

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FIRST
 QUARTER ENDED 31 MARCH 2015**

PART I : Information required for announcement of Quarterly Result

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with comparative statements for the corresponding period of the immediately preceding financial year.

	Group		Change
	First quarter ended		
	31.03.2015	31.03.2014	
	\$'000	\$'000	%
Revenue	103,866	19,944	420.8%
Cost of sales	(79,073)	(15,613)	406.5%
Gross profit	24,793	4,331	472.5%
Other income	591	816	-27.6%
Distribution and selling costs	(959)	(51)	1780.4%
Administrative costs	(2,033)	(1,228)	65.6%
Changes in fair value of investment properties	(900)	(900)	-
Changes in fair value of investment securities	291	(188)	nm
Other operating costs	(31)	(28)	10.7%
Share of results of jointly controlled entities	643	189	240.2%
Profit before taxation	22,395	2,941	661.4%
Tax expenses	(3,792)	(586)	547.1%
Profit after taxation	18,603	2,355	689.9%
Attributable to:			
Equity holders of the Company	18,603	2,355	689.9%

n.m. : - not meaningful

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

Consolidated statement of comprehensive income

	Group	
	First quarter ended	
	31.03.2015	31.03.2014
	\$'000	\$'000
Profit after taxation	18,603	2,355
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- net change in fair value	4	(21)
Other comprehensive income	4	(21)
Total comprehensive income	18,607	2,334
Attributable to:		
Equity holders of the Company	18,607	2,334

1(a)(ii) Notes to the Income Statement

The Group's profit before taxation is arrived at after charging/(crediting) the following:

	First quarter ended	
	31.3.2015	31.03.2014
	\$'000	\$'000
Depreciation of property, plant and equipment	415	336
Gain on disposal of property, plant and equipment	-	(15)
Interest income	(362)	(513)
Treasury notes early redemption fee	-	(180)
Dividend income from investment securities	(10)	-
Fair value changes on investment properties	900	900
Fair value changes on investment securities	291	187



Hock Lian Seng Holdings Limited

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

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

	Group		Company	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	9,066	7,893	-	-
Subsidiary companies	-	-	37,814	37,814
Investment in jointly controlled entities	5	30	-	-
Investment properties	3,450	4,350	-	-
Investment securities (non-current)	25,813	25,061	-	-
Deferred tax assets	6,832	6,978	-	-
	45,166	44,312	37,814	37,814
Current assets				
Development properties	45,951	73,520	-	-
Contract work-in-progress	5,382	4,644	-	-
Trade receivables	34,907	45,029	-	-
Other receivables	1,388	909	41,360	41,108
Amounts due from a joint venture partner	128	87	-	-
Amounts due from a jointly controlled entity	55,150	53,230	-	-
Prepayments and deposits	945	9,580	-	-
Investment securities (current)	3,001	2,710	-	-
Cash and short term deposits	188,828	165,538	24,490	25,491
	335,680	355,247	65,850	66,599
Current liabilities				
Trade and other payables	56,563	61,318	3,488	4,319
Bank loan	-	4,992	-	-
Amounts due to a joint venture partner	163	109	-	-
Advance payment received for construction project	6,469	8,318	-	-
Progress billings in excess of work-in-progress	5,919	3,670	-	-
Progress billings to customers	31	46,986	-	-
Provisions	44,986	45,376	-	-
Provision for taxation	25,842	22,196	16	12
	139,973	192,965	3,504	4,331
Net current assets	195,707	162,282	62,346	62,268
Non-current liabilities				
Long term bank loans	15,490	-	-	-
Deferred income	1,409	1,227	-	-
Deferred tax liabilities	3	3	-	-
	16,902	1,230	-	-
Net assets	223,971	205,364	100,160	100,082
Equity				
Share capital	58,956	58,956	58,956	58,956
Capital reserve	1,000	1,000	-	-
Fair value adjustment reserve	4	-	-	-
Accumulated profits	180,250	161,647	41,204	41,126
Merger deficit	(16,239)	(16,239)	-	-
Total equity	223,971	205,364	100,160	100,082

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

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

Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
-	-	5,000	-

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
15,490	-	-	-

Details of collateral:

As at 31 March 2015, the Group's non-current secured borrowings of \$15.5 million was relate to property development project, which was secured over the development site at Tuas.



