintenance of independence.

A summary report will be compiled by the chairman of Nominating Committee and submitted to the Chairman of Board for analysis and discuss with a view to implementing certain recommendations to further enhance the effectiveness of the Board. If necessary, a copy of the summary report will be extended to the individual director for information and improvement.

The Nominating Committee is of the view that despite multiple board representations in certain instances, each director is able and has been adequately carrying out his/her duties as a Director of the Company.

1.6 Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Company recognizes the importance of continual dissemination of relevant information which are explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner.

In exercising their duties, the Directors have unrestricted access to the Company's management, Company Secretary and independent auditors.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

2. Remuneration Matters

2.1 Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee comprises Dr Low Seow Chay (Chairman of the Remuneration Committee), Mr Tan Sim Cheng and Mr Chee Teck Kwong Patrick.

All members of the Remuneration Committee including Chairman are Independent Directors.

The Remuneration Committee is regulated by a set of written terms of reference and has access to independent professional advice, if necessary.

CORPORATE GOVERNANCE

The Remuneration Committee recommends to the Board a framework of remuneration for the Directors and key executives officers, including those employees related to the executive directors and controlling shareholders of the Group, and determines specific remuneration packages for each executive Director. The recommendations of the Remuneration Committee on remuneration of directors and CEO will be submitted for endorsement by the entire board.

All aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options and other benefits-in-kind shall be covered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

The Company was formally admitted to the Official List of the SGX-ST on 28 August 2008 and the first Remuneration Meeting was held on 10 September 2008. Up to the date of this report, the number of Remuneration Committee Meeting held and attendance at the meeting were as follows:

Directors	No. of meeting held	Attendance
Dr Low Seow Chay	1	1
Mr Chee Teck Kwong Patrick	1	1
Mr Tan Sim Cheng Peter	1	1

2.2 Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors.

The independent and non-executive directors receive directors' fees, in accordance with their contribution, taking into account factors such as effort, time spent, responsibilities of the directors and the need to pay competitive fees to attract, motivate and retain such independent and non-executive directors. Directors' fees are recommended by the Board for approval by the shareholders at the Company's annual general meeting.

Mr Cheng Buck Poh @ Chng Bok Poh and Mr Lee See Kee are paid based on their Service Agreements with the Company as disclosed in the Company's Prospectus dated 14 August 2008. The Agreements are for an initial period of three years with effective from 28 August 2008. The Agreements provided for termination by either party upon giving not less than six months' notice in writing.

Our Group has also previously entered into various letters of employment with all of the Executive Officers. Such letters typically provide for the salaries payable to the Executive Officers, their working hours, annual leave, medical benefits, grounds of termination and certain restrictive covenants.

CORPORATE GOVERNANCE

2.3 Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The breakdown of remuneration of the directors of the Company for the financial year ended 30 June 2008 is as follows:

Remuneration Band & Name of Director	Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
$ 250,000 –$499,999					
Mr Cheng Buck Poh @ Chng Bok Poh	86	–	13	1	100
Mr Lee See Kee	86	–	13	1	100
Below $250,000					
Ms. Cheng Li Chen	73	–	23	4	100
Mr Khaizar Abbas Nomanbhoy	82	14	–	4	100
Mr Tan Sim Cheng*	–	–	100	–	100
Dr. Low Seow Chay*	–	–	100	–	100
Mr Chee Teck Kwong Patrick*	–	–	100	–	100

* Appointed on 5 June 2008

The company's staff remuneration policy is based on individual's rank and role, its individual performance, Company performance and industry benchmarking gathered from companies in comparable industries.

Details of remuneration paid to key executives of the Group (who are not directors) for the financial year ended 30 June 2008 are set out below:

Remuneration Band & Name of Executive Officers Below $250,000	Salary %	Variable Bonus %	Benefits %	Total %
Mr Quek Chiau Beng	81	14	5	100
Mr Yow Hon Meng	81	14	5	100
Mr Tay Choon Wah	72	23	5	100
Mr Cheng Yao Tong	72	16	12	100
Mr Mohamad Jufri Erethinavelan	72	28	0	100

Our Executive Director, Ms Cheng Li Chen and our Planning Manager, Mr Cheng Yao Tong are the children of Cheng Buck Poh @ Chng Bok Poh.

Except as disclosed, no employee of the group was an immediate family member of the directors whose remuneration exceeds S$150,000 during the financial year ended 30 June 2008.

The Company does not have any employee shares option schemes.

CORPORATE GOVERNANCE

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholder's confidence and trust in the Board's capability and integrity. .

Management is responsible to the Board and the Board itself is accountable to the shareholders. Annual general meetings are held every year to obtain shareholders' approval for routine business, as well as the election of directors.

In addition to its statutory responsibilities, the Board should also ensure that the principal risks of the Company's business are identified and appropriately managed.

3.2 Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises our Independent Directors, Mr Tan Sim Cheng (Chairman of Audit Committee), Dr Low Seow Chay and Mr Chee Teck Kwong Patrick. All Audit Committee members including the Chairman are independent Directors of the Company.

The members have had many years of experience in accounting, legal, business and financial management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

The Audit Committee shall meet periodically to perform the following functions:

(a) To review the audit plans of the internal and external auditors of our Company with the Chief Financial Officer to ensure the adequacy of our Company's system of accounting controls and the co-operation given by our Company's management to the external and internal auditors;

(b) To review significant financial reporting issues and judgements with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of our Company and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors;

(c) To review the adequacy and effectiveness of our Company's material internal controls with the Chief Financial Officer and the external auditors, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(d) To meet with the external auditors, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

CORPORATE GOVERNANCE

(e) To review legal and regulatory matters with the Chief Financial Officer and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(f) To review the co-operation given by our management to our auditors;

(g) To consider the appointment and re-appointment of the external auditors;

(h) To review the cost effectiveness and the independence and objectivity of the external auditors;

(i) To review the nature and extent of non-audit services provided by the external auditors;

(j) To recommend to our Board of Directors the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;

(k) To report actions and minutes of the Audit Committee to our Board of Directors with such recommendations as the Audit Committee considers appropriate;

(l) To review interested party transactions in accordance with the requirements of the Listing Manual; and

(m) To generally undertake such other functions and duties, as may required by statute or the Listing Manual and by such amendments made thereto from time to time.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings.

The external auditors have unrestricted access to the Audit Committee. Both the external and internal auditors will report directly to the Audit Committee in respect of their findings and recommendations. In the year, the Audit Committee met with the external auditors once without the presence of the management.

The Audit Committee, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The Audit Committee has recommended to the Directors the nomination of Messrs Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming annual general meeting.

The Company has given an undertaking to Singapore Exchange Securities Trading Limited ("SGX") to appoint an independent qualified accountant ("Qualified Accountant") to conduct a full review of the Group's internal control and accounting system annually for two years and report the finding to Audit Committee. Thereafter on a going basis, the Audit Committee will consider whether it is necessary for the Company to commission further reviews. Messrs Stone Forest Consulting Pte Ltd ("Stone Forest") has been appointed as the Qualified Accountant.

The Audit Committee had reviewed and approved a Whistle Blowing Policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matter of financial reporting or other matters. The Policy includes arrangements for independent investigation and appropriate follow-up of such matters.

CORPORATE GOVERNANCE

The Company has formally admitted to the Official List of the SGX-ST on 28 August 2008 and the first Audit Committee Meeting was held on 10 September 2008. Up to the date of this report, the number of Audit Committee Meeting held and attendance at the meeting were as follows:

Directors	No. of meeting held	Attendance
Mr Tan Sim Cheng	1	1
Dr Low Seow Chay	1	1
Mr Chee Teck Kwong Patrick	1	1

3.3 Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Group has developed a minimum internal control system to provide reasonable assurance in safeguarding assets, ensuring proper accounting records are maintained, and ensuring that financial information used with the business and for publication is reliable.

The board believes that the system of internal controls maintained by the Management provides adequate assurance against material financial misstatements or losses. The Audit Committee will review the effectiveness of the Group's internal control system in light of key business and financial risks affecting its operations which is complemented by the work of Stone Forest.

3.4 Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

Stone Forest will adopt the Singapore Standard on Auditing and will report directly to the Audit Committee, with full and direct access to the members of the Audit Committee at all times.

An annual audit plan will be developed and Stone Forest will review the effectiveness of the Group's internal control system.

CORPORATE GOVERNANCE

4 COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Rules of SGX-ST and the Singapore Companies Act (Cap. 50), it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- Results and annual reports are announced or issued within the mandatory period.
- Material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the press
- Company's annual general meetings

All shareholders of the company receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

Principle 15: Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Shareholders will be given the opportunity to voice their views and ask directors or the management questions regarding the Company in the forthcoming annual general meeting.

The Chairmen of each Board Committee are required to be present to address questions at the Annual General Meeting. External auditors are also present at such Meeting to assist the directors to address shareholders' queries, if necessary.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

A policy on dealings in its securities to executives within the Group has been formed and guidance on the dealings and implications of insider trading are spelt out. The Best Practices Guide on dealings in securities issued by the SGX-ST has been adopted.

6. MATERIAL CONTRACTS

Except as disclosed in the Financial Statements, there were no material contracts entered into by the Company or its subsidiary, involving the interests of any director or controlling shareholder nor have such contracts been entered into since the end of the previous financial year.

7. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

The interested persons transactions in respect of the financial year ended 30 June 2008 are disclosed in note 34 (Related Party Transactions) of the financial statements on page below :-

Name of Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tele-Centre Savings Pte Ltd	S$52,000	–
Highlander Power Systems Pte Ltd	S$74,000	–

8. RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the directors and the Audit Committee.

9. UTILISATION OF IPO PROCEEDS

The Company has formally admitted to the Official List of the SGX-ST on 28 August 2008 and raised a net proceeds of S$ 19.8 million . As at the date of this report, the Group has utilised S$ 660,000 of the net proceeds to finance the acquisition and development of an automated shot-blasting facility, workshop, warehouse and office premise in Tuas.

CORPORATE GOVERNANCE

10. PROPERTIES OWNED BY THE GROUP

The Group owns the following properties:

Location	Use	Land area/ Built-in area (sq m) (approximately)	Tenure
12 Tuas Drive 1 Singapore 638679	Warehousing and office premises	5,742 / 2,626	30 years commencing 1 July 1982 with an option to extend for a further 30 years
9 Tuas Avenue 1 Singapore 639494	Warehousing and office premises	4,703 / 3,032	30 years commencing 1 August 1993 with an option to extend for a further 30 years
78 Joo Koon Circle Singapore 629099 (2)	Warehousing and fabrication and office premises	4,919 / 2,374	30 years commencing 1 August 1980 with an option to extend for a further 30 years
Tuas View Circuit	Warehousing and workshop	24,161 / NA	30 years commencing 15 December 2007, subject to terms and conditions of JTC building agreement between JTC and Hai Leck Engineering (Private) Ltd dated 30 May 2008 being complied with

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2008.

