HAI LECK HOLDINGS LIMITED

STRENGTH in our STRUCTURE

annual report 2009

contents

about **us**

AN INTEGRATED SERVICE PROVIDER

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

TO OUR VALUED SHAREHOLDERS

It is my pleasure to present our results for the financial year ("FY") ended 30 June 2009, in which we have experienced strong growth despite the weak global economic climate. This attests to the resilience of our business model as well as the success of our business strategy to target the niche oil & gas and petrochemical industries.

Our revenue for FY2009 was $105.0 million, a robust increase of 57% from FY2008, while net profit grew by 17% to $11.0 million over the same period. Earnings per share posted a 17% increase from 2.9 cents to 3.4 cents, while net asset value per share increased 69% from 13 cents to 22 cents.

With such strong financial results, the Board of Directors has proposed a special and final dividend of 1 cent per ordinary share, representing a dividend payout ratio of approximately 29%, as a gesture of appreciation and gratitude to our shareholders for their unwavering support and trust.

The Board of Directors has also proposed to undertake a renounceable non-underwritten rights issue of 1 warrant for every 3 existing shares at an issue price of 1 Singapore cent per warrant, each warrant carrying the right to subscribe for 1 new ordinary share in our Company. The exercise price is 26 Singapore cents for each warrant and the maturity date is 2 years from the date of issue. Further details of the said issue will be announced in due course.

During FY2009, we utilised $19.8 million raised through our Initial Public Offering to acquire and develop an automated shot-blasting facility, a workshop, warehouse and office premises in Tuas, as well as to purchase scaffolding.

Our revenue for FY2009 was $105.0 million, a robust increase of 57% from FY2008, while net profit grew by 17% to $11.0 million over the same period.

BUSINESS OUTLOOK

While we maintain strong business ties with long-standing customers, we have been active in our business development. During FY2009, we are pleased to have secured a number of contracts which included the $8 million new contract awarded in April 2009 by Neste Oil Singapore for the provision of scaffolding services which we expect will contribute positively to our earnings in the next financial year.

Our revenue contributions have been derived mostly from Singapore, which contributed 98% or $102.4 million of our turnover for FY2009, with the remaining $2.6 million contributed by overseas markets. Going forward, we intend to maintain our core growth strategies by widening our customer base, both locally and internationally, expanding our capabilities within the oil & gas and petrochemical industries as well as developing our overseas markets.

As we tread forth into an uncertain economic climate in the coming financial year, we remain cautiously optimistic as we believe that in the long run, fundamental economic growth and ensuing increase in demand for energy from developing giants such as India and China may result in strengthening demand for the oil & gas and petrochemical services of our main customers. This may in turn, lead to an increase in demand for our products and services.

On this note, I would like to announce two new appointments: the appointment of Mr Tan Sim Cheng and Ms Cheng Li Chen as our Group's Non-Executive Deputy Chairman and Deputy Chief Executive Officer respectively. With their combined expertise and invaluable corporate experience, the Board believes they will strengthen our Group's leadership. On behalf of the Board, I congratulate them and look forward to continue working with them.

Mr Khaizar Abbas Nomanbhoy has informed the Board that he will not be seeking re-election at the forthcoming annual general meeting. On behalf of the Board, I wish to express my sincere gratitude and appreciation for the contributions he has made to the Board.

I would also like to thank our management and staff for their support and contributions, as well as the invaluable support of our clients and shareholders. We look forward to a fruitful year ahead.

Cheng Buck Poh
Executive Chairman, BBM

operations review

During the financial year ended 30 June 2009, we registered a robust revenue growth of 57% year-on-year, from $67.0 million to $105.0 million. Net profit increased 17% from $9.4 million to $11.0 million.

REVENUE BY BUSINESS SEGMENT

Our Group is an integrated service provider primarily providing scaffolding, corrosion protection and thermal insulation services to the oil & gas and petrochemical industries. We have segment our principal activities into Project Services and Maintenance Services.

Project Services which refer to new construction projects, contributed $69.9 million of revenue in FY2009. Most of the revenue attributable to Project Services were secured in FY2007 and late FY2008. Revenue for this business segment grew by about 76% year on year.

Maintenance Services are conducted on routine and turnaround basis. Routine maintenance is carried out on a daily basis while turnaround maintenance is carried out periodically. During the year in review, Maintenance Services contributed $35.1 million to the top line. This was an increase of about 29% year-on-year. Total revenue before inter-segment sales of $12.0 million was $117.0 million.

During the year in review, the company derived most of the revenue through servicing the oil & gas and petrochemical industries.

REVENUE BY GEOGRAPHICAL SEGMENT

Singapore contributed $102.4 million or 98% of total turnover. The remaining $2.6 million was contributed by other markets.

COSTS OF SALES AND OPERATING EXPENSES

In line with the increase in revenue, our costs of sales increased by 48% or $20.1 million to $61.7 million during the year in review as compared to $41.6 million in the same period in 2008.

Operating expenses were $16.8 million higher in FY2009 as compared to that in FY2008. This increase was due to a number of factors namely additional employees engaged to manage ongoing and upcoming projects; an increase in dormitory rental expenses due to an increase in the number of foreign employees; higher maintenance costs and insurance expenses incurred with increased business activities; and higher depreciation charges as a result of new equipment and scaffolding purchased during the year in review.

PROFITS AND EARNINGS PER SHARE

Operating profit after tax before deducting minority interest was $5.9 million in the first half of the year and $5.1 million in the second half. Full year net profit was $11.0 million.

Earnings per share strengthened from 2.9 cents to 3.4 cents year-on-year while net asset value per share increased 69% from 13 cents to 22 cents. Given our good performance in FY 2009, the




PROJECT SERVICES

Contributed **$69.9 million** of revenue in FY2009. Most of the revenue attributable to Project Services were secured in FY2007 and late FY2008. Revenue for this business segment grew by about **76%** year on year.

MAINTENANCE SERVICES

Contributed **$35.1 million** to the top line. This was an increase of about **29%** year-on-year.

company has announced a special and final dividend of a total of 1 cent to be approved at the forthcoming Annual General Meeting. This dividend translates to a dividend payout ratio of 29%.

The company is also proposing the issue of one warrant for every three existing shares at the consideration of 1 cent per warrant. The exercise price is set at 26 cents for each warrant, and the warrants will have a maturity period of 2 years. The issue date will be determined later.

BALANCE SHEET HIGHLIGHTS

Non–current assets increased by about $23.1 million to $47.7 million as at 30 June 2009 primarily due to an increase in capital expenditure for the acquisition and development of an automated shot-blasting facility, workshop and warehouse and office premises at 47 Tuas View Circuit, as well as the purchase of equipment and scaffolding for on-going projects.

Current assets increased by about $12.7 million to $51.1 million as at 30 June 2009 largely due to an increase in cash and cash equivalents from the proceeds of the issuance of new shares, an increase in other receivables and deposits, which include the down payment for new equipment and an increase in trade receivables, which is in line with the increase in sales volume.

Current liabilities increased by about $4.3 million to $24.1 million as at 30 June 2009 mainly due to an increase in account payables, resulted from more purchases which was in line with the surge in sales volume, as well as an increase in finance leases for additional plants and equipment.

Non-current liabilities increased by about $2.3 million to $3.3 million as at 30 June 2009, primarily due to an increase in the provision of deferred taxes.