Hock Lian Seng Holdings Limited

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	< -----Group----- >	
	First quarter ended	
	31.03.2015	31.03.2014
Cash flows from operating activities	\$'000	\$'000
Profit before taxation	22,395	2,941
Adjustments :		
Depreciation of property, plant and equipment	415	336
Gain on disposal of property, plant and equipment	-	(15)
Fair value changes on investment properties	900	900
Fair value changes on investment securities	(291)	187
Share of results of jointly controlled entities	(642)	-
Interest income	(362)	(513)
Dividend income from investment securities	(10)	-
Operating cash flows before working capital changes	22,405	3,836
(Increase)/decrease in:		
Contract work-in-progress	(737)	4,000
Development properties	27,569	(17,018)
Trade receivables	10,122	2,082
Other receivables	(602)	(46)
Prepayments and deposits	8,635	1,305
Increase/(decrease) in:		
Trade and other payables and provisions	(4,477)	(842)
Progress billings to customers	(46,955)	16,527
Progress billings in excess of work-in-progress	2,249	2,370
Advance payments received for construction project	(1,849)	-
Cash flows generated from operations	16,360	12,214
Interest received	271	434
Income tax paid	(2)	-
Net cash flows generated from operating activities	16,629	12,648
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,588)	(313)
Amount due from a joint venture partner (net)	13	85
Amount due from jointly controlled entities	(1,920)	(418)
Purchases of investment securities (Held-to-maturity)	(751)	(750)
Proceeds from disposal of property, plant and equipment	-	15
Proceeds from maturity of investment securities(Held-to-maturity)	-	2,000
Interest received from investment securities (Held-to-maturity)	399	88
Dividend income received from investment securities	10	-
Net cash flows used in investing activities	(3,837)	707
Cash flows from financing activities		
Repayment of bank loans	(4,992)	-
Proceeds from bank loans	15,490	15
Net cash flows (used in)/generated from financing activities	10,498	15
Net increase /(decrease) in cash and cash equivalents	23,290	13,370
Cash and cash equivalents, Beginning Balance	165,538	102,778
Cash and cash equivalents, Ending Balance	188,828	116,148



Hock Lian Seng Holdings Limited

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

Group

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Merger deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015	58,956	1,000	161,648	-	(16,239)	205,365
Total comprehensive income	-	-	18,602	4	-	18,606
Dividend on ordinary shares	-	-	-	-	-	-
At 31 March 2015	58,956	1,000	180,250	4	(16,239)	223,971
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	58,956	1,000	98,207	(12)	(16,239)	141,912
Total comprehensive income	-	-	2,355	10	-	2,365
Dividend on ordinary shares	-	-	-	-	-	-
At 31 March 2014	58,956	1,000	100,562	(2)	(16,239)	144,277

Company

	Share capital	Accumulated profits	Total Equity
	\$'000	\$'000	\$'000
At 1 January 2015	58,956	41,125	100,081
Total comprehensive income	-	79	79
Dividend on ordinary shares	-	-	-
At 31 March 2015	58,956	41,204	100,160
	\$'000	\$'000	\$'000
At 1 January 2014	58,956	12,289	71,245
Total comprehensive income	-	53	53
Dividend on ordinary shares	-	-	-
At 31 March 2014	58,956	12,342	71,298

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertible, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Issued and paid-up capital (\$)
Issued and fully paid shares as at 31 December 2014 and at 31 March 2015	<u>509,978,991</u>	<u>58,955,522</u>

There were no changes in the Company's share capital for the financial period ended 31 March 2015.