Directors

The Directors of the Company in office at the date of this report are:

Cheng Buck Poh @ Chng Bok Poh
Lee See Kee
Cheng Li Chen
Khaizar Abbas Nomanbhoy
Tan Sim Cheng
Low Seow Chay
Chee Teck Kwong Patrick

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Director's interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, an interest in shares of the Company, as stated below:

	Direct interest as at		Deemed interest as at	
Name of Director	**1 July 2007**	**30 June 2008**	**1 July 2007**	**30 June 2008**
The Company				
Ordinary shares				
Cheng Buck Poh @ Chng Bok Poh	79,200,000	79,200,000	124,800,000	124,800,000
Lee See Kee	36,000,000	36,000,000	–	–

Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2008.

Except as disclosed in this report, no other Directors who held office at the end of the financial year had an interest in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

REPORT OF THE DIRECTORS

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except that Cheng Buck Poh @ Chng Bok Poh, Lee See Kee, Cheng Li Chen and Khaizar Abbas Nomanbhoy have employment relations in the Group, and have received remuneration in those capacities.

Share options

No share options have been granted by the Company since its incorporation.

Audit Committee

The Audit Committee ("AC") was set up on 5 June 2008. The AC comprises the following three Independent Directors:

Tan Sim Cheng	(Chairman with effect from 5 June 2008)
Low Seow Chay	
Chee Teck Kwong Patrick	

The AC will perform the functions set out in the Companies Act, the Listing Manual and Best Practices Guide issued by SGX-ST. In performing those functions, the AC will review the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors.

The AC had met with the external auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC had reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2008, as well as the external auditors' report thereon.

The AC had reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC had also conducted a review of interested person transactions. Further details regarding the AC are disclosed in the Report on Corporate Governance.

REPORT OF THE DIRECTORS

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
13 October 2008

STATEMENT BY DIRECTORS

We, Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, being two of the Directors of Hai Leck Holdings Limited, do hereby state that, in the opinion of the Directors:

(i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008, and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 13 October 2008.

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
13 October 2008

INDEPENDENT AUDITORS' REPORT

to the Members of Hai Leck Holdings Limited

We have audited the accompanying financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2008, the consolidated profit and loss account, the statements of changes in equity of the Group and the Company, and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Pursuant to Section 205(C)(1) of the Companies Act, the Company's financial statements for the year ended 30 June 2007 were not audited, as the Company was an exempt private company for that year.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Cont'd)

to the Members of Hai Leck Holdings Limited

Opinion

In our opinion,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
13 October 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 30 June 2008

(Amounts in Singapore dollars)

	Note	Group	
		2008	**2007**
		S$'000	S$'000
CONTINUING OPERATIONS			
Revenue	4	67,006	62,663
Cost of sales		(41,635)	(40,462)
Gross profit		25,371	22,201
Other income	5	28,082	19,677
Distribution and selling expenses		(687)	(400)
Administrative expenses		(10,890)	(11,158)
Other operating expenses		(3,204)	(2,258)
Interest expense	8	(13)	(6)
Share of results of associated companies		978	3,657
Profit before taxation from continuing operations	6	39,637	31,713
Taxation	9	(2,194)	(1,483)
Profit for the year from continuing operations		37,443	30,230
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	10	10,864	5,464
Profit for the year		48,307	35,694
Attributable to:			
Equity holders of the Company		48,196	34,730
Minority interests		111	964
		48,307	35,694
Earnings per share			
Continuing operations			
Basic (cents)	11	15.6	12.4
Diluted (cents)	11	11.5	9.1
Discontinued operations			
Basic (cents)	11	4.5	2.1
Diluted (cents)	11	3.3	1.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

as at 30 June 2008

(Amounts in Singapore dollars)

	Note	Group		Company	
		2008	2007	2008	2007
		S$'000	S$'000	S$'000	S$'000
Non-current assets					
Property, plant and equipment	12	24,383	11,269	–	–
Investments in subsidiary companies	13	–	–	28,000	–
Associated company and joint venture	14	–	15,215	–	–
Other investments	15	–	156	–	–
Intangible assets	16	255	258	–	–
		24,638	26,898	28,000	–
Current assets					
Inventories	18	1,049	703	–	–
Trade receivables	19	20,802	16,571	75	–
Other receivables and deposits	20	2,009	857	–	–
Prepayments		1,373	130	1,150	–
Due from subsidiary companies (non-trade)	17	–	–	5,790	–
Due from associated company and joint venture	21	–	1,859	–	–
Due from related party (non-trade)	17	–	5	–	–
Other investments	15	1,201	1,255	–	–
Gross amount due from customers for contract work-in-progress	22	1,278	222	–	–
Cash and bank balances	23	6,356	11,591	2	–
Fixed deposits	23	5,314	30,175	–	–
		39,382	63,368	7,017	–
Assets classified as held for sale	10	–	21,598	–	–
		39,382	84,966	7,017	–

BALANCE SHEETS

as at 30 June 2008

(Amounts in Singapore dollars)

	Note	Group		Company	
		2008	**2007**	**2008**	**2007**
		S$'000	S$'000	S$'000	S$'000
Current liabilities					
Trade and other payables	24	16,638	15,702	70	2
Due to subsidiary companies (non-trade)	25	–	–	11	4
Due to Directors	26	–	394	–	16
Provision for taxation		3,135	3,161	–	–
Finance lease obligations, current portion	27	33	89	–	–
		19,806	19,346	81	22
Liabilities directly associated with assets classified as held for sale	10	–	3,931	–	–
		19,806	23,277	81	22
Net current assets/(liabilities)		19,576	61,689	6,936	(22)
Non-current liabilities					
Deferred taxation	28	1,014	284	–	–
Finance lease obligations, non-current portion	27	19	47	–	–
		1,033	331	–	–
Net assets/(liabilities)		43,181	88,256	34,936	(22)
Equity attributable to equity holders of the Company					
Share capital	29	28,000	2,000	28,000	–
Accumulated profits/(losses)		15,483	84,254	6,936	(22)
Fair value adjustment reserve	30	–	(7)	–	–
Translation reserve	31	(302)	(181)	–	–
		43,181	86,066	34,936	(22)
Minority interests		–	2,190	–	–
Total equity/(deficit)		43,181	88,256	34,936	(22)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2008

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
Group	Share capital (Note 29)	Accumulated profits	Fair value adjustment reserve (Note 30)	Translation reserve (Note 31)	Total reserves	Minority interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 July 2006	2,000	61,644	(7)	114	61,751	1,635	65,386
Prior year adjustments (Note 33)	–	880	–	–	880	–	880
Balance at 1 July 2006, as restated	2,000	62,524	(7)	114	62,631	1,635	66,266
Net effect of exchange differences	–	–	–	(295)	(295)	–	(295)
Net loss recognised directly in equity	–	–	–	(295)	(295)	–	(295)
Profit for the year	–	34,730	–	–	34,730	964	35,694
Total recognised income and expenses for the year	–	34,730	–	(295)	34,435	964	35,399
Dividend on ordinary shares (Note 32)	–	(13,000)	–	–	(13,000)	(409)	(13,409)
Balance at 30 June 2007	2,000	84,254	(7)	(181)	84,066	2,190	88,256
Balance at 1 July 2007	2,000	84,254	(7)	(181)	84,066	2,190	88,256
Net effect of exchange differences	–	–	–	(121)	(121)	(7)	(128)
Fair value adjustment of quoted investment in an associated company, distributed in specie	–	32,188	–	–	32,188	–	32,188
Net income/(loss) recognised directly in equity	–	32,188	–	(121)	32,067	(7)	(32,060)
Profit for the year	–	48,196	–	–	48,196	111	48,307
Total recognised income and expenses for the year	–	80,384	–	(121)	80,263	104	80,367
Acquisition of minority interest in a subsidiary company	–	–	–	–	–	(1,909)	(1,909)
Disposal of subsidiary companies	–	–	7	–	7	(361)	(354)
Capitalisation of accumulated profits to share capital	26,000	(26,000)	–	–	(26,000)	–	–
Dividend on ordinary shares (Note 32)	–	(123,155)	–	–	(123,155)	(24)	(123,179)
Balance at 30 June 2008	28,000	15,483	–	(302)	15,181	–	43,181

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 30 June 2008

(Amounts in Singapore dollars)

Company	Attributable to equity holders of the Company		
	Share capital (Note 30)	Accumulated (losses)/profits	Total equity
	S$'000	S$'000	S$'000
Balance at 1 July 2006	– *	(20)	(20)
Loss for the year	–	(2)	(2)
Total recognised income and expenses for the year	–	(2)	(2)
Balance at 30 June 2007	–	(22)	(22)
Balance at 1 July 2007	–	(22)	(22)
Profit for the year	–	10,998	10,998
Total recognised income and expenses for the year	–	10,998	10,998
New shares issued	28,000	–	28,000
Dividend on ordinary shares (Note 32)	–	(4,040)	(4,040)
Balance at 30 June 2008	28,000	6,936	34,936

* The Company's share capital was S$3.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

for the financial year ended 30 June 2008

(Amounts in Singapore dollars)

	Group	
	2008	**2007**
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation from continuing operations	39,637	31,713
Profit before taxation from discontinued operations (Note 10)	13,364	6,503
	53,001	38,216
Adjustments:		
Depreciation of property, plant and equipment	2,845	2,418
Amortisation of intangible assets	3	166
Gain on disposal of property, plant and equipment	(328)	(105)
Gain on disposal of shares in an associated company	(25,948)	(18,300)
Gain on disposal of investment properties	(337)	(352)
Gain on disposal of development properties	(14,087)	(5,284)
Gain on disposal of quoted investments	(61)	(56)
Loss on disposal of subsidiary companies	1,558	–
Impairment loss on property, plant and equipment	–	21
Write-back of impairment loss on intangible assets	–	(136)
Currency realignment	30	(272)
Interest income	(669)	(343)
Interest expense	13	6
Share of results of associated companies	(978)	(3,657)
Operating profit before working capital changes	15,042	12,322
Increase in trade and other receivables	(6,198)	(3,552)
Decrease/(increase) in inventories	660	(52)
Increase/(decrease) in trade and other payables	610	(3,545)
Increase in gross amount due from customers for contract work-in-progress	(1,056)	(222)
Decrease in amount due from related party, non-trade	–	15
Decrease/(increase) in amounts due from associated companies	1,859	(613)
Increase in amount due to related party, non-trade	–	691
Increase in amounts due to Directors	2,006	188
Increase in development properties	–	(889)
Cash generated from operations	12,923	4,343
Tax paid	(4,980)	(487)
Net cash flows generated from operating activities	7,943	3,856