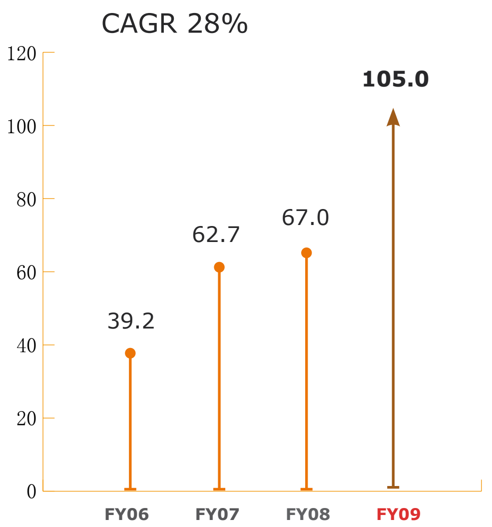
Net capital raised from the Initial Public Offering on the Singapore bourse on 28 August 2008 amounted to $19.8 million. Of this amount, $15.0 million was used for the acquisition and development of an automated shot-blasting facility, workshop, warehouse and office premise while $2.0 million was used for the purchase of scaffolding. The remaining was for the purpose of working capital.

CASH FLOW HIGHLIGHTS

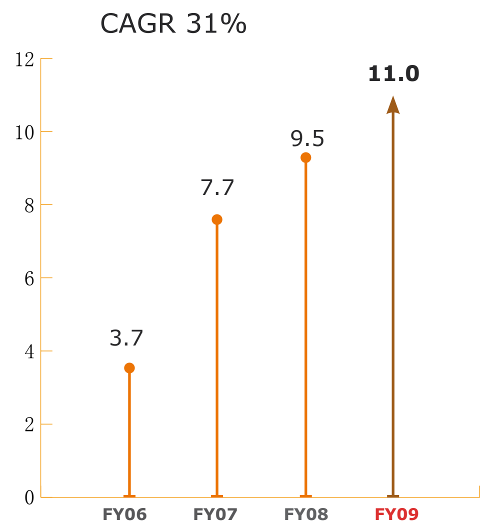
During the year in review, net cash flows generated from operating activities amounted to $19.9 million while net cash flows used in investing activities was $30.8 million. Net cash flow generated from financing activities amounted to $17.3 million. Overall, our net cash and cash equivalents increased by $6.4 million from $11.6 million at the beginning of the financial year to $18.0 million as at 30 June 2009.

financial highlights

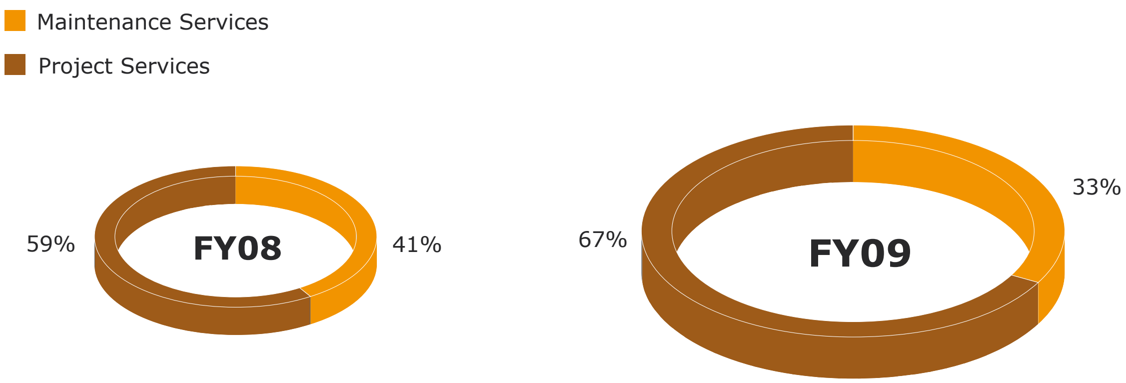
REVENUE (S$'mil)



NET PROFIT (S$'mil)



REVENUE CONTRIBUTED BY SEGMENT



FY: Financial year ended 30 June

STRENGTH in our STRATEGY

"Going forward, we intend to maintain our core growth strategies by widening our customer base, both locally and internationally, expanding our capabilities within the oil & gas and petrochemical industries as well as developing our overseas markets."

board of directors

From left: Ms Cheng Li Chen, Mr Tan Sim Cheng, Mr Chee Teck Kwong Patrick, Mr Cheng Buck Poh @ Chng Bok Poh, Mr Lee See Kee, Dr Low Seow Chay and Mr Khaizar Abbas Nomanbhoy

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 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 TAN SIM CHENG is our Non-Executive Deputy Chairman and 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 Accountants, Singapore.

MR LEE SEE KEE is our Chief Executive Officer and was appointed to the Board on 12 September 1998. He oversees management, operations and development of the Group's business. 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 Deputy Chief Executive Officer. She 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.

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 such as Hor Kew Corporation Limited, Casa Holdings Limited and Heeton Holdings Limited. He obtained a Bachelor of Engineering from the University of Singapore in 1973 as well as a Master of Science and a PhD in Engineering 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 such as China Infrastructure Holdings Limited, CSC Holdings Limited, Hengxin Technology Limited, PSC Corporation Ltd, Ramba Energy Limited, Singapore Windsor Holdings Limited and Tat Seng Packaging Group Limited. 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 project 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 19 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 accounting 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 Health, Safety & Environment (HSE) program for project as well as maintenance works. He also ensures our Group's compliance with Ministry of Manpower'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 project 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 project 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 Engineering Technology 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)

Tan Sim Cheng
(Non-Executive Deputy Chairman)

Lee See Kee
(Chief Executive Officer)

Cheng Li Chen
(Deputy Chief Executive Officer)

Khaizar Abbas Nomanbhoy
(Executive Director,
Corporate Planning)

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

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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

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 quarterly, 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.

During the year under review, number of Board Meeting held and attendance at the meeting were as follows:

Directors	No. of meetings held	Attendance
Mr Cheng Buck Poh @ Chng Bok Poh	4	4
Mr Lee See Kee	4	4
Ms Cheng Li Chen	4	4
Mr Khaizar Abbas Nomanbhoy	4	4
Mr Tan Sim Cheng	4	4
Dr Low Seow Chay	4	4
Mr Chee Teck Kwong Patrick	4	4

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 Nominating Committee confirms that the independent directors make up at least one third of the Board.

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 Board considers that its current size and composition is appropriate for decision making, taking into account the scope and nature of the group's operations.

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 independent directors constructively challenge and help develop proposals and strategy; review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

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.

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 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.

During the financial year, the Company appointed Mr Tan Sim Cheng, an Independent Director and Chairman of the Audit Committee, as its Non-Executive Deputy Chairman and Ms Cheng Li Chen, an Executive Director, as its Deputy CEO.

The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision making by the Board 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 is 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 decides 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 also implements 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.

During the year under review, the number of Nominating Committee Meeting held and attendance at the meeting were as follows:

Directors	No. of meetings 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/ reappointment
Mr Cheng Buck Poh @ Chng Bok Poh (Executive Chairman)	12 September 1998	10 December 2007
Mr Tan Sim Cheng (Non Executive Deputy Chairman)	5 June 2008	7 November 2008
Mr Lee See Kee (Chief Executive Officer)	12 September 1998	7 November 2008
Ms Cheng Li Chen (Deputy CEO)	17 October 2007	10 December 2007
Mr Khaizar Abbas Nomanbhoy (Executive Director, Corporate Planning)	17 October 2007	7 November 2008
Dr Low Seow Chay (Independent Director)	5 June 2008	7 November 2008
Mr Chee Teck Kwong Patrick (Independent Director)	5 June 2008	7 November 2008

All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least every three years. According to Article 93 of the Company's Articles of Association, Mr Cheng Buck Poh @ Chng Bok Poh and Ms Cheng Li Chen will retire at the Company's forthcoming Annual General Meeting ("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. Mr Khaizar has informed that he will not be seeking re-election at the forth coming AGM. The Board would like to record its appreciation to Mr Khaizar for his contribution to the Company.

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.

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.

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 is 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.

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 are 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.