There were no outstanding treasury shares as at 31 March 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

	31 March 2015	As at 31 December 2014
Total number of issued shares (excluding treasury shares)	<u>509,978,991</u>	<u>509,978,991</u>

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those in its audited financial statements for FY2014.

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2015. The adoption of these new/revised FRS did not result in any change in the Group's accounting policies or any significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earning per share ("EPS")

	< ----- Group ----- > 3 months ended	
	31.3.2015	31.3.2014
Earnings attributable to equity holders of the Company (\$'000)	18,603	2,355
Weighted average number of ordinary shares used in computation of basic and fully diluted EPS	509,978,991	509,978,991
Basic EPS attributable to equity holders of the Company (cents)	3.65	0.46
Fully diluted EPS attributable to equity holders of the Company (cents)	3.65	0.46

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital of the issuer at end of the : -**

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

Net asset value ("NAV")

	Group As at		Company As at	
	31.3.2015	31.12.2014	31.3.2015	31.12.2014
NAV per ordinary share (cents)	43.9	40.3	19.6	19.6
Number of shares used in computation of NAV per share	509,978,991	509,978,991	509,978,991	509,978,991

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

3 months 2015 compared with 3 months 2014 Performance and segmental review

Revenue

In \$' million	3M 2015	%	3M 2014	%
Civil Engineering	16.6	16.0	17.3	86.9
Property Development	84.7	81.5	-	-
Investment Properties	2.6	2.5	2.6	13.1
	103.9	100.0	19.9	100.0

Revenue increased by \$84.0 million (420.8%) to \$103.9 million for the 3 months ended 31 March 2015, mainly due to the recognition of revenue from the industrial development property project, Ark@KB and additional units sold for Ark@Gambas. Ark@KB obtained TOP in March 2015, all units were sold (except for one unit for own use as workshop). The civil engineering segment revenue was marginally lower as the new projects were still at the early phase of construction.

The revenue from Properties investment segment were mainly rental income from workers dormitory, which remained stable at \$2.6 million.

Gross Profit

In \$' million	3M 2015	3M 2014
Civil Engineering	1.7	2.5
Property Development	21.3	-
Investment Properties	1.8	1.8
	24.8	4.3

Gross profit increased by \$20.5 million (472.8%) to \$24.8 million for the current reporting period mainly due to the recognition of the Ark@KB project. The gross profit for civil engineering segment was about \$0.8 million lower, due to the lower sales and margin for new projects. The gross profit for workers dormitory remained stable.

Other income decreased by \$0.2 million to \$0.8 million as there was a one time bond early redemption fee of \$0.2 million received in Q1 2014.

Distribution cost of about \$1.0 million was mainly relate to the sales commission incurred for the two Industrial development projects.

Administrative expenses was \$0.8 million (65.6%) higher than the same period last year mainly due to the higher performance bonus accrued, higher staff cost and additional legal fee incurred in view of the completion of the industrial development projects.

The decrease in the fair value of investment properties was related to the impairment of the workers' dormitory. The workers dormitory is stated at fair value determined on the discounted cash flow method provided by an independent valuer and the fair value is expected to be \$0.9 million lower with the projection of cash inflow reduced over the lease period. The lease is expiring at end of 2015.



Hock Lian Seng Holdings Limited

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

The gain in fair value of the investment securities was \$0.3 million for the current reporting period compare to a loss of 0.2 million last year.

The share of result of Jointly controlled entity was 0.6 million, which was 0.5 million higher than Q1 2014 with the improved sales, and further progress in the construction stages for the Skywoods project.

Profit before taxation increased by \$19.5 million to \$22.6 million, resulting mainly from the recognition of the Ark@KB project, better result from the Joint Venture in the residential development project.