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENTS (Cont'd)

for the financial year ended 30 June 2008

(Amounts in Singapore dollars)

	Group	
	2008	**2007**
	S$'000	S$'000
Cash flows from investing activities		
Interest received	669	343
Purchase of property, plant and equipment	(15,864)	(3,015)
Purchase of shares in an associated company	–	(6,007)
Purchase of additional interest in a subsidiary company	(1,909)	–
Proceeds from disposal of property, plant and equipment	531	158
Proceeds from disposal of shares in an associated company	32,013	22,524
Proceeds from disposal of investment properties	2,422	7,952
Proceeds from disposal of development properties	19,637	7,580
Proceeds from disposal of quoted investments	–	186
Proceeds from disposal of unquoted investment	234	–
Proceeds from disposal of intangible assets	767	–
Dividend from an associated company	2,075	7,208
Net cash inflow on change from associated company to joint venture (Note 14(c)(ii))	–	1,277
Net cash outflow on disposal of subsidiary companies (Note 10)	(1,396)	–
Net cash flows generated from investing activities	39,179	38,206
Cash flows from financing activities		
Interest paid	(13)	(6)
Repayment of finance lease obligations	(200)	(176)
Dividend paid	(82,914)	(13,000)
Dividend paid to minority shareholders of a subsidiary company	(24)	(409)
Net cash flows used in financing activities	(83,151)	(13,591)
Net (decrease)/increase in cash and cash equivalents	(36,029)	28,471
Cash and cash equivalents at the beginning of year	47,699	19,228
Cash and cash equivalents at end of year (Note 23)	11,670	47,699

During the year, the Group acquired property, plant and equipment with an aggregate cost of $16,238,000 (2007: $3,131,000), of which $114,000 (2007: $116,000) was acquired by means of finance lease.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

1. Corporate information

The Company was a private limited company which is domiciled and incorporated in Singapore on 12 September 1998 under the name of Hai Leck Holdings Pte Ltd. On 5 June 2008, the Company changed its name to Hai Leck Holdings Limited in connection with its conversion from a private limited company to a public company limited by shares.

The registered office and the principal place of business of the Company is located at 9 Tuas Drive 1, Singapore 639494.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary companies are set out in Note 13.

2. The Restructuring Exercise

The Group is formed through the Restructuring Exercise in preparation for the Company's listing on the SGX-ST. Pursuant to the Group Restructuring Exercise, the Company acquired its various subsidiary companies and became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) *Sale by Hai Leck Engineering (Private) Limited ("Hai Leck Engineering") of its shareholding interests held in the capital of Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd and Tele-centre Services Pte Ltd (collectively known as the "Divested Companies")*

Prior to the Restructuring Exercise, Hai Leck Engineering's shareholdings in the Divested Companies were as follows :

(i) Aggregate of 2,000,000 ordinary shares in Hai Leck Development Pte Ltd, being the entire issued and paid-up capital of Hai Leck Development Pte Ltd, with a net book value of S$2,000,000 as at 30 June 2007;

(ii) Aggregate of 1,000,000 ordinary shares in Highlander Power Systems Pte Ltd, being the entire issued and paid-up capital of Highlander Power Systems Pte Ltd, with a net book value of S$1,000,000 as at 30 June 2007; and

(iii) Aggregate of 2,262,000 ordinary shares in Tele-centre Services Pte Ltd, being 93.27% of the issued and paid-up capital of Tele-centre Services Pte Ltd, with a net book value of S$933,000 as at 30 June 2007,

(collectively known as the "Sale Shares").

Pursuant to a sale and purchase agreement dated 15 October 2007, Hai Leck Engineering disposed of all Sale Shares to United Holding (1975) Pte Ltd, for a consideration of S$3,933,000. The said sale was completed on 6 November 2007.

Following the completion of the above-mentioned sale, Hai Leck Engineering does not have any interest in the Divested Companies and accordingly the financial statements of the abovementioned companies are classified as "Discontinued Operations".

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

2. The Restructuring Exercise (cont'd)

(b) *Sale of 31,000,000 shares (10.21%) by Hai Leck Engineering in the capital of Hiap Seng Engineering Limited ("Hiap Seng") on 1 August 2007*

On 1 August 2007, Hai Leck Engineering disposed of 31,000,000 shares (10.21%) in the capital of Hiap Seng by way of placement to investors at a consideration of S$1.04 per share. Pursuant to the said disposal, Hai Leck Engineering's shareholding interest in the capital of Hiap Seng was reduced from 26.87% to 16.66%.

(c) *Declaration of distribution in specie by Hai Leck Engineering of its remaining shareholding interest held in the capital of Hiap Seng*

Pursuant to the articles of association of Hai Leck Engineering, Hai Leck Engineering may from time to time declare a dividend to be paid out of its profits. Pursuant to the disposal in Note 2(b) above, Hai Leck Engineering held an aggregate of 50,617,429 shares in Hiap Seng, being 16.66% of the issued and paid-up capital of Hiap Seng, with an aggregate market value of S$40,240,856 as at 15 October 2007 (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the individual shareholders of Hai Leck Engineering on 15 October 2007. The distribution was effected in proportion to the existing shareholdings of Messrs Cheng Buck Poh (71.00%), Lee See Kee (15.00%) and Goo Guik Bing (14.00%) in Hai Leck Engineering. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the above-mentioned distribution in specie, Hai Leck Engineering does not have any interest in Hiap Seng.

(d) *Winding up of Perusahaan Hai Leck Sdn Bhd ("Perusahaan HL")*

Perusahaan HL is a wholly-owned subsidiary company of Hai Leck Engineering and was incorporated for the purposes of holding properties. Pursuant to the Restructuring Exercise, the land at Lot 3158 Mukim Bandar, District of Muar, Johor, Malaysia of approximately 1.1382 hectares held by Perusahaan HL was sold to unrelated third parties for a consideration of MYR1,225,125. The carrying value of the land was MYR 523,000. The sale was completed on 16 October 2007 and the gain on disposal of MYR 702,125 was recognised in the profit and loss account of Perusahaan HL in FY2008. Perusahaan HL is in the process of being wound up.

e) *Acquisition of the remaining 23.64% shareholding interest in Industrial Services Pte Ltd ("Industrial Services") by Hai Leck Engineering*

Pursuant to a sale and purchase agreement dated 24 September 2007, Hai Leck Engineering acquired the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197 based on a willing-buyer willing-seller basis taking into account, inter alia, the following factors:

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Industrial Services of S$7,505,000 as at 30 September 2007.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

2. The Restructuring Exercise (cont'd)

(f) *Sale of Thermal Limitec Pte Ltd ("Thermal Limitec")*

Pursuant to a subscription and shareholders' agreement dated 21 April 2006, David Martin Thomas was granted a call option to require Industrial Services to transfer 20.00% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to David Martin Thomas at $1.00 per share (the "Option"). The Option was exercised on 24 September 2007 and the sale of the shareholdings was completed on 24 September 2007.

Pursuant to a sale and purchase agreement dated 24 September 2007, David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.00% (representing 200,000 ordinary shares) in Thermal Limitec for a consideration of S$304,434. The consideration was based on a willing-buyer willing-seller basis taking into account, inter alia, the following factors:

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Thermal Limitec of S$709,000 as at 30 September 2007.

The said sale was completed on 24 September 2007.

Following the completion of the above-mentioned sale, Industrial Services does not have any equity interest in Thermal Limitec.

(g) *Capitalisation by Hai Leck Engineering of S$26,000,000 from accumulated profits*

On 19 October 2007, Hai Leck Engineering capitalised S$26,000,000 from accumulated profits for a bonus issue of 26,000,000 fully paid ordinary shares to its existing shareholders according to their respective shareholdings in Hai Leck Engineering (the "Bonus Issue"). Pursuant to the Bonus Issue, Hai Leck Engineering has an issued and paid-up share capital of S$28,000,000.

(h) *Dividend by the Group of S$82,914,000*

On 29 June 2007 and 19 October 2007, Hai Leck Engineering declared interim dividends amounting to S$50,000,000 and S$28,874,000, respectively, in respect of FY2007 to the then existing shareholders of Hai Leck Engineering, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing. Out of the dividend of S$78,874,000, S$20,000,000 and S$2,774,000, totalling S$22,774,000, were paid out of the fixed deposits and cash and bank balances held by the Group as at 30 June 2007 respectively.

On 31 January 2008, the Company declared an interim dividend amounting to S$4,040,000, in respect of FY2008, to the then existing shareholders, namely, Messr Cheng Buck Poh @ Chng Bok Poh, Cheng Capital Holdings and Messr Lee See Kee.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

2. The Restructuring Exercise (cont'd)

(i) Share swap exercise between the Company and Hai Leck Engineering

Pursuant to an agreement dated 7 November 2007, the Company acquired the entire issued and paid-up share capital of Hai Leck Engineering comprising 28,000,000 ordinary shares. The purchase consideration was satisfied by the issue of 27,999,997 fully paid Shares to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the shareholders of Hai Leck Engineering, as follows :

Name	Number of Hai Leck Engineering Shares	Shareholding in Hai Leck Engineering (%)	Number of Shares issued
Cheng Buck Poh	19,880,000	71	19,879,999
Lee See Kee	4,200,000	15	4,199,999
Goo Guik Bing	3,920,000	14	3,919,999
Total	28,000,000	100	27,999,997

Mr Cheng Buck Poh and Mdm Goo Guik Bing renounced 10,640,000 Shares (38%) and 3,920,000 Shares (14%), respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)).

At the date of this report, the Group structure is as shown below :

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Subsidiary companies			
Held by the Company			
Hai Leck Engineering (Private) Limited*	Scaffolding, corrosion prevention and complementary general civil engineering works	Singapore	100
Held by Hai Leck Engineering (Private) Limited			
Industrial Services Pte Ltd*	Thermal insulation including refractories and passive fireproofing services	Singapore	100
Hai Leck Corporation Sdn. Bhd. (formerly known as Perusahaan HaiLek Hiap Seng Sdn. Bhd.)**	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Malaysia	100
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering works	Vietnam	100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

2. The Restructuring Exercise (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group
			%
Joint venture			
Held by Hai Leck Engineering (Private) Limited			
Logthai - Hai Leck Engineering Co.,Ltd****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49

* Audited by Ernst & Young LLP, Singapore

** Audited by Gow & Tan, Malaysia

*** Audited by Auditing and Informatic Services Company, Vietnam

**** Audited by Audit Teams, Thailand

3. Summary of significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements of the Company and of the Group, are prepared under the historical cost convention, except for investment properties and available-for-sale quoted investments that have been measured at their fair values.

