

**HAI LECK HOLDINGS LIMITED**

(Company Registration No. : 199804461D)

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT****FOR FIRST HALF AND SECOND QUARTER ENDED 31 DECEMBER 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**

	2Q15 \$'000	Group 2Q14 \$'000 (Restated)	Change %	1H15 \$'000	Group 1H14 \$'000 (Restated)	Change %
<b>Revenue</b>	29,812	38,227	(22.0)	58,061	69,543	(16.5)
Less:						
Cost of sales	(18,069)	(21,943)	(17.7)	(31,290)	(39,081)	(19.9)
Other income	811	167	385.6	1,024	762	34.4
Distribution and selling expenses	(129)	(199)	(35.2)	(225)	(439)	(48.7)
Administrative expenses	(9,818)	(10,893)	(9.9)	(19,833)	(20,288)	(2.2)
Other operating expenses	(1,448)	(1,125)	28.7	(2,683)	(2,208)	21.5
Interest expense	(2)	-	n.m.	(3)	-	n.m.
Share of results of associate	629	43	1,362.8	779	228	241.7
<b>Profit before taxation</b>	1,786	4,277	(58.2)	5,830	8,517	(31.5)
Taxation	(484)	(586)	(17.4)	(882)	(1,517)	(41.9)
<b>Profit for the period</b>	1,302	3,691	(64.7)	4,948	7,000	(29.3)
<b>Attributable to:</b>						
Equity holders of the Company	1,302	3,691	(64.7)	4,948	7,000	(29.3)
<b>Net profit included the following:</b>						
	2Q15 \$'000	Group 2Q14 \$'000 (Restated)		Group 1H15 \$'000	1H14 \$'000 (Restated)	
Interest income	16	25		80	53	
Interest expense	(2)	-		(3)	-	
Foreign exchange profit/(loss), net	45	22		25	30	
Gain on disposal of property, plant and equipment	214	5		336	14	
Amortisation of intangible assets	(9)	(13)		(18)	(22)	
Depreciation of property, plant and equipment	(1,439)	(1,133)		(2,665)	(2,207)	
<b>Consolidated statement of comprehensive income</b>						
	2Q15 \$'000	Group 2Q14 \$'000 (Restated)		Group 1H15 \$'000	1H14 \$'000 (Restated)	
<b>Profit for the period</b>	1,302	3,691		4,948	7,000	
<b>Other comprehensive income:</b>						
<u>Items that may be reclassified to profit and loss</u>						
Foreign currency translation	144	(155)		209	37	
<b>Total comprehensive income for the period</b>	1,446	3,536		5,157	7,037	
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	1,446	3,536		5,157	7,037	

**Note:**

2Q14: The 2nd quarter ended 31 December 2013

2Q15: The 2nd quarter ended 31 December 2014

1H14: The 1st half year ended 31 December 2013

1H15: The 1st half year ended 31 December 2014

n.m. denotes not meaningful

EPC: engineering, procurement and construction

2Q14 and 1H14 results have been restated to take into account of the retrospective adjustments relating to FRS 111 FRS Joint

Arrangements (please refer to item 4)