During the year under review, the number of Remuneration Committee Meeting held and attendance at the meeting were as follows:

Directors	No. of meetings held	Attendance
Dr Low Seow Chay	3	3
Mr Chee Teck Kwong Patrick	3	3
Mr Tan Sim Cheng	3	3

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.

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 2009 is as follows:

Remuneration Band & Name of Director	Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
$ 500,000 –$749,999					
Mr Cheng Buck Poh @ Chng Bok Poh	69	30	–	1	100
Mr Lee See Kee	67	32	–	1	100
$ 250,000 –$499,999					
Ms Cheng Li Chen	58	38	–	4	100
Below $250,000					
Mr Khaizar Abbas Nomanbhoy	76	19	–	5	100
Mr Tan Sim Cheng	–	–	100	–	100
Dr Low Seow Chay	–	–	100	–	100
Mr Chee Teck Kwong Patrick	–	–	100	–	100

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 2009 are set out below:

Remuneration Band & Name of Executive Officers	Salary %	Variable Bonus %	Benefits %	Total %
$ 250,000 -$499,999				
Mr Quek Chiau Beng	65	31	4	100
Below $250,000				
Mr Yow Hon Meng	76	19	5	100
Mr Tay Choon Wah	72	24	4	100
Mr Cheng Yao Tong	60	26	14	100
Mr Mohamad Jufri Erethinavelan	65	33	2	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 2009.

The Company does not have any employee shares option schemes.

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;

(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 review the effectiveness of Company's internal audit functions;

(e) 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;

(f) 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;

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

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

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

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

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

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

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

(n) 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 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 are 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 externalauditors of the Company at the forthcoming annual general meeting.

In 2008, 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") was 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.

During the year under review, the number of Audit Committee Meeting held and attendance at the meeting were as follows:

Directors	**No. of meetings held**	**Attendance**
Mr Tan Sim Cheng	4	4
Dr Low Seow Chay	4	4
Mr Chee Teck Kwong Patrick	4	4

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 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 reviews 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 has adopted the Singapore Standard on Auditing and reported directly to the Audit Committee, with full and direct access to the members of the Audit Committee at all times.

The Audit Committee reviews and approves the annual internal audit plans and reviews the scope and results of internal audit procedures issued by the internal auditors.

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.

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 2009 are disclosed in note 32 (Related Party Transactions) of the financial statements on page 69:-

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)
Highlander Power Systems Pte Ltd	S$108,000	–
Tele-Centre Savings Pte Ltd	S$53,000	–

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. Of this, $15 million is for financing the acquisition and development of an automated shot-blasting facility, workshop, warehouse and office premise in Tuas, $2 million for purchase of scaffolding and remaining, working capital.

As at 30 June 2009, the Group has utilised the IPO proceeds as indicated in the prospectus.

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
47 Tuas View Circuit Singapore 637357	Workshop and office premises	24,161 / 11,683	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

(Amounts in Singapore dollars)

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 2009.

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 2008**	**30 June 2009**	**1 July 2008**	**30 June 2009**
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	–	–
Low Seow Chay	–	500,000	–	–
Tan Sim Cheng	–	100,000	–	–
Chee Teck Kwong Patrick	–	100,000	–	–

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 2009.

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.

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 relationships with the subsidiary companies, 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") comprises the following three Independent Directors:

Tan Sim Cheng (Chairman)
Low Seow Chay
Chee Teck Kwong Patrick

The AC performs the functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by Singapore Exchange Securities Trading Ltd. In performing those functions, the AC reviewed 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 met with the external auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2009, as well as the external auditors' report thereon.

The AC held 4 meetings during the financial year ended 30 June 2009.

The AC, having reviewed all the non-audit services provided by the external auditors, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

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
15 September 2009

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 2009, 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.

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
15 September 2009

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 2009, the statements of changes in equity of the Group and the Company, and the consolidated profit and loss account and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 accounts and balance sheets 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.

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 2009 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
15 September 2009

consolidated profit and loss account

For the year ended 30 June 2009

(Amounts in Singapore dollars)

	Note	Group 2009 S$'000	Group 2008 S$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	3	104,953	67,006
Cost of sales		(61,763)	(41,635)
Other income	4	2,578	28,082
Distribution and selling expenses		(785)	(687)
Administrative expenses		(21,986)	(11,881)
Other operating expenses		(9,809)	(3,204)
Interest expense	7	(15)	(13)
Share of results of associated company		–	978
Profit before taxation from continuing operations	5	13,173	38,646
Taxation	8	(2,151)	(2,194)
Profit for the year from continuing operations		11,022	36,452
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	9	–	10,864
Profit for the year		11,022	47,316
Attributable to:			
Equity holders of the Company		11,022	47,205
Minority interests		–	111
		11,022	47,316
Earnings per share			
Continuing operations			
Basic (cents)	10	3.5	15.1
Fully diluted (cents)	10	3.5	11.7
Discontinued operations			
Basic (cents)	10	–	4.5
Fully diluted (cents)	10	–	3.5

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

balance sheets

as at 30 June 2009

(Amounts in Singapore dollars)

	Note	Group		Company	
		2009	**2008**	**2009**	**2008**
		S$'000	S$'000	S$'000	S$'000
			(Restated)		**(Restated)**
Non-current assets					
Property, plant and equipment	11	47,524	24,383	–	–
Investments in subsidiary companies	12	–	–	28,000	28,000
Intangible assets	14	242	255	–	–
Loan due from a subsidiary company	18	–	–	21,088	–
		47,766	24,638	49,088	28,000
Current assets					
Inventories	15	350	1,049	–	–
Trade receivables	16	27,466	20,802	–	75
Other receivables and deposits	17	2,657	2,009	–	–
Prepayments		216	382	–	159
Amounts due from subsidiary companies (non-trade)	19	–	–	408	5,790
Amounts due from subsidiary companies (trade)	19	–	–	826	–
Other investments	20	1,010	1,201	–	–
Gross amount due from customers for contract work-in-progress	21	1,410	1,278	–	–
Cash and bank balances	22	15,340	6,356	5,895	2
Fixed deposits	22	2,692	5,314	–	–
		51,141	38,391	7,129	6,026

as at 30 June 2009

(Amounts in Singapore dollars)

	Note	Group		Company	
		2009	**2008**	**2009**	**2008**
		S$'000	S$'000	S$'000	S$'000
			(Restated)		**(Restated)**
Current liabilities					
Advances from customer		1,232	–	–	–
Trade and other payables	23	20,721	16,638	1,011	70
Amounts due to subsidiary companies (non-trade)	24	–	–	12	11
Loan due to a minority shareholder	25	392	–	–	–
Provision for taxation		1,268	3,135	3	–
Finance lease obligations, current portion	26	521	33	–	–
		24,134	19,806	1,026	81
Net current assets		27,007	18,585	6,103	5,945
Non-current liabilities					
Deferred taxation	27	2,705	1,014	–	–
Finance lease obligations, non-current portion	26	630	19	–	–
		3,335	1,033	–	–
Net assets		71,438	42,190	55,191	33,945
Equity attributable to equity holders of the Company					
Share capital	28	48,800	28,000	48,800	28,000
Accumulated profits		22,914	14,492	6,391	5,945
Translation reserve	30	(276)	(302)	–	–
Total equity		71,438	42,190	55,191	33,945

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

statements of changes in equity

For the year ended 30 June 2009

(Amounts in Singapore dollars)

