


HAI LECK HOLDINGS LIMITED

(Company Registration No. : 199804461D)

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE YEAR AND THIRD QUARTER ENDED 31 MARCH 2014**
PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Change %	Group		Change %
	3Q14 \$'000	3Q13 \$'000			9M14 \$'000	9M13 \$'000	
Revenue	29,373	41,658		(29.5)	101,505	106,276	(4.5)
Less:							
Cost of sales	(12,983)	(29,512)		(56.0)	(53,944)	(67,656)	(20.3)
Other income	314	2,205		(85.8)	1,125	4,332	(74.0)
Distribution and selling expenses	(117)	(304)		(61.5)	(579)	(885)	(34.6)
Administrative expenses	(10,383)	(8,576)		21.1	(31,035)	(27,294)	13.7
Other operating expenses	(1,562)	(1,202)		30.0	(3,809)	(3,911)	(2.6)
Interest expense	(1)	-		n.m.	(1)	(1)	-
Profit before taxation	4,641	4,269		8.7	13,262	10,861	22.1
Taxation	(764)	(855)		(10.6)	(2,385)	(1,776)	34.3
Profit for the period	3,877	3,414		13.6	10,877	9,085	19.7
Attributable to:							
Equity holders of the Company	3,877	3,414		13.6	10,877	9,085	19.7
Net profit included the following:							
	Group	Group			Group	Group	
	3Q14	3Q13			9M14	9M13	
	\$'000	\$'000			\$'000	\$'000	
Interest income	33	21			135	52	
Interest expense	-	-			-	(1)	
Foreign exchange loss, net	30	53			10	35	
Gain/(loss) on disposal of property, plant and equipment	(26)	(67)			(12)	(70)	
Amortisation of intangible assets	(16)	(9)			(38)	(66)	
Depreciation of property, plant and equipment	(1,544)	(1,051)			(3,751)	(3,416)	
Write back of allowance for doubtful debts	-	-			-	1,605	
Consolidated statement of comprehensive income							
	Group	Group			Group	Group	
	3Q14	3Q13			9M14	9M13	
	\$'000	\$'000			\$'000	\$'000	
Profit for the period	3,877	3,414			10,877	9,085	
Other comprehensive income:							
<u>Items that may be reclassified to profit and loss</u>							
Foreign currency translation	(270)	(10)			(233)	(73)	
Other comprehensive income for the period	(270)	(10)			(233)	(73)	
Total comprehensive income for the period	3,607	3,404			10,644	9,012	
Total comprehensive income attributable to:							
Equity holders of the Company	3,607	3,404			10,644	9,012	

Note:

9M13: The first nine months ended 31 March 2013

9M14: The first nine months ended 31 March 2014

3Q13: The 3rd quarter ended 31 March 2013

3Q14: The 3rd quarter ended 31 March 2014

n.m. denotes not meaningful

EPC: engineering, procurement and construction

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

	Group		Company	
	31.3.2014 \$'000	30.6.2013 \$'000	31.3.2014 \$'000	30.6.2013 \$'000
Non-current assets:				
Property, plant and equipment	43,665	39,885	338	-
Investments in subsidiary companies	-	-	38,758	30,958
Loan due from subsidiary companies	-	-	20,511	21,961
Intangible assets	263	293	-	-
Customer retention	-	5,873	-	-
Deposits	69	74	-	-
	<u>43,997</u>	<u>46,125</u>	<u>59,607</u>	<u>52,919</u>
Current assets:				
Inventories	773	794	-	-
Trade receivables	35,845	30,199	-	-
Other receivables and deposits	3,374	1,888	76	3
Prepayments	1,000	799	21	9
Amounts due from subsidiary companies - trade	-	-	861	2,263
Other investments	234	200	-	-
Gross amount due from customers for contract work-in-progress	1,100	1,376	-	-
Fixed deposits pledged	366	366	-	-
Cash and cash equivalents	60,218	60,790	22,336	29,905
	<u>102,910</u>	<u>96,412</u>	<u>23,294</u>	<u>32,180</u>
Current liabilities:				
Trade and other payables	25,187	24,576	672	1,015
Advances from customers	49	838	-	-
Amounts due to subsidiary companies - non-trade	-	-	27	16
Gross amount due to customers for contract work-in-progress	-	2,600	-	-
Provision for taxation	3,140	2,871	-	221
Provision for warranty	2,326	2,326	-	-
	<u>30,702</u>	<u>33,211</u>	<u>699</u>	<u>1,252</u>
Net current assets	<u>72,208</u>	<u>63,201</u>	<u>22,595</u>	<u>30,928</u>
Non-current liabilities:				
Deferred taxation	1,728	1,728	-	-
Other payables	48	51	-	-
Supplier retention	-	1,758	-	-
	<u>1,776</u>	<u>3,537</u>	<u>-</u>	<u>-</u>
Net assets	<u>114,429</u>	<u>105,789</u>	<u>82,202</u>	<u>83,847</u>
Equity attributed to equity holders of the Company				
Share capital	62,762	48,859	62,762	48,859
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,203	5,065	1,203	5,065
Accumulated profits	51,185	52,353	18,397	30,083
Translation reserve	(561)	(328)	-	-
Total equity	<u>114,429</u>	<u>105,789</u>	<u>82,202</u>	<u>83,847</u>