The financial statements are presented in Singapore Dollars ("SGD" or "$") which is the Company's functional currency and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

3.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below:

(i) Adoption of new and revised FRS

On 1 July 2007, the Group and the Company has adopted all the new and revised FRS that are mandatory for annual financial periods beginning on or after 1 July 2007. The adoption of these FRS has no significant impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

(ii) FRS and INT FRS not yet effective

The Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1, Presentation of financial statements (revised presentation)	1 January 2009
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 32	:	Financial Instruments Presentation – Amendments to FRS 32 and FRS 1 regarding puttable financial instruments and obligations arising on liquidation	1 January 2009
FRS 102	:	Amendment to FRS 102, Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS1 and FRS 108 as indicated below.

FRS 1, Presentation of Financial Statements (Revised Presentation)

The revised FRS 1 – Presentation of Financial Statements was issued in March 2008 and becomes effective for financial years beginning on or after 1 January 2009. The Standards separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standards introduce the statement of comprehensive income: it presents all items of income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

FRS 108, Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

(iii) Withdrawal of Recommended Accounting Practice ("RAP") 9

With effect from 1 January 2008, RAP 9, IPO Costs, has been withdrawn. Companies that have applied RAP 9 previously will have to change their accounting policy relating to IPO costs for financial statements covering periods beginning on or after 1 January 2008, with changes in the accounting policy to be applied retrospectively.

3.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- ***Depreciation of property, plant and equipment***

  The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 33 years. The carrying amount of the Group's property, plant and equipment at 30 June 2008 was S$24,383,000 (2007: S$12,173,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- ***Income taxes***

  The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 30 June 2008 were S$3,135,000 (2007: S$4,247,000) and S$1,014,000 (2007: S$300,000) respectively.

- ***Project and maintenance revenue***

  The Group recognises project and maintenance revenue to the extent of project and maintenance costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

Significant judgement is required in determining the stage of completion, the extent of the project and maintenance costs incurred, the estimated total project and maintenance revenues and costs, as well as the recoverability of the project and maintenance services. Total project and maintenance revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

Revenue from project and maintenance revenue for the year ended 30 June 2008 was S$67,006,000 (2007: S$62,241,000).

(ii) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies.

- Impairment of financial and non-financial assets

  The Group follows the guidance of FRS 39 and FRS 36 in determining when a financial or non-financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset or recoverable amount of a non-financial asset is less than its cost; and the financial health of and near-term business outlook for the financial or non-financial asset, including factors such as industry performance, changes in technology and operational and financing cash flows.

3.4 Functional and foreign currency

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.4 Functional and foreign currency

(iii) Foreign currency translation (cont'd)

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate ruling at that balance sheet date; and

- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate of exchange ruling at the balance sheet date.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

3.5 Subsidiary companies and principles of consolidation

(i) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiary companies are accounted for at cost less any impairment losses.

(ii) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Pursuant to an agreement dated 7 November 2007, the Company acquired the entire issued and paid-up share capital of Hai Leck Engineering (Private) Limited comprising 28,000,000 ordinary shares. As this arrangement constitutes a re-organisation of companies under common control, the pooling of interest method of accounting was adopted in the preparation of the consolidated financial statements of the Group. Under this method of accounting, the results and cash flows of the Company and Hai Leck Engineering (Private) Limited are combined from the beginning of the financial period in which the re-organisation occurred and their assets and liabilities combined at the amounts at which they were previously recorded as if they had been part of the Group for the whole of the current and preceding periods.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.6 Related party

An related party is a company, not being a subsidiary or an associated company, in which the Directors or shareholders of the Company have a significant equity interest or exercise significant influence.

3.7 Associated company

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. This associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

The Group's investment in associated company is accounted for using the equity method. Under the equity method, the investment in associated company is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated company. Any excess of the Group's share of the net fair value of the associated company's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit and loss of the associated company in the period in which the investment is acquired.

Goodwill, representing the excess of the Group's cost of investment over its share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the investment.

After the application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

In the Company's separate financial statements, investment in associated company is accounted for at cost less impairment losses.

Dividend income is accrued on the basis of dividends declared by the investee company.

3.8 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared for the same reporting year as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Rate of depreciation (%)
Machineries and scaffolding materials	10 - 33
Motor vehicles	20
Office equipment	10
Truck, cranes and forklifts	20
Leasehold premises	3
Workshop tools and equipment	20 - 30
Computers	33 - 100
Electrical appliances, air-conditioners, furniture and fittings and renovation	10 - 33

No depreciation is provided on freehold land. Improvements to leasehold premises are depreciated over the remaining life of the lease. Capital work-in-progress is not depreciated as this asset is not available for use.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

3.10 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.11 Development properties

Development properties are properties which are held with the intention of sale in the ordinary course of business and classified as current assets. Development properties are stated at the lower of cost and net realisable value. Cost includes costs of land, construction cost, interest expense and other direct expenditures and related overheads incurred during construction.

3.12 Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the 'other operating expenses' line item in the profit and loss account.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.12 Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

- ***Club membership***

  Club membership is stated at cost less impairment losses and is amortised over 30 years on a straight-line basis.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

Except for loans and receivables and available-for-sale financial assets, the Company does not have any other financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables :

- cash and bank balances
- trade and other receivables, including amounts due from associated company and related party.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of such financial assets are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the profit and loss account. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets (cont'd)

(ii) Available-for-sale financial assets (cont'd)

The Group classifies the following financial assets as available-for-sale financial assets:

– quoted investments, at fair value

– unquoted investments, at cost

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

(ii) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.16 Impairment of financial assets (cont'd)

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are recognised in the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis; and
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads but excluding borrowing costs. These costs are assigned on a first-on, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.18 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related party and interest-bearing loans and borrowings.

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss account. Net gains or losses on derivatives include exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.19 Borrowing costs

Borrowing costs are recognised in the profit and loss account as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

3.20 Provisions

Provisions are recognised when the Group has a present obligation, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

3.21 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

3.22 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.22 Leases (cont'd)

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Project and maintenance revenue

Revenue from project and maintenance services are recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed.

Where the project and maintenance outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Group turnover excludes intercompany transactions.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.24 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.24 Income taxes (cont'd)

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

3. Summary of significant accounting policies (cont'd)

3.25 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

3.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

4. Revenue

	Group	
	2008	**2007**
	S$'000	S$'000
Project revenue	39,750	32,462
Maintenance revenue	27,256	29,779
Sale of goods/service rendered	–	422
	67,006	62,663

5. Other income

	Group	
	2008	**2007**
	S$'000	S$'000
Interest income		
- fixed deposits	623	309
- others	46	23
Gain on disposal of shares in an associated company*	25,948	18,300
Gain on disposal of property, plant and equipment	328	78
Rental income	215	163
Test-centre income	30	48
Other income	892	756
	28,082	19,677

* This comprises quoted investment in Hiap Seng Engineering Limited.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

6. Profit before taxation from continuing operations[1] Profit before taxation from discontinued operations (Note 10)

Profit from continuing and discontinued operations are determined after charging the following:

	Group	
	2008	**2007**
	S$'000	S$'000
Foreign exchange loss	361	114
Operating lease expenses	–	232
Impairment loss on property, plant and equipment	–	21
Interest income		
- fixed deposits	(623)	(320)
- others	(46)	(23)
Gain on disposal of property, plant and equipment	(328)	(105)
Gain on disposal of investment properties	(337)	(352)
Gain on disposal of development properties	(14,087)	(5,284)
Gain on disposal of quoted investments	(61)	(56)
Write-back of allowances for long outstanding receivables	(374)	–
Write-back of impairment loss on intangible assets	–	(136)
Amortisation of intangible assets	3	166
Depreciation of property, plant and equipment	2,845	2,418
Employee benefits (Note 7)	18,455	18,319

[1] Profit before taxation from continuing operations includes the (a) gain on disposal of shares and (b) share of results, of an associated company, Hiap Seng Engineering Ltd (collectively know as the "Hiap Seng adjustments").

The information below presents the profit for the year from continuing operations, adjusted for the non-inclusion of Hiap Seng adjustment, and earnings per share, on the same basis as the Summary Financial Data in our Prospectus dated 14 August 2008.

	Group	
	2008	**2007**
	S$'000	S$'000
Profit before taxation from continuing operations	39,637	31,713
Less: Hiap Seng adjustments	(26,926)	(21,957)
Profit before taxation from continuing operations *(after Hiap Seng adjustments)*	12,711	9,756
Taxation	(2,194)	(1,483)
Profit for the year from continuing operations *(after Hiap Seng adjustments)*	10,517	8,273
Attributable to :		
Equity holders of the Company	10,406	7,703
Minority interests	111	570
	10,517	8,273

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

6. Profit before taxation from continuing operations[1] Profit before taxation from discontinued operations (Note 10) (cont'd)

	Group	
	2008	**2007**
	S$'000	S$'000
Profit from continuing operations *(after Hiap Seng adjustments)* attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	10,406	7,703
Weighted average number of ordinary shares in issue ('000)	240,000	240,000
Weighted average number of ordinary shares adjusted for dilution after the invitation of new shares ('000)	325,000	325,000
Earnings per share from continuing operations *(after Hiap Seng adjustments)*		
- Basic (cents)	4.3	3.2
- Diluted (cents)	3.2	2.4

7. Employee benefits

	Group	
	2008	**2007**
	S$'000	S$'000
Employee benefits expense (including executive directors)		
Wages, salaries, bonuses	16,651	14,737
Central Provident Fund contributions	803	983
Others	1,001	2,599
	18,455	18,319

Employee benefits include the amount of Directors' remuneration as shown in Note 34(b).

8. Interest expense

	Group	
	2008	**2007**
	S$'000	S$'000
Interest expense		
- hire purchase	10	4
- others	3	2
	13	6

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

9. Taxation

	Group	
	2008	**2007**
	S$'000	S$'000
Current taxation – continuing operations		
- current year	1,463	1,576
- underprovision in respect of prior year	–	40
Deferred taxation – continuing operations		
- current year	730	(133)
- underprovision in respect of prior year	1	–
Income tax attributable to continuing operations	2,194	1,483
Income tax attributable to discontinued operations (Note 10)	2,500	1,039
Tax expense	4,694	2,522

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group	
	2008	**2007**
	S$'000	S$'000
Profit before taxation from continuing operations	39,637	31,713
Profit before taxation from discontinued operations (Note 10)	13,364	6,503
Accounting profit before income tax	53,001	38,216
Tax at Singapore statutory tax rate of 18% (2007: 18%)	9,540	6,879
Adjustments:		
- Effect of partial tax exemption	(84)	(78)
- Non-deductible expenses in determining taxable income	259	65
- Income not subject to tax	(5,171)	(3,213)
- Underprovision in respect of prior year's taxation	1	40
- Deferred tax assets not recognised	–	62
- Utilisation of previously unrecognised tax losses	–	(282)
- Effect of change in tax rate	–	(37)
- Effect of different tax rates in foreign jurisdictions	33	–
- Share of tax of associated company	–	(853)
- Others	116	(61)
	4,694	2,522

In 2007, the Group had unutilised tax losses of approximately S$2,520,000 available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses was subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

As the unutilised tax losses in 2007 arose from the Divested Companies, the Group ceased to have any unutilised tax losses following the divestment of the Divested Companies.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

10. Discontinued operations

On 30 June 2007, pursuant to the Restructuring Exercise, the Group announced the decision of the Board of Directors to discontinue and divest its shareholding interests held in the capital of Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd and Tele-centre Services Pte Ltd (collectively known as the "Divested Companies"), wind up Perusahaan Hai Leck Sdn Bhd and dispose of its entire shareholding interests in Thermal Limitec Pte Ltd to a minority shareholder. In conjunction with the above divestments, the Group also disposed of other assets comprising investment properties and 2 club memberships to certain Directors and other external parties.