Group	Share capital (Note 28) S$'000	Accumulated profits S$'000	Fair value adjustment reserve (Note 29) S$'000	Translation reserve (Note 30) S$'000	Total reserves S$'000	Minority interests S$'000	Total equity S$'000
	Attributable to equity holders of the Company						
Balance at 1 July 2008 as previously stated	28,000	15,483	–	(302)	15,181	–	43,181
Effects of withdrawal of RAP 9 (Note 2.2(i))	–	(991)	–	–	(991)	–	(991)
Balance at 1 July 2008 as restated	28,000	14,492	–	(302)	14,190	–	42,190
Net effect of exchange differences	–	–	–	26	26	–	26
Net income recognised directly in equity	–	–	–	26	26	–	26
Profit for the year	–	11,022	–	–	11,022	–	11,022
Total recognised income and expenses for the year	–	11,022	–	26	11,048	–	11,048
Issuance of ordinary shares	22,100	–	–	–	–	–	22,100
Share issue expenses	(1,300)	–	–	–	–	–	(1,300)
Dividend on ordinary shares (Note 31)	–	(2,600)	–	–	(2,600)	–	(2,600)
Balance at 30 June 2009	48,800	22,914	–	(276)	22,638	–	71,438
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 as restated	–	47,205	–	–	47,205	111	47,316
Total recognised income and expenses for the year	–	79,393	–	(121)	79,272	104	79,376
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 31)	–	(123,155)	–	–	(123,155)	(24)	(123,179)
Balance at 30 June 2008 as restated	28,000	14,492	–	(302)	14,190	–	42,190

For the year ended 30 June 2009

(Amounts in Singapore dollars)

Company	Attributable to equity holders of the Company: Share capital (Note 28)	Attributable to equity holders of the Company: Accumulated profits	Total equity
	S$'000	S$'000	S$'000
Balance at 1 July 2008 as previously stated	28,000	6,936	34,936
Effects of withdrawal of RAP 9 (Note 2.2(i))	–	(991)	(991)
Balance at 1 July 2008 as restated	28,000	5,945	33,945
Profit for the year	–	3,046	3,046
Total recognised income and expenses for the year	–	3,046	3,046
Issuance of ordinary shares	22,100	–	22,100
Share issue expenses	(1,300)	–	(1,300)
Dividend on ordinary shares (Note 31)	–	(2,600)	(2,600)
Balance at 30 June 2009	48,800	6,391	55,191
Balance at 1 July 2007	–	(22)	(22)
Profit for the year as restated	–	10,007	10,007
Total recognised income and expenses for the year	–	10,007	10,007
Issuance of ordinary shares	28,000	–	28,000
Dividend on ordinary shares (Note 31)	–	(4,040)	(4,040)
Balance at 30 June 2008 as restated	28,000	5,945	33,945

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

consolidated cash flow statements

For the year ended 30 June 2009

(Amounts in Singapore dollars)

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Cash flows from operating activities		
Profit before taxation from continuing operations	13,173	38,646
Profit before taxation from discontinued operations (Note 9)	–	13,364
	13,173	52,010
Adjustments:		
Depreciation of property, plant and equipment	9,798	2,845
Property, plant and equipment written off	16	–
Amortisation of intangible assets	13	3
Impairment loss on other investments	200	–
Gain on disposal of property, plant and equipment	(669)	(328)
Gain on disposal of shares in an associated company	–	(25,948)
Gain on disposal of investment properties	–	(337)
Gain on disposal of development properties	–	(14,087)
Gain on disposal of other investments	–	(61)
Loss on disposal of subsidiary companies	–	1,558
Currency realignment	17	30
Interest income	(60)	(669)
Interest expense	15	13
Share of results of associated companies	–	(978)
Operating profit before working capital changes	22,503	14,051
Increase in trade and other receivables	(6,155)	(5,207)
Decrease in inventories	699	660
Increase in trade and other payables	5,324	610
Increase in gross amount due from customers for contract work-in-progress	(132)	(1,056)
Decrease in amounts due from associated company	–	1,859
Increase in amounts due to Directors	–	2,006
Cash generated from operations	22,239	12,923
Tax paid	(2,330)	(4,980)
Net cash flows generated from operating activities	19,909	7,943

(Amounts in Singapore dollars)

	Group 2009 S$'000	Group 2008 S$'000 (Restated)
Cash flows from investing activities		
Interest received	60	669
Purchase of property, plant and equipment	(33,600)	(15,864)
Purchase of additional interest in a subsidiary company	–	(1,909)
Proceeds from disposal of property, plant and equipment	2,740	531
Proceeds from disposal of shares in an associated company	–	32,013
Proceeds from disposal of investment properties	–	2,422
Proceeds from disposal of development properties	–	19,637
Proceeds from disposal of other investments	–	234
Proceeds from disposal of intangible assets	–	767
Dividend from an associated company	–	2,075
Net cash outflow on disposal of subsidiary companies (Note 9)	–	(1,396)
Net cash flows (used in)/generated from investing activities	(30,800)	39,179
Cash flows from financing activities		
Net proceeds from issue of new shares	19,800	–
Loan from a minority shareholder of a subsidiary company	392	–
Interest paid	(15)	(13)
Repayment of finance lease obligations	(324)	(200)
Dividend paid	(2,600)	(82,914)
Dividend paid to minority shareholders of a subsidiary company	–	(24)
Net cash flows generated from/(used in) financing activities	17,253	(83,151)
Net increase/(decrease) in cash and cash equivalents	6,362	(36,029)
Cash and cash equivalents at the beginning of year	11,670	47,699
Cash and cash equivalents at end of year (Note 22)	18,032	11,670

During the year, the Group acquired property, plant and equipment with an aggregate cost of S$35,022,000 (2008: S$16,238,000), of which S$1,422,000 (2008: S$374,000) was acquired by means of finance lease.

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

1. Corporate information

Hai Leck Holdings Limited (the "Company") is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company was located at 9 Tuas Avenue 1, Singapore 639494. During the financial year, the Company relocated its registered office and principal place of business to 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 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 available-for-sale quoted investments that have been measured at their fair values.

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

2.2 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 and Interpretation of Financial Reporting Standard ("INT FRS")

On 1 July 2008, the Group and the Company has adopted all the new and revised FRS and INT FRS that are mandatory for annual financial periods beginning on or after 1 July 2008. The adoption of these FRS and INT FRS has no significant impact to the Group and the Company, except for the withdrawal of Statement of Recommended Accounting Practice ("RAP") 9, IPO Costs:

Withdrawal of RAP 9, IPO Costs

With effect from 1 January 2008, RAP 9 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 the change in the accounting policy to be applied retrospectively.

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

2.2 Changes in accounting policies (cont'd)

(i) *Adoption of new and revised FRS and Interpretation of Financial Reporting Standard ("INT FRS") (cont'd)*

Following the withdrawal of RAP 9, the change in accounting policy resulted in a prior year adjustment as follows:

- A decrease of S$991,000 to the Group's and the Company's profit for the year ended 30 June 2008.
- A decrease of S$991,000 to the Group's and the Company's accumulated profits and prepayments as at 30 June 2008.

(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	:	Presentation of Financial Statements – Revised Presentation	1 January 2009
		Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 January 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payments – Vesting Conditions and Cancellations	1 January 2009
FRS 107	:	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	:	Transfers of Assets from Customers	1 July 2009

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

2.2 Changes in accounting policies (cont'd)

(ii) FRS and INT FRS not yet effective (cont'd)

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 FRS 1 and FRS 108 as indicated below.

FRS 1, Presentation of Financial Statements – Revised Presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. 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 item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

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 2010.

2.3 Changes in accounting estimates

During the financial year ended 30 June 2009, the Company revised the estimated useful life of scaffolding materials used for a particular project from 5 years to 1.5 years, which is the remaining contractual life of the project. The revised estimated useful life of the project's scaffolding materials is applied prospectively. The effect of the revision of estimated useful life is an increase in depreciation charge by approximately S$4,028,000 for the year ended 30 June 2009 and a decrease in the net carrying amount of the scaffolding materials by a corresponding amount as at 30 June 2009.

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

2.4 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.