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

Amount repayable in one year or less, or on demand

	31.3.2014		30.6.2013	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	-	-	-	-

Amount repayable after one year

	31.3.2014		30.6.2013	
	\$'000	\$'000	\$'000	\$'000
Finance lease liabilities	Secured	Unsecured	Secured	Unsecured
	-	-	-	-

Details of any collateral

Not applicable

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

Consolidated Statement of Cash Flows

	Group		Group	
	3Q14 \$'000	3Q13 \$'000	9M14 \$'000	9M13 \$'000
Cash flows from operating activities:				
Profit before taxation	4,641	4,269	13,262	10,861
Adjustments for:				
Depreciation of property, plant and equipment	1,544	1,051	3,751	3,416
Amortisation of intangible assets	8	9	30	66
Gain on disposal of property, plant and equipment	2	(70)	(12)	(67)
Unrealised exchange (gain)/loss	(318)	128	(230)	77
Provision for warranty	-	-	-	-
Interest income	(33)	(21)	(135)	(52)
Interest expense	-	-	-	1
Operating cash flows before working capital changes	<u>5,844</u>	<u>5,366</u>	<u>16,666</u>	<u>14,302</u>
<i>Decrease/(Increase) in:</i>				
Customer retention, trade and other receivables and prepayments	8,053	(5,221)	(1,455)	(9,118)
Inventories	17	(122)	21	(228)
<i>Increase/(Decrease) in:</i>				
Trade and other payables and advances from customers	(7,793)	(2,959)	(1,936)	(2,270)
Gross amount due from/(to) customers for contract work-in-progress, net	<u>(200)</u>	<u>(1,400)</u>	<u>(2,324)</u>	<u>511</u>
Cash generated from operations	5,921	(4,336)	10,972	3,197
Tax paid	<u>(823)</u>	<u>(359)</u>	<u>(2,116)</u>	<u>(687)</u>
Net cash flows generated from operating activities	<u>5,098</u>	<u>(4,695)</u>	<u>8,856</u>	<u>2,510</u>
Cash flows from investing activities:				
Interest received	33	21	135	52
Purchase of property, plant and equipment	(2,282)	(114)	(7,655)	(985)
Proceeds from disposal of property, plant and equipment	12	-	96	-
Net cash flows used in investing activities	<u>(2,237)</u>	<u>(93)</u>	<u>(7,424)</u>	<u>(933)</u>
Cash flows from financing activities:				
Net proceeds from issue of new shares	67	-	10,041	-
Proceeds from issue of new warrants	-	4,055	-	4,055
Expenses incurred for new warrants	-	(108)	-	(138)
Interest paid	-	-	-	(1)
Repayment of finance lease obligations	-	-	-	(3)
Dividend paid	(4,019)	-	(12,045)	-
Net cash flows (used in)/generated from financing activities	<u>(3,952)</u>	<u>3,947</u>	<u>(2,004)</u>	<u>3,913</u>
Net increase/(decrease) in cash and cash equivalents	(1,091)	(841)	(572)	5,490
Cash and cash equivalents at beginning of period	61,309	55,033	60,790	48,702
Cash and cash equivalents at end of period	<u>60,218</u>	<u>54,192</u>	<u>60,218</u>	<u>54,192</u>