The divestment of the Divested Companies, disposal of Thermal Limitec Pte Ltd and disposal of other assets were completed between 24 September 2007 to 6 November 2007. As at 30 June 2007, the assets and liabilities of the discontinued operations were classified as a disposal group held for sale.

The major classes of assets and liabilities of the discontinued operations classified as held for sale as at 30 June 2007 are as follows :

	2007
	S$'000
Assets:	
Property, plant and equipment (Note 12)	904
Investment properties	2,485
Intangible assets (Note 16)	767
Inventories	3,497
Trade receivables	2,201
Other receivables and deposits	184
Prepayments	77
Development properties	5,550
Cash and bank balances (Note 23)	5,269
Fixed deposits (Note 23)	664
Assets classified as held for sale	21,598
Liabilities:	
Trade and other payables	2,766
Provision for taxation	1,086
Finance lease obligations	63
Deferred taxation	16
Liabilities directly associated with assets classified as held for sale	3,931
Net assets directly associated with disposal group	17,667

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

10. Discontinued operations (cont'd)

The results of the discontinued operations for the years ended 30 June are as follows:

	Group	
	2008	**2007**
	S$'000	S$'000
Revenue	22,200	18,636
Cost of sales	(6,931)	(6,853)
Gross profit	15,269	11,783
Other income	379	499
Distribution and selling expenses	(17)	(275)
Administrative expenses	(1,647)	(5,120)
Other operating expenses	(620)	(384)
Profit before taxation from discontinued operations	13,364	6,503
Taxation	(2,500)	(1,039)
Profit for the year from discontinued operations	10,864	5,464

The cash flows attributable to the discontinued operations are as follows:

	2008	**2007**
	S$'000	S$'000
Operating	(9,922)	(11,223)
Investing	21,490	14,957
Financing	(17,501)	28
Net cash (outflows)/inflows	(5,933)	3,762

The effect on the Group's cash flows arising from the disposal of the Divested Companies is shown in the statement of cash flows as a single item. The fair values of the assets and liabilities disposed of are set out below:

	Disposal
	S$'000
Property, plant and equipment	607
Inventories	2,492
Trade and other receivables	2,439
Cash and bank balances	5,634
Trade and other payables	(4,841)
Other liabilities	(174)
Fair value of net assets disposed	6,157
Minority interest	(361)
Loss on disposal of subsidiary companies	(1,558)
Total consideration	4,238
Less: Cash and bank balances	(5,634)
Net cash outflow on disposal of subsidiary companies	(1,396)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

11. Earnings per share

(a) Continuing operations

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and loss account and share data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 30 June 2008 and 2007:

	Group	
	2008	**2007**
	S$'000	S$'000
Profit for the year attributable to ordinary equity holders of the Company	48,196	34,730
Less:		
- Profit for the year from discontinued operations	10,864	5,464
- Attributable to minority interests	–	(394)
- Profit from discontinued operations attributable to ordinary equity holders of the Company	10,864	5,070
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	37,332	29,660
Weighted average number of ordinary shares in issue ('000)	240,000	240,000
Weighted average number of ordinary shares adjusted for dilution after the invitation of new shares ('000)	325,000	325,000

(b) Discontinued operations

The basic and diluted earnings per share from discontinued operations are calculated by dividing the 'profit from discontinued operations attributable to ordinary equity holders of the Company' by the 'Weighted average number of ordinary shares'. These profit and loss account and share data are presented above in Note 11(a).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

12. Property, plant and equipment

Group	Freehold land	Leasehold premises	Capital work-in-progress	Machineries and scaffold materials	Motor vehicles	Office equipment	Workshop tools and equipment	Truck, cranes and forklifts	Computers	Electrical appliances, air-conditioners, furniture and fittings and renovation	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost											
At 1 July 2006	232	9,057	–	5,838	2,181	585	1,022	1,688	823	1,191	22,617
Arising from change of associated company to joint venture (Note 14(c)(ii))	–	–	–	–	310	–	–	–	–	–	310
Additions	–	–	–	1,880	–	118	521	398	204	10	3,131
Disposals	–	–	–	–	(240)	(8)	(8)	(29)	(191)	(13)	(489)
Attributable to discontinued operations	(232)	–	–	(458)	(417)	(197)	(764)	(15)	(489)	(660)	(3,232)
At 30 June 2007 and 1 July 2007	–	9,057	–	7,260	1,834	498	771	2,042	347	528	22,337
Additions	–	–	3,761	10,879	417	114	560	307	70	130	16,238
Disposals	–	–	–	(241)	(101)	–	(110)	–	–	–	(452)
Translation differences	–	–	–	(39)	(25)	–	–	–	–	–	(64)
At 30 June 2008	–	9,057	3,761	17,859	2,125	612	1,221	2,349	417	658	38,059

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

12. Property, plant and equipment (cont'd)

Group	Freehold land	Leasehold premises	Capital work-in-progress	Machineries and scaffold materials	Motor vehicles	Office equipment	Workshop tools and equipment	Truck, cranes and forklifts	Computers	Electrical appliances, air-conditioners, furniture and fittings and renovation	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Accumulated depreciation and impairment losses											
At 1 July 2006	–	3,240	–	2,569	1,234	426	817	1,435	764	885	11,370
Depreciation charge for the year	–	263	–	1,052	385	30	278	149	123	138	2,418
Disposals	–	–	–	–	(203)	(8)	(2)	(29)	(188)	(6)	(436)
Attributable to discontinued operations	–	–	–	(371)	(140)	(208)	(650)	–	(365)	(594)	(2,328)
Impairment loss	–	–	–	–	21	–	–	–	–	–	21
Translation differences	–	–	–	43	17	(29)	(6)	–	(2)	–	23
At 30 June 2007 and 1 July 2007	–	3,503	–	3,293	1,314	211	437	1,555	332	423	11,068
Depreciation charge for the year	–	257	–	1,517	319	42	395	176	56	83	2,845
Disposals	–	–	–	(90)	(78)	–	(81)	–	–	–	(249)
Translation differences	–	–	–	–	12	–	–	–	–	–	12
At 30 June 2008	–	3,760	–	4,720	1,567	253	751	1,731	388	506	13,676
Net carrying value											
At 30 June 2008	–	5,297	3,761	13,139	558	359	470	618	29	152	24,383
At 30 June 2007	–	5,554	–	3,967	520	287	334	487	15	105	11,269

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

12. Property, plant and equipment (cont'd)

(a) Motor vehicles with a net carrying value of S$44,000 (2007: S$66,000), were acquired by the Group under finance leases.

(b) A subsidiary company's leasehold factory building with a net carrying value of $2,040,000 (2007: $2,391,000) at 78 Joo Koon Circle is leased from Jurong Town Corporation for thirty plus thirty years from 1 August 1980.

The leasehold factory building was mortgaged to a bank for banking facilities.

13. Investments in subsidiary companies

These comprise:

	Company	
	2008	**2007**
	S$'000	S$'000
Unquoted equity shares, at cost	28,000	–

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2008	**2007**
			%	%
Held by the Company				
Continuing operations				
Hai Leck Engineering (Private) Limited*	Scaffolding, corrosion prevention and complementary general civil engineering services	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

13. Investments in subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2008 %	2007 %
Held by Hai Leck Engineering (Private) Limited				
Continuing operations				
Industrial Services Pte Ltd*	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	76
Hai Leck (VN) Engineering Co., Ltd**	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Vietnam	100	100
Hai Leck Corporation Sdn. Bhd. (formerly known as Perusahaan HaiLek Hiap Seng Sdn. Bhd.)***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

13. Investments in subsidiary companies (cont'd)

Details of subsidiary companies as at 30 June are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2008 %	Percentage of equity held by the Group 2007 %
Held by Hai Leck Engineering (Private) Limited (cont'd)				
Discontinued operations				
Hai Leck Development Pte Ltd****	Property development, investment and general contractors	Singapore	–	100
Highlander Power Systems Pte Ltd****	Investment trading and manufacturing of industrial machinery and equipment	Singapore	–	100
Tele-Centre Services Pte Ltd****	Carrying on the business of a call centre and related business in telecommunications and information technology	Singapore	–	93
Perusahaan Hai Leck Sdn. Bhd.****	Dormant	Malaysia	–	99.9
Held by Industrial Services Pte Ltd				
Discontinued operation				
Thermal Limitec Pte Ltd****	Manufacturing and installation of thermal protection systems and project management	Singapore	–	60

* Audited by Ernst & Young LLP, Singapore
** Audited by Audit & Informatic Services Company, Vietnam
*** Audited by Gow & Tan, Malaysia
**** Audited by Ernst & Young, Singapore in 2007. Ernst and Young ceased to be the auditor of these subsidiary companies upon disposal by the Group

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

14. Associated company and joint venture

These comprise:

	Group	
	2008	2007
	S$'000	S$'000
Quoted equity shares, at cost	–	7,216
Share of post-acquisition reserves (net of dividends received)	–	5,414
Unamortised negative goodwill recognised in opening accumulated profits on adoption of FRS 103	–	2,585
Carrying amount of investment	–	15,215
Market value of quoted equity shares	–	84,000

(a) Details of the associated company are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2008	2007
			%	%
Hiap Seng Engineering Ltd	Engineering and construction works	Singapore	–	26.9

(b) The summarised financial information of the associated company based on the audited financial statements for the year ended 31 March 2007 (being the latest financial information available) was as follows:

	2007
	S$'000
<u>Associated company</u>	
Assets and liabilities:	
Current assets	85,429
Non-current assets	16,485
Total assets	101,914
Current liabilities	40,361
Non-current liabilities	3,237
Total liabilities	43,598
Results:	
Turnover	180,789
Profit for the year	15,457

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

14. Associated company and joint venture (cont'd)

(c) Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2008	2007
			%	%
Logthai - Hai Leck Engineering Co.,Ltd* (Note 14(c)(i))	Construction and repair of metal equipment	Thailand	49	49

* Audited by Audit Teams, Thailand

(i) On 1 July 2007, the Group entered into a joint venture agreement with the other shareholder in Thailand that provides both parties with joint control over the financial and operating policies of Logthai - Hai Leck Engineering Co. Ltd ("Logthai"). By virtue of the joint venture agreement, Logthai, previously an associated company, became a joint venture. Under FRS 31, Interests in Joint Venture, the Group recognises its interests in Logthai's financial position and results using proportionate consolidation as of 1 July 2007, and ceased to equity account for Logthai's results as an associated company.