- **Impairment of loans and receivables**

  The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

  The carrying amount of the Company's loans and receivables at the balance sheet is disclosed in Note 37 to the financial statements.

- **Impairment of non-financial assets**

  The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

  When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

- **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.

  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 2009 was S$104,953,000 (2008: S$67,006,000).

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

2.4 Significant accounting estimates and judgements (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- **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 2009 was S$47,524,000 (2008: S$24,383,000). 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.

(ii) Critical judgements made in applying accounting policies

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

- **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 2009 were S$1,268,000 (2008: S$3,135,000) and S$2,705,000 (2008: S$1,014,000) respectively.

- **Impairment of available-for-sale financial assets**

  The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair value in equity. When the fair value declines, management exercise judgement based on the observable data relating to possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the profit and loss account. The impairment loss for the year ended 30 June 2009 was S$200,000 (2008: S$Nil).

2.5 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.

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

2.5 Functional and foreign currency (cont'd)

(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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

(iii) Foreign currency translation

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.

2.6 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, investments in subsidiary companies are accounted for at cost less any impairment losses.

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

2.6 Subsidiary companies and principles of consolidation (cont'd)

(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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is stated in Note 2.11 below. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.7 Related party

A 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.

2.8 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group and are presented separately in the consolidated profit and loss account and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

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

2.9 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. 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.

2.10 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 - 20
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

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 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.

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.

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

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values 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.

- ***Club memberships***

  Club memberships were acquired separately and are amortised on a straight-line basis over 12 to 30 years.

2.12 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 expected to be generated by the asset 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.

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. 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.

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

2.13 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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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.

(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 profit and loss account when the financial asset is derecognised.

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

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

2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset 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.

(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 profit and loss account, 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.

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

2.15 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.

2.16 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 based on normal operating capacity. These costs are assigned on a first-in, 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.

2.17 Financial liabilities

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 profit and loss account 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.

2.18 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit and loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit and loss account.

2.19 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.

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

2.20 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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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 economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 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.

2.22 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.

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.

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

2.23 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. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Project and maintenance revenue

Revenue from project and maintenance services is 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.

2.24 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.

Current taxes are recognised in the profit and loss account except that tax relating to items recognised directly in equity is recognised directly in equity.

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

2.24 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 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;

- In respect of 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; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and 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 utilised.

Deferred 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 by the balance sheet date.

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.

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

2.25 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.

2.26 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 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.

3. Revenue

	Group	
	2009	**2008**
	S$'000	S$'000
Project revenue	69,895	39,750
Maintenance revenue	35,058	27,256
	104,953	67,006

4. Other income

	Group	
	2009	**2008**
	S$'000	S$'000
Interest income		
- fixed deposits	59	623
- others	1	46
Gain on disposal of shares in an associated company*	–	25,948
Gain on disposal of property, plant and equipment	669	328
Rental income	145	215
Test-centre income	25	30
Job credits	257	–
Other income	1,422	892
	2,578	28,082

* This comprised quoted investment in Hiap Seng Engineering Limited.

5. Profit before taxation from continuing operations [1] Profit before taxation from discontinued operations (Note 9)

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

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Depreciation of property, plant and equipment	9,798	2,845
Property, plant and equipment written off	16	–
Amortisation of intangible assets	13	3
Gain on disposal of property, plant and equipment	(669)	(328)
Gain on disposal of investment properties	–	(337)
Gain on disposal of development properties	–	(14,087)
Gain on disposal of quoted investments	–	(61)
Gain on disposal of shares in an associated company	–	(25,948)
Loss on disposal of subsidiary companies	–	1,558
Impairment loss on other investments	200	–
Allowance/(write back of allowance) for doubtful receivables	50	(374)
Employee benefits (Note 6)	29,115	18,455
IPO costs	9	991
Foreign exchange loss	7	361

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, on the same basis as the Summary Financial Data in our Prospectus dated 14 August 2008.

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Profit before taxation from continuing operations	13,173	38,646
Less: Hiap Seng adjustments	–	(26,926)
Profit before taxation from continuing operations *(after Hiap Seng adjustments)*	13,173	11,720
Taxation	(2,151)	(2,194)
Profit for the year from continuing operations *(after Hiap Seng adjustment)*	11,022	9,526
Attributable to :		
Equity holders of the Company	11,022	9,415
Minority interests	–	111
	11,022	9,526

6. Employee benefits

	Group	
	2009	**2008**
	S$'000	S$'000
Employee benefits expense (including executive directors)		
Wages, salaries, bonuses	24,347	16,651
Central Provident Fund contributions	698	803
Others	4,070	1,001
	29,115	18,455

Employee benefits include the amount of Directors' remuneration as shown in Note 32(b).

7. Interest expense

	Group	
	2009	**2008**
	S$'000	S$'000
Interest expense		
- hire purchase	13	10
- others	2	3
	15	13

8. Taxation

	Group	
	2009	**2008**
	S$'000	S$'000
Current taxation – continuing operations		
- current year	995	1,463
- overprovision in respect of prior year	(535)	–
Deferred taxation – continuing operations		
- origination and reversal of temporary differences	1,691	730
- underprovision in respect of prior year	–	1
Income tax attributable to continuing operations	2,151	2,194
Income tax attributable to discontinued operations (Note 9)	–	2,500
Tax expense	2,151	4,694

8. Taxation (cont'd)

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

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Profit before taxation from continuing operations	13,173	38,646
Profit before taxation from discontinued operations (Note 9)	–	13,364
Accounting profit before income tax	13,173	52,010
Tax at Singapore statutory tax rate of 17% (2008: 18%)	2,239	9,362
Adjustments:		
- Effect of partial tax exemption	(26)	(84)
- Non-deductible expenses in determining taxable income	276	437
- Income not subject to tax	(164)	(5,171)
- Deferred tax asset not recognised	156	–
- (Over)/under provision in respect of prior year's taxation	(535)	1
- Effect of change in tax rate	(57)	–
- Effect of different tax rates in foreign jurisdictions	104	33
- Others	158	116
	2,151	4,694

As at 30 June 2009, the Group had unutilised tax losses of approximately S$918,800 (2008: S$Nil), 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 is subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

On 22 January 2009, the Singapore Government announced a revision in the Singapore corporate tax rate from 18% to 17% for year of assessment 2010 onwards.

9. Discontinued operations

On 30 June 2007, pursuant to the Restructuring Exercise in preparation for the Company's listing on SGX-ST, 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, winding up of Perusahaan Hai Leck Sdn Bhd and disposal of Thermal Limitec Pte Ltd and other assets were completed from 24 September 2007 to 6 November 2007.

9. Discontinued operations (cont'd)

The results of the discontinued operations for the year ended 30 June 2008 were as follows:

	Group 2008 S$'000
Revenue	22,200
Cost of sales	(6,931)
Other income	379
Distribution and selling expenses	(17)
Administrative expenses	(1,647)
Other operating expenses	(620)
Profit before taxation from discontinued operations	13,364
Taxation	(2,500)
Profit for the year from discontinued operations	10,864

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

	2008 S$'000
Operating	(9,922)
Investing	21,490
Financing	(17,501)
Net cash outflows	(5,933)

The effect on the Group's cash flows arising from the disposal/winding up of the Divested Companies, Perusahaan Hai Leck Sdn Bhd and Thermal Limitec Pte Ltd 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:

	2008 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)

10. 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 2009 and 2008:

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Profit for the year attributable to ordinary equity holders of the Company	11,022	47,205
Less:		
- Profit from discontinued operations attributable to ordinary equity holders of the Company	–	10,864
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	11,022	36,341
Weighted average number of ordinary shares in issue ('000)	310,833	240,000
Weighted average number of ordinary shares adjusted for dilution after the invitation of new shares ('000)	310,833	310,833

(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 10(a).