Financial position and cash flow review

The main movements are:

- Increase in property, plant and equipment of 1.2 million, was mainly due to the acquisition of a unit of workshop of about 1.4 million at Ark@KB.
- Decrease in investment property by \$0.9 million was due to the fair value adjustment to the worker dormitory.
- Increase in investment securities by \$0.8 million, was mainly due to the acquisition of the held-to-maturity security of \$0.8 million.
- Decrease in development properties by \$27.5 million mainly due to the cost recognition for Ark@Kb offset by the addition of Tuas site acquisition.
- Decrease in Trade receivables by \$27.0 million mainly due to the progress billings for the TOP of Ark@KB in March 2015 was much lower than the TOP billing for Ark@Gambas last year end.
- Decrease in Prepayment and deposits by \$8.7 million was mainly due to the transfer of down payment for Tuas site to development properties upon completion of land acquisition.
- Lower advance payment received for construction project was for the Maxwell station project as it was progressively repaid with the project progress billing.
- The short term bank loan of \$5.0 as at end of December 2014 for Ark@Gambas was fully repaid and the Long term bank loan of \$15.5 million was relate to the land loan for Tuas site.
- Net increase of cash and short term deposits of \$23.5 million for the 3 months ended 31 March 2015 was mainly due to cash generated from operating activities arising from TOP of Ark@KB and proceeds from bank loan of \$15.5 million for the Tuas site, offset by the acquisition of leased hold property (workshop), held-to-maturities security, repayment of bank loans and additional loan to Joint Venture company for the funding for the marketing cost of The Skywoods Project.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the full year ended 31 December 2014.



Hock Lian Seng Holdings Limited

80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269
Tel: (65) 6344 0555 Fax: (65) 6440 9049
Company Registration Number 20090890E

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As at 31 March 2015, the Group's order book for on-going projects of civil engineering segment was approximately \$440 million for the Maxwell station, Changi Airport project, Stabling at Gali Batu Depot and balance of work for Jalan Gali Batu Depot. The construction of the Group's new industrial development properties at Tuas would be undertaken by own construction arm which is expected to commence in 2nd half 2015.

The acquisition of the Tuas site was completed in Jan 2015, a 5.5-storey multi-user ramp-up industrial building is to be developed on the site. As at end March 2015, 92% of Ark@Gambas has been sold.

The construction of The Skywoods, a 50% joint venture residential project, is targeted to complete by 2016. The sales of units is on-going. 230 units has been sold out of the 420 total development units as at end March 2015.

The management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.

11. Dividend

**(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on ?**

Nil.

(b) Corresponding Period of the immediately Preceding Financial year

Any dividend declared for the corresponding period of the immediately preceding financial year ?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No interim dividend for the financial period ended 31 March 2015 is recommended.

**Hock Lian Seng Holdings Limited**

80 Marine Parade Road
 #21-08 Parkway Parade
 Singapore 449269
 Tel: (65) 6344 0555 Fax: (65) 6440 9049
 Company Registration Number 20090890E

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate from shareholders for IPTs.

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)
Office lease expenses paid to Lian Seng Investment Pte Ltd	\$'000 54	\$'000 Nil

14. Update on use of IPO proceeds

The Company was admitted to the Official List of the SGX-ST on 21 December 2009 and raised a net proceeds of \$25.6 million. As at the date of this report, the Group has utilized the net proceeds as follows:

The allocation of each principal intended use of proceeds is set out below:

Intended Use	Amount allocated \$'000	Amount utilized \$'000	Balance \$'000
Acquisition of central workshop	4,000	1,400	2,600
Acquisition of equipment and machinery	8,000	6,273	1,727
Working capital	13,600	13,600	-
Total	25,600	21,273	4,327

The Company will continue to make periodic announcement via SGXNET on the utilization of the balance of the proceeds from the IPO as and when such proceeds are materially disbursed.

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

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the period ended 31 March 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHUA LEONG HAI
 Executive Director and CEO

7 May 2015