(ii) Effect of change from associated company to joint venture

The carrying values of the identifiable assets and liabilities of Logthai as at the date of change from an associated company to a joint venture mentioned in Note 14(c)(i) were:

	2007 Recognised upon change
	$'000
Property, plant and equipment	310
Quoted investments	206
Trade and other receivables	439
Cash and bank balances	1,002
Fixed deposit	275
	2,232
Trade and other payables	(1,071)
Due to an related party	(613)
Due to a Director	(206)
	(1,890)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

14. Associated company and joint venture (cont'd)

(c) Details of the joint venture are as follows: (cont'd)

(ii) Effect of change from associated company to joint venture (cont'd)

	2007 Recognised upon change
	$'000
Net identifiable assets	342
Amount previously recorded as associated company	(342)
	–
Add: Proportionate interest in cash and cash equivalents of joint venture	1,277
Net cash inflow on change from associated company to joint venture	1,277

(d) The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, revenue and income related to the Group's interests in the jointly-controlled entity are as follows:

	Group	
	2008	**2007**
	S$'000	S$'000
<u>**Joint Venture**</u>		
Assets and liabilities:		
Current assets	1,458	1,466
Non-current assets	229	273
Total assets	1,687	1,739
Current and total liabilities	915	1,053
Results:		
Turnover	1,536	1,946
Profit for the year	164	307

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

15. Other investments

	Group	
	2008	2007
	S$'000	S$'000
Current:		
Shares (quoted), at fair value	201	223
Shares (unquoted), at cost	–	32
Bonds, at cost	1,000	1,000
	1,201	1,255
Non-current:		
Shares (unquoted), at cost	–	156

Quoted shares

The quoted shares are non-redeemable and non-cumulative preference shares.

Bonds

These bonds have an average effective interest rate of 4.5% (2007: 4.5%) per annum.

16. Intangible assets

	Goodwill	Club memberships	Total
	S$'000	S$'000	S$'000
Cost			
At 1 July 2006	449	751	1,200
Attributable to discontinued operations	(449)	(493)	(942)
At 30 June and 1 July 2007 and 30 June 2008	–	258	258
Accumulated amortisation and impairment losses			
At 1 July 2006	–	145	145
Amortisation for the year	–	166	166
Write-back of impairment loss	–	(136)	(136)
Attributable to discontinued operations	–	(175)	(175)
At 30 June and 1 July 2007	–	–	–
Amortisation for the year	–	3	3
At 30 June 2008	–	3	3
Net carrying amount			
At 30 June 2008	–	255	255
At 30 June 2007	–	258	258

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

17. Due from subsidiary companies (non-trade)
Due from related party (non-trade)

The amounts due from subsidiary companies (non-trade) and related party (non-trade) are unsecured, interest-free and repayable within the next twelve months after the balance sheet date.

18. Inventories

	Group	
	2008	**2007**
	S$'000	S$'000
Raw materials	–	49
Finished goods	1,049	654
Total inventories at lower of cost and net realisable value	1,049	703

During the year, inventories recognised as an expense in the profit and loss account under cost of sales amounted to S$8,425,000 (2007: S$9,097,000) for the Group.

There were no inventories written off during the previous and current financial years.

There was no reversal of any write down that is recognised as a reduction in the amount of inventories during the previous and current financial years.

19. Trade receivables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000
Trade receivables	20,917	16,832	75	–
Less: Allowance for doubtful receivables	(115)	(261)	–	–
	20,802	16,571	75	–

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

19. Trade receivables (cont'd)

Debtors that are past due but not impaired

The Group and the Company have trade receivables amounting to S$7,718,000 (2007: S$1,024,000) and S$Nil (2007: S$Nil) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000
Trade receivables past due for:				
Less than 60 days	2,648	847	–	–
More than 60 days	5,070	177	–	–
	7,718	1,024	–	–

Debtors that are impaired

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group Individually impaired	
	2008	**2007**
	S$'000	S$'000
Trade receivables - nominal	115	261
Less : Allowance for doubtful receivables	(115)	(261)
	–	–
Movement in allowance		
At 1 July	261	261
Write-off	(146)	–
At 30 June	115	261

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

19. Trade receivables (cont'd)

As at 30 June, trade receivables are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	20,321	16,129	75	–
United States dollars	317	703	–	–
Thai Baht	279	–		–
	20,917	16,832	75	–

20. Other receivables and deposits

	Group	
	2008	2007
	S$'000	S$'000
Other receivables	1,677	380
Deposits	158	278
Interest receivable	–	33
Staff advances	149	58
Tax recoverable	25	108
	2,009	857

During the year, the Group has wrote back allowance for long outstanding other receivables amounting to S$374,000 (2007: S$Nil) upon the collection of the other receivables that were previously provided for.

As at 30 June, other receivables and deposits are denominated in the following currencies:

	Group	
	2008	2007
	S$'000	S$'000
Singapore dollars	1,760	649
Thai Baht	240	208
Vietnam Dong	5	–
Malaysian Ringgit	4	–
	2,009	857

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

21. Due from associated company and joint venture

	Group	
	2008	2007
	S$'000	S$'000
Due from associated company (trade)	–	1,826
Due from joint venture (non-trade)	–	33
	–	1,859

In 2007, the amounts due from associated company and joint venture were unsecured and interest-free. The amounts were fully repaid during the current year.

22. Gross amount due from customers for contract work-in-progress

	Group	
	2008	2007
	S$'000	S$'000
This comprises:		
Aggregate project costs incurred and recognised profits to-date	15,181	222
Less: Progress billings	(13,903)	–
	1,278	222
Presented as:		
Gross amount due from customers for contract work-in-progress	1,278	222

23. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000
Continuing operations				
Cash and bank balances	6,356	11,591	2	–
Fixed deposits	5,314	30,175	–	–
Discontinued operations (Note 10)				
Cash and bank balances	–	5,269	–	–
Fixed deposits	–	664	–	–
	11,670	47,699	2	–

Cash at banks earns interest at Nil% (2007: 0.375% to 0.6%) per annum. Fixed deposits are made for varying periods of between 1 month and 12 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposits rates. Interest of fixed deposits is at rates ranging from 1.6% to 2.3% (2007: 0.1875% to 4%) per annum, which are also the effective interest rates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

23. Cash and cash equivalents (cont'd)

As at 30 June, cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	9,528	44,525	2	–
Thai Baht	774	660	–	–
United States dollars	45	1,890	–	–
Malaysian Ringgit	1,196	523	–	–
Vietnam Dong	127	101	–	–
	11,670	47,699	2	–

24. Trade and other payables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000
Trade payables	12,901	12,268	–	–
Other payables	402	2,093	70	2
Accrued operating expenses	3,335	1,341	–	–
	16,638	15,702	70	2

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

As at 30 June, trade and other payables are denominated in the following currencies:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000
Singapore dollars	15,542	13,425	70	2
United States dollars	127	2,080	–	–
Thai Baht	885	197	–	–
Malaysian Ringgit	6	–	–	–
Vietnam Dong	13	–	–	–
Australian dollars	65	–	–	–
	16,638	15,702	70	2

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

25. Due to subsidiary companies (non-trade)

The amounts due to subsidiary companies are unsecured, interest-free and repayable on demand.

26. Due to Directors

In 2007, the amounts due to Directors were non-trade in nature, unsecured and interest-free. The amounts were fully repaid during the current year.

27. Finance lease obligations

The Group has finance leases for certain items of plant and equipment and furniture and fixtures. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The average discount rate implicit in the leases is 2.5% (2007: 2.5%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group	Minimum payments 2008 S$'000	Present value of payments 2008 S$'000	Minimum payments 2007 S$'000	Present value of payments 2007 S$'000
Not later than one year	36	33	99	89
Later than one year but not later than five years	21	19	51	47
Total minimum lease payments	57	52	150	136
Less : Amounts representing finance charges	(5)	–	(14)	–
Present value of minimum lease payments	52	52	136	136

28. Deferred taxation

Deferred tax liabilities relate to the following:

	Group 2008 S$'000	Group 2007 S$'000
Deferred tax liabilities		
Excess of net carrying value over tax written down value of property, plant and equipment	1,104	374
Deferred tax assets		
Provisions	(90)	(90)
Net deferred tax liabilities	1,014	284

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

29. Share capital

	Group		Company	
2008	No. of shares ('000)	S$'000	No. of shares ('000)	S$'000
Ordinary shares issued and fully paid				
At beginning of the year	2,000	2,000	–*	–*
Capitalisation of accumulated profits to share capital	26,000	26,000	–	–
New shares issued	–	–	28,000	28,000
At end of the year	28,000	28,000	28,000	28,000
2007				
At beginning and end of the year	2,000	2,000	–	–

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

* The Company's share capital was S$3.

30. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group	
	2008 S$'000	**2007** S$'000
At beginning of the year	(7)	(7)
Net change in the reserve		
- Recognised in the profit and loss account on disposal of investments	7	–
At end of the year	–	(7)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

31. Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2008	**2007**
	S$'000	S$'000
At beginning of the year	(181)	114
Net effect of exchange differences arising from translation of financial statements of foreign operations	(121)	(295)
At end of the year	(302)	(181)

32. Dividend

	Group	
	2008	**2007**
	S$'000	S$'000
Declared and paid[1] during the year:		
Dividend on ordinary shares to pre-invitation shareholders:		
Interim tax exempt (2007: tax exempt) (one-tier) dividend paid in respect of the previous financial year of S$39.43 (2007: S$6.50) per share	78,874	13,000
Distribution in specie (Note 2c)	40,241	–
Interim tax exempt (one-tier) dividend paid in respect of the current financial year of S$14.4 (2007: S$Nil) per share	4,040	–
	123,155	13,000

[1] Paid to pre-invitation equity holders.