11. Property, plant and equipment

Group	Leasehold premises S$'000	Capital work-in-progress S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Cost										
At 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 and 1 July 2008	9,057	3,761	17,859	2,125	612	1,221	2,349	417	658	38,059
Additions	11,347	–	18,170	1,245	1	443	3,407	103	306	35,022
Disposals	(3,493)	–	–	(405)	–	–	(62)	–	(3)	(3,963)
Written off	-	-	-	-	-	-	-	-	(40)	(40)
Transfer of work-in-progress	3,761	(3,761)	–	–	–	–	–	–	–	–
Translation differences	–	–	–	8	–	–	–	–	–	8
At 30 June 2009	20,672	–	36,029	2,973	613	1,664	5,694	520	921	69,086
Accumulated depreciation										
At 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 and 1 July 2008	3,760	–	4,720	1,567	253	751	1,731	388	506	13,676
Depreciation charge for the year	319	–	8,192	417	27	336	326	63	118	9,798
Disposals	(1,424)	–	–	(405)	–	–	(62)	–	(1)	(1,892)
Written off	-	–	–	–	–	–	–	–	(24)	(24)
Translation differences	52	–	(48)	–	–	–	–	–	–	4
At 30 June 2009	2,707	–	12,864	1,579	280	1,087	1,995	451	599	21,562
Net carrying value										
At 30 June 2009	17,965	–	23,165	1,394	333	577	3,699	69	322	47,524
At 30 June 2008	5,297	3,761	13,139	558	359	470	618	29	152	24,383

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

Assets held under finance leases

The carrying amount of motor vehicles and trucks, cranes and forklifts held under finance leases at the balance sheet date were S$364,000 (2008: S$44,000) and S$1,487,000 (2008: S$Nil) respectively.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold factory building with a net carrying value of S$Nil (2008: S$2,040,000) is mortgaged to a bank for banking facilities.

12. Investments in subsidiary companies

These comprise:

	Company	
	2009	**2008**
	S$'000	S$'000
Unquoted equity shares, at cost	28,000	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	
			2009	**2008**
			%	**%**
Held by the Company				
Hai Leck Engineering (Private) Limited*	Scaffolding, corrosion prevention and complementary general civil engineering services	Singapore	100	100
Allied Construction Pte Ltd**	Civil engineering services	Singapore	51	–

12. Investments in subsidiary companies (cont'd)

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	
			2009 %	2008 %
Held by Hai Leck Engineering (Private) Limited				
Industrial Services Pte Ltd*	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
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.****	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Malaysia	100	100

* audited by Ernst & Young LLP, Singapore

** newly incorporated on 5 March 2009 and not required to be audited in accordance with the laws of the country of incorporation

*** audited by Audit & Informatic Services Company, Vietnam

**** audited by Gow & Tan, Malaysia

13. Investment in joint venture

The Group has 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").

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	
			2009 %	2008 %
Held by Hai Leck Engineering (Private) Limited				
Logthai – Hai Leck Engineering Co.,Ltd*	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	Thailand	49	49

* audited by Audit Teams, Thailand

13. Investment in joint venture (cont'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:

	2009 S$'000	2008 S$'000
Joint venture		
Assets and liabilities:		
Current assets	1,954	1,458
Non-current assets	447	229
Total assets	2,401	1,687
Current and total liabilities	1,037	915
Results:		
Revenue	2,268	1,536
Profit for the year	554	164

14. Intangible assets

	Club memberships S$'000
Cost	
At 1 July 2007, 30 June and 1 July 2008 and 30 June 2009	258
Accumulated amortisation and impairment losses	
At 1 July 2007	–
Amortisation for the year	3
	–
At 30 June and 1 July 2008	3
Amortisation for the year	13
At 30 June 2009	16
Net carrying amount	
At 30 June 2009	242
At 30 June 2008	255

15. Inventories

	Group	
	2009 S$'000	2008 S$'000
Raw materials	41	–
Finished goods	309	1,049
Total inventories at lower of cost and net realisable value	350	1,049

During the year, inventories recognised as an expense in the profit and loss account under cost of sales amounted to S$11,504,000 (2008: S$8,425,000) for the Group.

16. Trade receivables

	Group		Company	
	2009	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000
Trade receivables	27,516	20,917	–	75
Less: Allowance for doubtful receivables	(50)	(115)	–	–
	27,466	20,802	–	75

Trade receivables

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$12,721,000 (2008: S$7,718,000) 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	
	2009	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000
Trade receivables past due for:				
Less than 60 days	9,438	2,648	–	–
More than 60 days	3,283	5,070	–	–
	12,721	7,718	–	–

Receivables that are impaired

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	
	2009	**2008**
	S$'000	S$'000
Trade receivables - nominal	245	115
Less : Allowance for doubtful receivables	(50)	(115)
	195	–
Movement in allowance		
At 1 July	115	261
Charge for the year	50	–
Written off	(115)	(146)
At 30 June	50	115

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.

17. Other receivables and deposits

	Group	
	2009	**2008**
	S$'000	S$'000
Other receivables	2,461	1,677
Deposits	172	158
Staff advances	–	149
Tax recoverable	24	25
	2,657	2,009

In 2008, the Group wrote back allowance for other receivables amounting to S$374,000, upon the collection of other receivables which were previously provided for.

18. Loan due from a subsidiary company

The loan due from a subsidiary company is unsecured, interest-free and not expected to be repaid within the next twelve months from the balance sheet date.

19. Amounts due from subsidiary companies (trade and non-trade)

The amounts due from subsidiary companies (trade and non-trade) are unsecured, interest-free and repayable on demand.

20. Other investments

	Group	
	2009	**2008**
	S$'000	S$'000
Current:		
Debentures (quoted), at fair value	210	201
Shares (quoted), at fair value	1,000	1,000
Less: impairment loss	(200)	–
	1,010	1,201

Quoted shares

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

Quoted debentures

The quoted debentures bear interest at 6.25% per annum.

Impairment of assets

During the financial year, the Group recognised an impairment loss of S$200,000 (2008: S$Nil) on the shares carried at fair value, reflecting the write-down in the carrying value of these quoted shares.

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

	Group	
	2009	**2008**
	S$'000	S$'000
This comprises:		
Aggregate project costs incurred and recognised profits to-date	49,237	15,181
Less: Progress billings	(47,827)	(13,903)
	1,410	1,278
Presented as:		
Gross amount due from customers for contract work-in-progress	1,410	1,278

22. Cash and cash equivalents

	Group		Company	
	2009	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000
Cash and bank balances	14,942	6,356	5,895	2
Fixed deposits	3,090	5,314	–	–
	18,032	11,670	5,895	2

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 deposit rates. Interest of fixed deposits is at rates ranging from 0.2% to 1.4% (2008: 1.6% to 2.3%) per annum, which are also the effective interest rates.

23. Trade and other payables

	Group		Company	
	2009	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000
Trade payables	13,861	12,901	–	–
Other payables	587	402	41	70
Accrued operating expenses	6,273	3,335	970	–
	20,721	16,638	1,011	70

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.

24. Amounts due to subsidiary companies (non-trade)

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

25. Loan due to a minority shareholder

The loan due to a minority shareholder is unsecured, interest-free and repayable on demand.