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	
	31.12.2014 \$'000	30.6.2014 \$'000 Restated	31.12.2014 \$'000	30.6.2014 \$'000
<b>Non-current assets:</b>				
Property, plant and equipment	52,306	47,802	343	344
Investments in subsidiary companies	-	-	36,758	36,758
Loans due from subsidiary companies	-	-	25,861	19,561
Investment in associate	3,774	2,995	-	-
Intangible assets	242	260	-	-
Customer retention	487	410	-	-
	<u>56,809</u>	<u>51,467</u>	<u>62,962</u>	<u>56,663</u>
<b>Current assets:</b>				
Inventories	535	2,065	-	-
Trade receivables	31,666	31,168	-	-
Other receivables and deposits	1,971	1,442	-	78
Prepayments	1,591	1,599	5	17
Customer retention	1,358	7,502	-	-
Amounts due from subsidiary companies - trade	-	-	2,823	1,593
Gross amount due from customers for contract work-in-progress	1,000	-	-	-
Fixed deposits pledged	366	366	-	-
Cash and cash equivalents	48,154	56,627	20,202	26,816
	<u>86,641</u>	<u>100,769</u>	<u>23,030</u>	<u>28,504</u>
<b>Current liabilities:</b>				
Trade and other payables	19,862	20,573	474	1,115
Advances from customers	-	417	-	-
Supplier retention	529	1,055	-	-
Amounts due to subsidiary companies - non-trade	-	-	13	22
Provision for foreseeable loss	-	1,400	-	-
Provision for warranty	2,992	2,992	-	-
Finance lease obligation - current portion	79	-	-	-
Provision for taxation	1,810	2,966	107	-
	<u>25,272</u>	<u>29,403</u>	<u>594</u>	<u>1,137</u>
<b>Net current assets</b>	<u>61,369</u>	<u>71,366</u>	<u>22,436</u>	<u>27,367</u>
<b>Non-current liabilities:</b>				
Deferred taxation	1,832	1,832	20	20
Finance lease obligation, non-current portion	295	-	-	-
	<u>2,127</u>	<u>1,832</u>	<u>20</u>	<u>20</u>
<b>Net assets</b>	<u>116,051</u>	<u>121,001</u>	<u>85,378</u>	<u>84,010</u>
<b>Equity attributed to equity holders of the Company</b>				
Share capital	65,007	62,785	65,007	62,785
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,155	1,209	1,155	1,209
Accumulated profits	50,401	57,728	19,376	20,176
Translation reserve	(352)	(561)	-	-
<b>Total equity</b>	<u>116,051</u>	<u>121,001</u>	<u>85,378</u>	<u>84,010</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**

	31.12.2014		30.6.2014	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	79	-	-	-

**Amount repayable after one year**

	31.12.2014		30.6.2014	
	\$'000	\$'000	\$'000	\$'000
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	295	-	-	-

**Details of any collateral**

Hire purchase financing for plant and equipment.

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

**Consolidated Statement of Cash Flows**

	Group		Group	
	2Q15 \$'000	2Q14 \$'000 Restated	1H15 \$'000	1H14 \$'000 Restated
<b>Cash flows from operating activities:</b>				
Profit before taxation	1,786	4,277	5,830	8,517
Adjustments for:				
Depreciation of property, plant and equipment	1,439	1,112	2,665	2,207
Amortisation of intangible assets	9	9	18	22
Gain on disposal of property, plant and equipment	(214)	(5)	(336)	(14)
Share of results of associate	(629)	(43)	(779)	(228)
Provision for foreseeable loss	(700)	-	(1,400)	-
Interest income	(16)	(25)	(80)	(53)
Interest expense	2	-	3	-
Unrealised exchange (gain)/loss	(36)	(239)	(97)	(14)
Operating cash flows before working capital changes	1,641	5,086	5,824	10,437
<i>Decrease/(Increase) in:</i>				
Customer retention, trade and other receivables and prepayments	(966)	(4,415)	4,705	(9,394)
Inventories	243	7	1,530	4
<i>Increase/(Decrease) in:</i>				
Trade and other payables and advances from customers	(4,453)	6,281	(1,654)	6,061
Gross amount due from/(to) customers for contract work-in-progress, net	1,400	176	(1,000)	(2,124)
Cash generated from operations	(2,135)	7,135	9,405	4,984
Tax paid/ (refund)	(2,039)	(1,182)	(2,038)	(1,225)
Net cash flows generated from operating activities	(4,174)	5,953	7,367	3,759
<b>Cash flows from investing activities:</b>				
Interest received	16	25	80	53
Purchase of property, plant and equipment	(2,313)	(4,833)	(6,340)	(5,373)
Proceeds from disposal of property, plant and equipment	33	31	156	84
Net cash flows used in investing activities	(2,264)	(4,777)	(6,104)	(5,236)
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of new shares	1,533	291	2,168	9,974
Repayment of finance lease obligations	(13)	-	374	-
Dividend paid	(12,275)	(8,026)	(12,275)	(8,026)
Interest paid	(2)	-	(3)	-
Net cash flows (used in)/generated from financing activities	(10,757)	(7,735)	(9,736)	1,948
Net increase/(decrease) in cash and cash equivalents	(17,195)	(6,559)	(8,473)	471
Cash and cash equivalents at beginning of period	65,349	67,014	56,627	59,984
<b>Cash and cash equivalents at end of period</b>	<b>48,154</b>	<b>60,455</b>	<b>48,154</b>	<b>60,455</b>