33. Prior year adjustments

	Group
	2007
	S$'000
Effect of prior year adjustment on accumulated profits	
At beginning of the year, as previously reported	61,644
Prior year adjustments:	
- Understatement of share of results of associated companies	880
At beginning of the year, as restated	62,524

In the prior years, the Group had inadvertently not recognised its share of results of an associated company, Logthai - Hai Leck Engineering Co. Ltd, based on its audited financial statements. Accordingly, adjustments have been made to record the actual share of results of the associated company with comparatives restated.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

34. Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sales and purchase of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year on terms agreed between the parties:

	Group	
	2008	**2007**
	S$'000	S$'000
Related parties		
Sales to an associated company	–	(5,396)
Provision of service by an related party	52	–
Provision of bank guarantee in respect of a director	–	225
Rental income from related party	(78)	(112)

(b) Compensation of key management personnel

	Group	
	2008	**2007**
	S$'000	S$'000
Central Provident Fund contributions	22	22
Directors remuneration	1,265	1,295
Directors' fees	18	200
Total compensation paid to key management personnel	1,305	1,517
Comprise amounts paid to:		
- Directors of the Company	1,305	1,517

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

35. Operating lease commitments

The Group has various operating lease agreements for leasehold premises and office equipment. These leases have an average tenure of between 1 and 2 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2008	**2007**
	S$'000	S$'000
Future minimum lease payments		
- not later than one year	1,704	1,047
- one year through five years	173	181
	1,877	1,228

Minimum lease payments recognised as an expense in the profit and loss account for the financial year ended 30 June 2008 amounted to S$1,554,000 (2007: S$910,000) and S$1,148,000 (2007: S$Nil) for the Group.

36. Contingent liabilities

The Group has provided a corporate guarantee amounting to approximately S$3,700,000 (2007: S$Nil) in favour of certain financial institutions for banking and finance lease facilities granted to certain subsidiary company.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment securities, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

37. Financial risk management objectives and policies (cont'd)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and market risk. The Board reviews and agrees policies for managing these risks and they are summarised below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's finance lease liabilities. The Group's policy is to obtain the most favourable interest rates available.

To manage interest rate risk, surplus funds are placed with reputable banks.

The following tables sets out the carrying amount, by maturity, of the Group and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Within 1 year S$'000	1 - 2 years S$'000	Total S$'000
2008				
Fixed rate				
Short-term deposits	23	5,314	–	5,314
Bonds	15	1,000	–	1,000
Finance lease obligations	27	33	19	52
2007				
Fixed rate				
Short-term deposits	23	30,839	–	30,839
Bonds	15	1,000	–	1,000
Finance lease obligations	27	89	47	136
Floating rate				
Cash at bank	23	16,860	–	16,860

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

37. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the balance sheet date, if SGD interest rates had been 75 (2007: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$Nil (2007: S$126,000) lower/higher, arising mainly as a result of lower/higher interest income from floating rate cash at bank.

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposure.

The Group's policy is to manage its exposure to foreign currency risk by matching its sales denominated in SGD and United States Dollars with its purchases in the same currencies.

The Group is also exposed to currency translation risks arising from its net investments in foreign operations including Malaysia, Thailand and Vietnam. The Group's net investments in these operations are not hedged as these are considered to be long-term in nature.

Foreign exchange risk is deemed not significant by management as the Group's transactions are mainly in SGD. It is the Group's policy not to trade in derivative contracts.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

37. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

The table below summarises the Group's and the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments.

2008	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group			
Trade and other payables	16,638	–	16,638
Finance lease obligations	36	21	57
	16,674	21	16,695
Company			
Trade and other payables	70	–	70
Due to subsidiary companies (non-trade)	11	–	11
	81	–	81
2007			
Group			
Trade and other payables	15,702	–	15,702
Due to Directors	394	–	394
Finance lease obligations	99	51	150
	16,195	51	16,246
Company			
Trade and other payables	2	–	2
Due to subsidiary companies (non-trade)	4	–	4
Due to Directors	16	–	16
	22	–	22

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

37. Financial risk management objectives and policies (cont'd)

(d) Credit risk (cont'd)

The carrying amounts of investment securities, trade and other receivables, amount due from associated company, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade receivables based upon expected collectibility of all trade debts.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2008	2007
	S$'000	S$'000
By country:		
Singapore	20,638	15,746
Thailand	279	382
Others	–	704
	20,917	16,832

At the balance sheet date, approximately 60% (2007: 63%) of the Group's trade receivables were due from 5 major customers who are multi-national corporations located in Singapore.

The Group has no significant concentration of credit risk. Information regarding trade receivables that are either past due or impaired is disclosed in Note 19.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the Stock Exchange of Thailand ("SET") and are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential.

<u>Sensitivity analysis for equity price risk</u>

At the balance sheet date, if the SET index had been 20% (2007: 20%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been S$40,000 (2007: S$4,000) lower/higher, arising as a result of an decrease/increase in the fair value of equity instruments classified as available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

38. Fair value of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount approximates fair value due to their nature and liquidity.

Trade receivables, other receivables and deposits, trade and other payables, amounts due from/(due to) subsidiary, associated, joint venture companies and related party and amounts due to Directors

The carrying amounts approximate fair values because these assets and liabilities are of short-term maturity.

Quoted and unquoted investments

The fair values of quoted investments are estimated based on quoted market prices for these investments. The carrying value of quoted investments approximates their fair values. For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

Lease obligations

It is not practicable to estimate the fair value of the Company's long-term finance leases because of the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amount recorded at the balance sheet date approximates its fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

38. Fair value of financial instruments (cont'd)

Set out below is a comparison by category of the carrying amounts of the Group's and the Company's financial instruments that are carried on the financial statements:

Group	Loans and receivables S$'000	Available for sale S$'000	Liabilities at amortised cost S$'000
2008			
Assets			
Trade receivables (Note 19)	20,802	–	–
Other receivables and deposits (Note 20)	2,009	–	–
Other investments (Note 15)	–	1,201	–
Cash and cash equivalents (Note 23)	11,670	–	–
Total	**34,481**	**1,201**	**–**
Liabilities			
Trade and other payables (Note 24)	–	–	16,638
Finance lease obligations (Note 27)	–	–	52
Total	**–**	**–**	**16,690**
2007			
Assets			
Trade receivables (Note 19)	16,571	–	–
Other receivables and deposits (Note 20)	857	–	–
Due from associated companies and joint venture (Note 21)	1,859	–	–
Due from related party (non-trade) (Note 17)	5	–	–
Other investments (Note 15)	–	1,411	–
Cash and cash equivalents (Note 23)	41,766	–	–
Assets classified as held for sale (Note 10)			
- Trade receivables	2,201	–	–
- Other receivables and deposits	184	–	–
- Cash and bank balances	5,269	–	–
- Fixed deposits	664	–	–
Total	**69,376**	**1,411**	**–**
Liabilities			
Trade and other payables (Note 24)	–	–	15,702
Due to Directors (Note 26)	–	–	394
Finance lease obligations (Note 27)	–	–	136
Liabilities directly associated with assets classified as held for sale (Note 10)			
- Trade and other payables	–	–	2,766
- Finance lease obligations	–	–	63
Total	**–**	**–**	**19,061**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

38. Fair values of financial instruments (cont'd)

Company	Loans and receivables S$'000	Liabilities at amortised cost S$'000
2008		
Assets		
Trade receivables (Note 19)	75	–
Other receivables and deposits (Note 20)	1,150	–
Due from subsidiary companies (non-trade) (Note 17)	5,790	–
Cash and cash equivalents (Note 23)	2	–
Total	**7,017**	**–**
Liabilities		
Trade and other payables (Note 24)	–	70
Due to subsidiary companies (trade) (Note 25)	–	11
Total	–	**81**
2007		
Liabilities		
Trade and other payables (Note 24)	–	2
Due to subsidiary companies (trade) (Note 25)	–	4
Due to Directors (Note 26)	–	16
Total	–	**22**

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2008 and 2007.

The Group monitors capital using the gearing ratio, calculated as gross debt over total equity. The Group's policy is to keep the gearing ratio between 10% to 50%. Net debt includes all loans and borrowings, trade and other payables and amounts due to Directors. Total equity means equity attributable to equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

39. Capital management (cont'd)

	Group	
	2008	**2007**
	$'000	$'000
Total gross debt		
- Trade and other payables	16,638	15,702
- Due to Directors	–	394
- Finance lease obligations	52	136
Gross debts	16,690	16,232
Equity attributable to equity holders of the Company	43,181	86,066
Less: Fair value adjustment reserve	–	(7)
	43,181	86,059
Gross debt equity ratio	38.7%	18.9%

40. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's primary format for reporting segment information is business segments, with each segment representing a product and service category. The Group's business segments are organised into three main business segments, namely:

(i) Project services

Project services comprise scaffolding and corrosion prevention, complemented by general civil engineering services and thermal insulation services, comprising thermal insulation, refractory and passive fireproofing services.

Scaffolding services pertain to erection of scaffolds which are a temporary framework used to support workmen in the construction or repair of buildings and other large structures.

Corrosion prevention involves using high pressure blasting equipment and cleaning processes to remove surface contaminants ("Surface Preparation") before the application of a coat of paint onto clean surfaces of metal structures ("Coating").

Thermal protection and insulation refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

40. Segment information (cont'd)

Business segments (cont'd)

(ii) Maintenance services

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

(iii) Others

Others pertain to products and services provided by the non-core businesses of the Group. These will include investment trading and manufacturing of industrial machinery and equipment, property development, general contracting, supply of electric power generators, call centre service and related business in telecommunications and information technology.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

40. Segment information (cont'd)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2008 and 2007.

	Continued operations				Discontinued operations					
	Project Services		Maintenance services		Others		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue:										
Sales to external customers	39,750	32,462	27,256	30,201	22,200	18,636	–	–	89,206	81,299
Inter-segment sales	2,390	–	3,480	4,008	–	–	(5,870)	(4,008)	–	–
Total revenue	42,140	32,462	30,736	34,209	22,200	18,636	(5,870)	(4,008)	89,206	81,299
Results:										
Segment results	7,358	4,844	5,366	4,918	13,364	6,503	–	–	26,088	16,265
Finance costs									(13)	(6)
Share of results of associated company									978	3,657
Gain on disposal of shares in an associated company									25,948	18,300
Profit before taxation									53,001	38,216
Taxation									(4,694)	(2,522)
Profit for the year									48,307	35,694

40. Segment information (cont'd)

(a) Business segments (cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 30 June 2008 and 2007.

	Continued operations				Discontinued operations					
	Project services		Maintenance services		Others		Eliminations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Assets and liabilities:										
Segment assets	38,464	43,933	28,702	46,606	–	21,598	(4,684)	(15,488)	62,482	96,649
Unallocated corporate assets									1,538	15,215
Total assets									64,020	111,864
Segment liabilities	16,403	8,029	12,430	8,790	–	3,931	(12,219)	(587)	16,614	20,163
Unallocated liabilities									4,225	3,445
Total liabilities									20,839	23,608
Other segment information:										
Capital expenditure:										
Property, plant and equipment	9,488	1,376	6,750	1,485	–	270	–	–	16,238	3,131
Depreciation	1,776	1,077	1,069	1,046	–	295	–	–	2,845	2,418
Amortisation	2	86	1	80	–	–	–	–	3	166
Impairment losses	–	–	–	–	–	21	–	–	–	21

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

40. Segment information (cont'd)

(b) Geographical segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 30 June 2008 and 2007.