26. Finance lease obligations

The Group has finance leases for certain items of plant and equipment and furniture and fittings. 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 2.1% (2008: 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 2009	Present value of payments 2009	Minimum payments 2008	Present value of payments 2008
	S$'000	S$'000	S$'000	S$'000
Not later than one year	545	521	36	33
Later than one year but not later than five years	658	630	21	19
Total minimum lease payments	1,203	1,151	57	52
Less : Amounts representing finance charges	(52)	–	(5)	–
Present value of minimum lease payments	1,151	1,151	52	52

27. Deferred taxation

Deferred tax liabilities relate to the following:

	Group			
	Consolidated balance sheet		Consolidated profit and loss account	
	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	2,790	1,104	1,686	730
Deferred tax assets				
Provisions	(85)	(90)	5	–
	2,705	1,014		
Deferred income tax expense			1,691	730

28. Share capital

	Group		Company	
	No. of shares ('000)	S$'000	No. of shares ('000)	S$'000
2009				
At beginning of the year	28,000	28,000	28,000	28,000
Share split	212,000	–	212,000	–
Issuance of ordinary shares	85,000	22,100	85,000	22,100
Share issue expenses	–	(1,300)	–	(1,300)
At end of the year	325,000	48,800	325,000	48,800
2008				
At beginning of the year	2,000	2,000	–*	–*
Capitalisation of accumulated profits to share capital	26,000	26,000	–	–
Issuance of ordinary shares	–	–	28,000	28,000
At end of the year	28,000	28,000	28,000	28,000

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.

29. 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	
	2009 S$'000	**2008** S$'000
At beginning of the year	–	(7)
Net change in the reserve		
- Recognised in the profit and loss account on disposal of subsidiary companies	–	7
At end of the year	–	–

30. 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 2009 S$'000	Group 2008 S$'000
At beginning of the year	(302)	(181)
Net effect of exchange differences arising from translation of financial statements of foreign operations	26	(121)
At end of the year	(276)	(302)

31. Dividend

	Group and Company 2009 S$'000	Group 2008 S$'000	Company 2008 S$'000
Declared and paid during the year:			
Dividend on ordinary shares:			
Interim tax exempt (2008: tax exempt) (one-tier) dividend paid in respect of the previous financial year of S$nil (2008: S$39.43) per share	–	78,874	–
Distribution in specie	–	40,241	–
Interim tax exempt (one-tier) dividend paid in respect of the current financial year of S$0.008 (2008: S$0.144) per share	2,600	4,040	4,040
	2,600	123,155[1]	4,040[1]

1 Paid to pre-invitation equity holders.

32. 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.

32. Related party information (cont'd)

(a) Sales and purchase of services and equipments

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	
	2009	**2008**
	S$'000	S$'000
Related parties		
Purchases of equipment from a related party	108	–
Provision of service by a related party	53	52
Rental income from a related party	–	(78)

(b) Compensation of key management personnel

	Group	
	2009	**2008**
	S$'000	S$'000
Central Provident Fund contributions	22	22
Directors' remuneration	1,524	1,265
Directors' fees	151	18
Total compensation paid to key management personnel	1,697	1,305
Comprise amounts paid to:		
- Directors of the Company	1,697	1,305

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

33. 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 3 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	
	2009	**2008**
	S$'000	S$'000
Future minimum lease payments		
- not later than one year	2,815	1,704
- one year through five years	711	173
	3,526	1,877

33. Operating lease commitments (cont'd)

Minimum lease payments recognised as an expense in the profit and loss account for the financial year ended 30 June 2009 amounted to S$2,848,000 (2008: S$1,554,000) for the Group.

34. Corporate guarantee

The Company has provided a corporate guarantee amounting to approximately S$6,854,720 (2008: S$3,700,000) in favour of certain financial institutions for banking and finance lease facilities granted to a subsidiary company.

35. 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.

The main risks arising from the Group's financial instruments are 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) 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.

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

(b) 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.

The table below summarises the Group's and the Company's financial liabilities at the balance sheet date based on the contractual undiscounted payments.

	Within 1 year	**1 to 5 years**	**Total**
	S$'000	S$'000	S$'000
2009			
Group			
Trade and other payables	20,721	–	20,721
Loan due to a minority shareholder	392	–	392
Finance lease obligations	545	658	1,203
	21,658	658	22,316
Company			
Trade and other payables	1,011	–	1,011
Amounts due to subsidiary companies (non-trade)	12	–	12
	1,023	–	1,023
2008			
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
Amounts due to subsidiary companies (non-trade)	11	–	11
	81	–	81

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

(c) 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.

The carrying amounts of investment securities, trade and other receivables, 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 collectability 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:

	2009	**2008**
	S$'000	S$'000
By country:		
Singapore	27,064	20,638
Thailand	452	279
	27,516	20,917

At the balance sheet date, approximately 39% (2008: 60%) 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 16.

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

(d) 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 SGX-ST and 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.

Sensitivity analysis for equity price risk

At the balance sheet date, if the Straits Times and SET index had been 20% (2008: 20%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been S$200,000 (2008: S$240,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

37. 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, loan due to a minority shareholder and amounts due from/(to) subsidiary companies

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

Quoted 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.

Loan due from a subsidiary company

The loan due from a subsidiary company is quasi-equity in nature, has no repayment term and is only repayable when the cash flows of that subsidiary company permit. Therefore the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

Lease obligations

It is not practicable to estimate the fair value of the Group'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.

37. Fair values 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:

	Loans and receivables S$'000	Available for sale S$'000	Liabilities at amortised cost S$'000
Group			
2009			
Assets			
Trade receivables (Note 16)	27,466	–	–
Other receivables and deposits (Note 17)	2,657	–	–
Other investments (Note 20)	–	1,010	–
Cash and cash equivalents (Note 22)	18,032	–	–
Total	48,155	1,010	–
Liabilities			
Trade and other payables (Note 23)	–	–	20,721
Loan due to a minority shareholder (Note 25)	–	–	392
Finance lease obligations (Note 26)	–	–	1,151
Total	–	–	22,264
2008			
Assets			
Trade receivables (Note 16)	20,802	–	–
Other receivables and deposits (Note 17)	2,009	–	–
Other investments (Note 20)	–	1,201	–
Cash and cash equivalents (Note 22)	11,670	–	–
Total	34,481	1,201	–
Liabilities			
Trade and other payables (Note 23)	–	–	16,638
Finance lease obligations (Note 26)	–	–	52
Total	–	–	16,690

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

	Loans and receivables S$'000	Liabilities at amortised cost S$'000
Company		
2009		
Assets		
Loan due from a subsidiary company (Note 18)	21,088	–
Amounts due from subsidiary companies (non-trade) (Note 19)	408	–
Amounts due from subsidiary companies (trade) (Note 19)	826	–
Cash and cash equivalents (Note 22)	5,895	–
Total	28,217	–
Liabilities		
Trade and other payables (Note 23)	–	1,011
Amounts due to subsidiary companies (non-trade) (Note 24)	–	12
Total	–	1,023
2008		
Assets		
Trade receivables (Note 16)	75	–
Amounts due from subsidiary companies (non-trade) (Note 19)	5,790	–
Cash and cash equivalents (Note 22)	2	–
Total	5,867	–
Liabilities		
Trade and other payables (Note 23)	–	70
Amounts due to subsidiary companies (non-trade) (Note 24)	–	11
Total	–	81

38. 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 2009 and 2008.

38. Capital management (cont'd)

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%. Gross debt includes all trade and other payables, loan due to a minority shareholder and finance lease obligations. Total equity means equity attributable to equity holders of the Company.

	Group	
	2009	**2008**
	S$'000	S$'000
		(Restated)
Trade and other payables	20,721	16,638
Loan due to a minority shareholder	392	–
Finance lease obligations	1,151	52
Gross debts	22,264	16,690
Equity attributable to equity holders of the Company	71,438	42,190
Gross debt equity ratio	31.2%	39.6%

39. 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.

39. 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.

39. 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 2009 and 2008.