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

Statements of changes in equity
For year ended 31 March 2014

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Fair value reserve \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2012	48,826	(160)	1,156	38,360	232	(335)	88,079
Profit net of tax	-	-	-	9,085	-	-	9,085
Other comprehensive income for the period	-	-	-	-	-	73	73
Total comprehensive income for the period	-	-	-	9,085	-	73	9,158
Issuance of warrants	-	-	4,055	-	-	-	4,055
Warrants issue expenses	-	-	(138)	-	-	-	(138)
Balance at 31 March 2013	48,826	(160)	5,073	47,445	232	(262)	101,154
At 1 July 2013	48,859	(160)	5,065	52,353	0	(328)	105,789
Profit net of tax	-	-	-	10,877	-	-	10,877
Other comprehensive income for the period	-	-	-	-	-	(233)	(233)
Total comprehensive income for the period	-	-	-	10,877	-	(233)	10,644
Issuance of ordinary shares	13,903	-	(3,862)	-	-	-	10,041
Dividend on ordinary shares	-	-	-	(12,045)	-	-	(12,045)
Balance at 31 March 2014	62,762	(160)	1,203	51,185	-	(561)	114,429
Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000		
At 1 July 2012	48,826	(160)	1,156	16,428	66,250		
Total comprehensive income for the period	-	-	-	13,335	13,335		
Issuance of warrants	-	-	4,055	-	4,055		
Expenses incurred for new warrants	-	-	(138)	-	(138)		
Balance at 31 March 2013	48,826	(160)	5,073	29,763	83,502		
At 1 July 2013	48,859	(160)	5,065	30,083	83,847		
Total comprehensive income for the period	-	-	-	359	359		
Issuance of ordinary shares	13,903	-	(3,862)	-	10,041		
Dividend on ordinary shares	-	-	-	(12,045)	(12,045)		
Balance at 31 March 2014	62,762	(160)	1,203	18,397	82,202		

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

2012 Warrants

On 7 January 2013, the Company had allotted and issued the Warrants ("2012 Warrants") pursuant to the Warrants Issue. The 81,114,750 Warrants 2013 were listed and quoted on the Official List of SGX-ST on 9 January 2013. The New Shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

Since 1 July 2013, 76,725,500 2012 Warrants were exercised to acquire 76,725,500 New Shares. As of 31 March 2014, 4,205,250 2012 Warrants are outstanding.

2013 Warrants

On 12 November 2013 and 21 November 2013, 28 January 2014, 7 February 2014, 19 February 2014 and 26 February 2014, 27 March 2014 and 16 April 2014, the Company had announced that it was proposing to undertake a renounceable non-underwritten rights issue of 202,786,875 warrants ("2013 Warrants") at an issue price of S\$0.001 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at an exercise price of S\$0.33 for each New Share during the exercise period on the basis of one (1) warrant for every two (2) existing ordinary shares in the capital of the company held by entitled shareholders as at the books closure date, fractional entitlements to be disregarded ("2013 Warrants Issue").

On 21 April 2014, the Offer Information Statement dated 16 April 2014 ("Offer Information Statement") were despatched to all Shareholders.

Based on the total number of issued Shares of the Company of 401,980,500 Shares (excluding treasury shares) as at the Books Closure Date, 200,990,250 Warrants were available for subscription under the Warrants Issue.

The Company expects that 200,990,250 Warrants will be issued on and allotted or about 14 May 2014. The Company further expects that these Warrants will be listed and quoted on the official list of the SGX-ST with effect from 9.00 a.m. on or about 16 May 2014.

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

Issued and paid up capital

As at beginning of financial year
Share issued pursuant to the exercise of Warrants
At 31 March 2014

Treasury shares

As at beginning of financial year
Share buy-back
At 31 March 2014

Total shares excluding treasury shares as at end of period

9M14		9M13	
No of shares	\$'000	No of shares	\$'000
325,283,000	48,859	325,099,000	48,826
77,235,500	13,903	4,000	0
402,518,500	62,762	325,103,000	48,826
640,000	160	640,000	160
-	-	-	-
640,000	160	640,000	160
401,878,500	62,602	324,463,000	48,666

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

As at 31 March 2014, the total number of issued ordinary shares (excluding treasury shares) was 401,878,500 (30 June 2013: 324,643,000).

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

Not applicable.

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

The figures have not been audited nor reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those applied for the most recent audited financial statements for the first nine month ended 31 March 2013.

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

Not applicable

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

	Group		Group	
	3Q14	3Q13	9M14	9M13
Profit attributable to ordinary equity holders of the Company (\$'000)	3,877	3,414	10,877	9,085
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)	401,642	324,459	392,118	324,447
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)	403,909	324,459	399,414	324,447
Earnings per share -				
Basic (cents)	1.0	1.0	2.8	2.8
Fully diluted (cents)	1.0	1.0	2.7	2.8

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	31.3.2014	30.6.2013	31.3.2014	30.6.2013
Net asset value (\$'000)	114,429	105,789	82,202	83,847
Number of ordinary shares in issue (excluding treasury shares) at end of period ('000)	401,879	324,643	401,879	324,643
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of period (cents)	28.5	32.6	20.5	25.8

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

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

Review of Financial Results

Results for the year and third quarter ended 31 March 2014

Revenue

Quarter-on-quarter, revenue decreased by \$12.3 million in 3Q14. This was mainly due to:

1. Several projects and maintenance services were in the preliminary stages before the first billing milestone.
2. Some projects were completed and the finalisations of account were being concluded.