	Singapore		Others		Eliminations		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue:								
Sales to external customers	86,735	78,648	2,471	2,651	–	–	89,206	81,299
Inter-segment sales	5,870	4,008	–	–	(5,870)	(4,008)	–	–
Total revenue	92,605	82,656	2,471	2,651	(5,870)	(4,008)	89,206	81,299
Other segment information:								
Segment assets	64,114	92,576	3,052	18,500	(4,684)	(14,427)	62,482	96,649
Unallocated corporate assets							1,538	15,215
Total assets							64,020	111,864
Capital expenditure:								
Property, plant and equipment	16,220	3,131	18	–	–	–	16,238	3,131

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2008

41. Events after balance sheet date

(a) *Listing on the Singapore Exchange Securities Trading Ltd ("SGX-ST")*

Subsequent to the financial year ended 30 June 2008, the Company was admitted to the official list of the SGX-ST on 28 August 2008. 85 millions new shares at $0.26 per share were issued fully subscribed.

(b) *Disposal of leasehold factory building*

Subsequent to the financial year ended 30 June 2008, its subsidiary company, Industrial Services Pte Ltd, has granted an option to Thermal Limitec Pte Ltd ("Thermal Limitec") to acquire the leasehold factory building at 78 Joo Koon Circle Singapore 629099 on 23 September 2008. Thermal Limitec has exercised the option to purchase the leasehold factory building on 24 September 2008 at the market value of S$2,600,000.

The net carrying value of the leasehold factory building as at 30 June 2008 was S$2,040,000. Based on this net carrying value of the leasehold factory building and the relevant costs to be incurred, the disposal will result in a net gain of approximately S$540,000.

The sale is subject to the approval of Jurong Town Corporation, National Environment Agency or other government or statutory regulatories, and the requirements of the Listing Manual.

As the above event does not satisfy the criteria for FRS 105, it is not classified as " Assets held-for-sale" as at the balance sheet date.

42. Comparative figures

The Company's comparatives in the financial statements have not been audited. In 2007, the Company was an exempt private company and exempted from audit requirements under Section 205C(1) of the Companies Act in respect of that year.

43. Authorisation of financial statements

The financial statements for the year ended 30 June 2008 were authorised for issue in accordance with a resolution of the Directors on 13 October 2008.

STATISTICS OF SHAREHOLDINGS

as at 30 September 2008

Issued and Fully Paid Up Capital	:	S$50,100,000
Total Number of Shares	:	325,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote per Share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	600	60.30	2,426,000	0.75
10,001 - 1,000,000	382	38.39	34,103,000	10.49
1,000,001 AND ABOVE	13	1.31	288,471,000	88.76
TOTAL	**995**	**100.00**	**325,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Cheng Capital Holdings Pte Ltd	124,800,000	38.40
2	Cheng Buck Poh @ Chng Bok Poh	79,200,000	24.37
3	Lee See Kee	36,000,000	11.08
4	Rotary Engineering Limited	16,000,000	4.92
5	Violetbloom Investment Pte. Ltd.	16,000,000	4.92
6	Mayban Nominees (S) Pte Ltd	4,000,000	1.23
7	Lim Chye Huat @ Bobby Lim Chye Huat	3,800,000	1.17
8	Tan Peng Yong	2,076,000	0.64
9	Thomas Dennis William	1,800,000	0.55
10	Quek Chiau Beng	1,341,000	0.41
11	UOB Kay Hian Pte Ltd	1,220,000	0.38
12	M Rajaram	1,167,000	0.36
13	Ong Eng Loke	1,067,000	0.33
14	Teo Soon Seng	700,000	0.22
15	Gupta Sameer	600,000	0.18
16	Tan Ah Siong	600,000	0.18
17	Gui Boon Pien	500,000	0.15
18	Heng Kheng Seng	500,000	0.15
19	Lee Teck Leong	500,000	0.15
20	Lim Hui Eng	500,000	0.15
	TOTAL	**292,371,000**	**89.94**

STATISTICS OF SHAREHOLDINGS

as at 30 September 2008

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	DIRECT INTEREST %	DEEMED INTEREST NO. OF SHARES	DEEMED INTEREST %
Cheng Capital Holdings Pte Ltd (i)(ii)	124,800,000	38,40	–	–
Cheng Buck Poh @ Chng Bok Poh (i)(ii)(iii)	79,200,000	24.37	124,800,000	38.40
Lee See Kee	36,000,000	11.08	–	–
Goo Guik Bing @ Goh Guik Bing (i)(iii)	–	–	204,000,000	62.77

Notes:

(i) Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs. Cheng Buck Poh @ Chng Bok Poh (52 shares (52%)), Goo Guik Bing @ Goh Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)), and Cheng Wee Ling (7 shares (7%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Director, Ms Cheng Li Chen, our Planning Manager, Mr Cheng Yao Tong, our director of Hai Leck Engineering (Private) Limited, Ms Cheng Li Hui, as well as Ms Cheng Li Peng and Cheng Wee Ling, are their children.

(ii) Mr Cheng Buck Poh @ Chng Bok Poh is deemed interested in the 124,800,000 shares held by Cheng Capital Holdings by virtue of his 52% shareholdings in Cheng Capital Holdings.

(iii) Mdm Goo Guik Bing @ Goh Guik Bing is deemed interested (i) the 124,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 52% shareholdings in Cheng Capital Holdings; and (ii) the 79,200,000 shares held by her husband.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 30 September 2008, approximately 26.15% of the Company's total number of issued shares was held by the public and, therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hai Leck Holdings Limited will be held at Khattar Wong Singapore, 80 Raffles Place, UOB Plaza 1 #25-01, Singapore 048624 on Friday, 7 November 2008 at 2.30 p.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2008 together with the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Final Tax Exempt (one tier) Dividend of 0.8 cents per ordinary share for the financial year ended 30 June 2008. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$18,000 for the financial year ended 30 June 2008. (FY 2007 : Nil) **(Resolution 3)**

4. To re-elect Mr Lee See Kee, a director retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Mr Tan Sim Cheng, a director retiring pursuant to Article 92 of the Company's Articles of Association. **(Resolution 5)**

   Mr Tan Sim Cheng will, upon re-election as Director of the Company, remain as Chairman of Audit Committee and member of Nominating Committee and Remuneration Committee. Mr Tan is considered as an independent director.

6. To re-elect Dr Low Seow Chay, a director retiring pursuant to Article 92 of the Company's Articles of Association. **(Resolution 6)**

   Dr Low Seow Chay will, upon re-election as Director of the Company, remain as Chairman of Remuneration Committee and member of Nominating Committee and Audit Committee. Dr Low is considered as an independent director.

7. To re-elect Mr Chee Teck Kwong Patrick, a Director retiring pursuant to Article 92 of the Company's Articles of Association. **(Resolution 7)**

   Mr Chee Teck Kwong Patrick will, upon re-election as Director of the Company, remain as Chairman of Nominating Committee and member of Audit Committee and Remuneration Committee. Mr Chee is considered as an independent director.

8. To consider and if thought fit, to pass the following resolution:- **(Resolution 8)**

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Khaizar Abbas Nomanbhoy who is over seventy years of age be and is hereby re-appointed a director of the Company to hold office until the next Annual General Meeting."

9. To appoint Messrs Ernst & Young LLP as auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 9)**

10. To transact any other business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, with or without modifications, as Ordinary Resolution:-

11. General Mandate to authorise the Directors to issue shares or convertible securities **(Resolution 10)**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST Listing Manual"), authority be and is hereby given to the Directors of the Company to allot and issue: -

a) shares; or

b) convertible securities; or

c) additional securities issued pursuant to Rule 829 of the Listing Manual; or

d) shares arising from the conversion of the securities in (b) and (c) above,

in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that:

i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution must be not more than 50% of the issued share capital of the Company (calculated in accordance with (ii) below), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the issued share capital of the Company (calculated in accordance with (ii) below);and

ii) for the purpose of determining the number of shares and convertible securities that may be issued pursuant to (i) above, the percentage of issued share capital shall be calculated based on the Company's issued share capital at the time of the passing of this Resolution after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities or employee share options which are outstanding at the time this Resolution is passed, and (ii) any subsequent consolidation or subdivision of shares.

Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, this Resolution shall remain in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note]

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

Singapore,
20 October 2008

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

Ordinary Resolution 10, if passed, will empower the Directors, from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue and allot shares and convertible securities in the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the resolution, for such purposes as the Directors may consider would be in the best interest of the Company. The number of shares and convertible securities that the Directors may issue and allot under this Resolution would not exceed 50% of the issued share capital of the Company at the time of the passing of this Resolution. For issues of shares and convertible securities other than on a pro rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the issued share capital of the Company at the time of the passing of this Resolution.

The percentage of issued share capital is based on the Company's issued share capital at the time of the passing of this Resolution after adjusting for (a) new shares arising from the conversion or exercise of convertible securities, (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the SGX-ST Listing Manual and (c) any subsequent consolidation or subdivision of shares.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 9 Tuas Avenue 1, Singapore 639494 not less than 48 hours before the time appointed for the Annual General Meeting.

HAI LECK HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No: 199804461D

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Hai Leck Holdings Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominee

*I/We ______________________________ (Name) *NRIC / Passport No. ______________________

of ____

being a *member/members of **HAI LECK HOLDINGS LIMITED** ("the Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary to demand a poll, at the Annual General Meeting of the Company to be held at Khattar Wong Singapore, 80 Raffles Place, UOB Plaza 1 #25-01, Singapore 048624 on Friday, 7 November 2008 at 2.30 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolution	To be used on a show of hands		To be used in the Event of a Poll	
		For**	Against**	Number of Votes For***	Number of Votes Against***
1.	Adoption of Audited Financial Statements, Directors' Report and Auditors' Report				
2.	Declaration of Final Dividend				
3.	Approval of Directors' Fees				
4.	Re-election of Mr Lee See Kee as Director				
5.	Re-election of Mr Tan Sim Cheng as Director				
6.	Re-election of Dr Low Seow Chay as Director				
7.	Re-election of Mr Chee Teck Kwong Patrick as Director				
8.	Re-appointment of Mr Khaizar Abbas Nomanbhoy as Director				
9.	Re-appointment of Ernst & Young LLP as Auditors				
10.	Authority to issue shares				

* Delete accordingly.
** Please indicate your vote "For" or "Against" with a tick (√) within the box provided.
*** If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ______________________ 2008

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the Company's Registered Address at 9 Tuas Avenue 1, Singapore 639494, not less than forty-eight (48) hours before the time of the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.