	Continued operations				Discontinued operations					
	Project services		Maintenance services		Others		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
										(Restated)
Revenue:										
Sales to external customers	69,895	39,750	35,058	27,256	–	22,200	–	–	104,953	89,206
Inter-segment sales	6,995	2,390	5,023	3,480	–	–	(12,018)	(5,870)	–	–
Total revenue	76,890	42,140	40,081	30,736	–	22,200	(12,018)	(5,870)	104,953	89,206
Results:										
Segment results	8,122	7,358	5,075	5,366	–	13,364	–	–	13,197	26,088
Finance costs									(15)	(13)
Share of results of an associated company									–	978
Gain on disposal of shares in an associated company									–	25,948
IPO costs									(9)	(991)
Profit before taxation									13,173	52,010
Taxation									(2,151)	(4,694)
Profit for the year									11,022	47,316

39. Segment information (cont'd)

(a) *Business segments*

(i) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 30 June 2009 and 2008.

	Project services		Maintenance services		Eliminations		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
								(Restated)
Assets and liabilities:								
Segment assets	69,821	38,464	35,012	28,702	(27,079)	(4,684)	77,754	62,482
Unallocated corporate assets							21,153	547
Total assets							98,907	63,029
Segment liabilities	33,061	16,403	16,111	12,430	(27,079)	(12,219)	22,093	16,614
Unallocated liabilities							5,376	4,225
Total liabilities							27,469	20,839
Other segment information:								
Capital expenditure:								
Property, plant and equipment	23,881	9,488	11,141	6,750	–	–	35,022	16,238
Depreciation	6,666	1,776	3,132	1,069	–	–	9,798	2,845
Amortisation	8	2	5	1	–	–	13	3
Impairment losses	138	–	62	–	–	–	200	–

39. 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 2009 and 2008.

	Singapore		Others		Eliminations		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
								(Restated)
Revenue:								
Sales to external customers	102,361	86,735	2,592	2,471	–	–	104,953	89,206
Inter-segment sales	12,018	5,870	–	–	(12,018)	(5,870)	–	–
Total revenue	114,379	92,605	2,592	2,471	(12,018)	(5,870)	104,953	89,206
Other segment information:								
Segment assets	101,112	64,114	3,721	3,052	(27,079)	(4,684)	77,754	62,482
Unallocated corporate assets							21,153	547
Total assets							98,907	63,029
Capital expenditure:								
Property, plant and equipment	34,723	16,220	299	18	–	–	35,022	16,238

40. Comparative figures

Comparatives in the financial statements are restated due to the change in accounting policy relating to IPO costs, in conformity with the withdrawal of RAP 9 with effect from 1 January 2008, as described in Note 2.2(i).

41. Authorisation of financial statements

The financial statements for the year ended 30 June 2009 were authorised for issue in accordance with a resolution of the Directors on 15 September 2009.

statistics of shareholdings

as at 17 September 2009

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	2	0.20	1,000	0.00
1,000 - 10,000	536	53.17	2,039,000	0.63
10,001 - 1,000,000	456	45.24	34,188,000	10.52
1,000,001 and above	14	1.39	288,772,000	88.85
Total	**1,008**	**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	95,200,000	29.29
3	Lee See Kee	36,000,000	11.08
4	Violetbloom Investment Pte. Ltd.	16,746,000	5.15
5	DBS Nominees Pte Ltd	2,796,000	0.86
6	UOB Kay Hian Pte Ltd	2,596,000	0.80
7	OCBC Securities Private Ltd	2,052,000	0.63
8	Quek Chiau Beng	1,433,000	0.44
9	CitiBank Nominees Singapore Pte Ltd	1,325,000	0.41
10	Soon Sing	1,259,000	0.39
11	M Rajaram	1,237,000	0.38
12	Peh Thiam Chye	1,230,000	0.38
13	Ong Eng Loke	1,067,000	0.33
14	Thomas Dennis William	1,031,000	0.32
15	Phillip Securities Pte Ltd	979,000	0.30
16	DMG & Partners Scurities Pte Ltd	850,000	0.26
17	Teo Soon Seng	650,000	0.20
18	Yee Chia Hsing	618,000	0.19
19	Lim Chye Huat @ Bobby Lim Chye Huat	600,000	0.18
20	Low Seow Chay	500,000	0.15
	Total	**292,960,000**	**90.14**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Cheng Capital Holdings Pte Ltd (i)(ii)	124,800,000	38.40	–	–
Cheng Buck Poh @ Chng Bok Poh (i)(ii)(iii)	95,200,000	29.29	124,800,000	38.40
Lee See Kee	36,000,000	11.08	–	–
Violetbloom Investment Pte Ltd	16,271,000	5.01	–	–
Goo Guik Bing @ Goh Guik Bing (i)(iii)	–	–	220,000,000	67.69
MTQ Corporation Limited (iv)	–	–	16,271,000	5.01

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 124,000,000 shares held by Cheng Capital Holdings by virtue of her husband's 52% shareholdings in Cheng Capital Holdings; and (ii) the 95,200,000 shares held by her husband.

(iv) MTQ Corporation Limited is deemed to be interested in the shares held by Violetbloom Investment Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 17 September 2009, approximately 16.01% 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 47 Tuas View Circuit, Singapore 637357 on Wednesday, 21 October 2009 at 10.00 a.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 2009 together with the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt (one tier) Final Dividend of 0.8 cents per ordinary share for the financial year ended 30 June 2009. **(Resolution 2)**

3. To declare a Tax Exempt (one tier) Special Dividend of 0.2 cents per ordinary share for the financial year ended 30 June 2009. **(Resolution 3)**

4. To approve the payment of Directors' Fees of S$131,750 for the financial year ended 30 June 2009. (FY2008: S$18,000) **(Resolution 4)**

5. To approve the payment of Directors' Fees of S$131,750 for the financial year ending 30 June 2010 to be paid quarterly in arrears. **(Resolution 5)**

6. To re-elect Mr Cheng Buck Poh @ Chng Bok Poh, a director retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 6)**

7. To re-elect Ms Cheng Li Chen, a director retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 7)**

8. To record the retirement of Mr Khaizar Abbas Nomanbhoy, a Director of the Company, pursuant to Section 153(6) of the Companies Act, Cap. 50. [See Explanatory Note (i)]

9. To appoint Messrs Ernst & Young LLP as auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 8)**

10. To transact any other business which may properly be transacted at an 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 9)**

    "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 (ii)]

BY ORDER OF THE BOARD

Sin Chee Mei
Company Secretary

Singapore,
6 October 2009

Explanatory Note:

(i) Mr Khaizar Abbas Nomanbhoy, the Executive Director of the Company, who is over 70 years of age, had indicated that he does not wish to seek re-appointment as a Director at this Annual General Meeting.

(ii) Ordinary Resolution 9, 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.

Note:

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 47 Tuas View Circuit, Singapore 637357 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

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

ANNUAL GENERAL MEETING
PROXY FORM

*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 47 Tuas View Circuit, Singapore 637357 on Wednesday, 21 October 2009 at 10.00 a.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.

		To be used on a show of hands		To be used in the Event of a Poll	
No.	**Resolution**	**For****	**Against****	**Number of Votes For*****	**Number of Votes Against*****
1.	Adoption of Audited Financial Statements for the year ended 30 June 2009 together with Directors' Report and Auditors' Report				
2.	Declaration of Final Dividend				
3.	Declaration of Special Dividend				
4.	Approval of Directors' Fees for the financial year ended 30 June 2009				
5.	Approval of Directors' Fees for the financial year ending 30 June 2010 to be paid quarterly in arrears				
6.	Re-election of Mr Cheng Buck Poh @ Chng Bok Poh as Director				
7.	Re-election of Ms Cheng Li Chen as Director				
8.	Re-appointment of Ernst & Young LLP as Auditors and authorize the directors to fix their remuneration				
9.	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 ________________ 2009

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 47 Tuas View Circuit, Singapore 637357, 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.

Hai Leck Holdings Limited
(Company Registration Number 199804461D)

47, Tuas View Circuit
Singapore 637357