Revenue for 9M14 decreased by 4.5% or \$4.8 million to \$101.5 million compared to \$106.3 million recorded in 9M13. The decrease was due to the above reasons.

Cost of sales

For 9M14, cost of sales decreased by 20.3% or \$13.7 million to \$53.9 million as compared to \$67.7 million in 9M13. The decrease in cost of sales was mainly due to the decrease in usage of materials and manpower when the projects were in the preliminary stage.

Quarter-on-quarter, cost of sales decreased by \$16.5 million to \$13.0 million in 3Q14 compared to \$29.5 million in 3Q13. The increase was mainly due to the similar reasons mentioned above.

Other income

Other income comprises mainly of interest income, miscellaneous income earned from non-core businesses, safety and performance incentives as well as jobs credit grant and special employment credit. This also includes items such as gain on disposal of property, plant and equipment. Other income amounted to \$0.3 million and \$1.1 million for 3Q14 and 9M14 respectively. The decrease for 9M14 was due mainly to allowance for doubtful debt written back upon collection of debt and a waiver of directors' bonus entitlement of earlier years.

Operating expenses

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

For 9M14, operating expenses increased by 10.4% or \$3.3 million to \$35.4 million as compared to S\$32.1 million in 9M13. The increase was due to the increase in technical and administrative staff as the Group geared up the EPC business, as well as more dormitories are needed to house the foreign labour.

Operating expenses in 3Q14 increased by 19.6% or \$2.0 million. The increase in this quarter was due to the above reasons.

Taxation

The increase in effective tax rate in 9M14 compared to the statutory tax rate of 17% was mainly due to underprovision of taxation in 2012.

The effective tax rate for 3Q14 was 16.5% which was close to the statutory tax rate.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 9M14 increased by \$1.8 million to \$10.9 million compared to 9M13.

For 3Q14, the profit attributable to equity holders increased 0.5 million to \$3.9 million.

The current results are in line with the Group's commentary in paragraph 10 of the previous results announcement dated 10 February 2014.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased by 4.6% or \$2.1 million, from \$46.1 million as at 30 June 2013 to \$44.0 million as at 31 March 2014. This decrease is mainly due to customers' retention monies became receivable and reclassified as current assets, which set off with an increase in investment in property, plant and equipment.

Current assets

Current assets increased by 6.7% or \$6.5 million, from \$96.4 million as at 30 June 2013 to \$102.9 million as at 31 March 2014. This was mainly due to an increase in trade receivables, resulting from the reclassification, mentioned above.

Current liabilities

Current liabilities comprise of payables to suppliers of materials and equipment and subcontractors, other payables, advances from customers, provision for warranty as well as tax provision. Current liabilities decreased by 7.6% or \$2.5 million, from \$33.2 million as at 30 June 2013 to \$30.7 million as at 31 March 2014, mainly due to a decrease in gross amount due to customers for contract work-in-progress as significant project has been finalised.

Non-current liabilities

Non-current liabilities amounted to \$1.7 million as at 31 March 2014, a decrease of \$1.8 million as compared to that of 30 June 2013. The decrease was due to suppliers' retention monies became payable and reclassified as current liability.

Utilisation of Warrant Issue Proceeds

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

As at 31 March 2014, the Group has applied S\$0.5 million of the proceeds for business expansion and S\$3.4 million as working capital in accordance with the announcement dated 4 January 2013.

From 7 January 2013 to 31 March 2014, 76,909,500 warrants were exercised for 76,909,500 new Shares. The Company raised net proceeds of about \$10.0 million, of which \$7.6 million was used to acquire property, plant and equipment for business expansion and the remaining \$2.4 million was deposited in banks pending utilisation.

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

Hai Leck Group has not made any forecast.

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

The Group's operating environment remains challenging, as in the previous quarter, due to the weak global economy, keen competition, and higher operating costs in particular manpower costs in a tight labour market.

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

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Final dividends

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	

(b) Corresponding period of the immediately preceding financial year

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

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded

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

Not applicable

14 Negative confirmation By The Board Pursuant to Rule 705(5) Of The Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh and Cheng Li Hui, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the first nine month and third quarter ended 31 March 2014 to be false or misleading in any material aspect.

By order of the Board

Cheng Li Hui
Deputy Chief Executive Officer
12 May 2014