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

**Statements of changes in equity**  
**For period ended 31 December 2014**

<b>Group</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2013 (restated)	48,859	(160)	5,065	52,353	(328)	105,789
Profit net of tax	-	-	-	7,000	-	7,000
Other comprehensive income for the period	-	-	-	-	37	37
Total comprehensive income for the period	-	-	-	7,000	37	7,037
Issuance of ordinary shares	13,810	-	(3,836)	-	-	9,974
Dividend on ordinary shares	-	-	-	(8,026)	-	(8,026)
Balance at 31 December 2013	62,669	(160)	1,229	51,327	(291)	114,774
At 1 July 2014	62,785	(160)	1,209	57,728	(561)	121,001
Profit net of tax	-	-	-	4,948	-	4,948
Other comprehensive income for the period	-	-	-	-	209	209
Total comprehensive income for the period	-	-	-	4,948	209	5,157
Issuance of ordinary shares	2,222	-	(54)	-	-	2,168
Dividend on ordinary shares	-	-	-	(12,275)	-	(12,275)
Balance at 31 December 2014	65,007	(160)	1,155	50,401	(352)	116,051
<b>Company</b>	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2013 (restated)	48,859	(160)	5,065	30,083	83,847	
Total comprehensive income for the period	-	-	-	627	627	
Issuance of ordinary shares	13,810	-	(3,836)	-	9,974	
Dividend on ordinary shares	-	-	-	(8,026)	(8,026)	
Balance at 31 December 2013	62,669	(160)	1,229	22,684	86,422	
At 1 July 2014	62,785	(160)	1,209	20,176	84,010	
Total comprehensive income for the period	-	-	-	11,475	11,475	
Issuance of ordinary shares	2,222	-	(54)	-	2,168	
Dividend on ordinary shares	-	-	-	(12,275)	(12,275)	
Balance at 31 December 2014	65,007	(160)	1,155	19,376	85,378	

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 2012 Warrants 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 2014, 953,000 2012 Warrants were exercised to acquire 953,000 new shares. As of 31 December 2014, 2,615,250 2012 Warrants are outstanding.

2013 Warrants

On 14 May 2014, the Company had allotted and issued the Warrants ("2013 Warrants") pursuant to the Warrants Issue. The 200,990,250 2013 Warrants were listed and quoted on the Official List of SGX-ST on 16 May 2014. The new shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

Since 1 July 2014, 6,196,359 2013 Warrants were exercised to acquire 6,196,359 new shares. As of 31 December 2014, 194,793,891 2013 Warrants are outstanding.

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 December

**Treasury shares**

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

Total shares excluding treasury shares as at end of period

1H15		1H14	
No of shares	\$'000	No of shares	\$'000
402,645,500	62,785	325,283,000	48,859
7,149,359	2,222	74,490,750	13,407
<b>409,794,859</b>	<b>65,007</b>	<b>399,773,750</b>	<b>62,266</b>
640,000	160	640,000	160
-	-	-	-
<b>640,000</b>	<b>160</b>	<b>640,000</b>	<b>160</b>
409,154,859	64,847	399,133,750	62,106

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 December 2014, the total number of issued ordinary shares (excluding treasury shares) was 409,154,859 (30 June 2014: 402,645,500).

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 applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 30 June 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 July 2014.

Financial Reporting Standards ("FRS") which became effective for the Group's financial period beginning 1 July 2014 are:

- Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities;
- FRS 110 Consolidated Financial Statements;
- FRS 111 Joint Arrangements;
- FRS 112 Disclosures of Interests in Other Entities

**Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities**

Amendments to FRS 32 clarify the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The Group does not expect any significant financial impact on its financial position from the adoption of amendment to FRS 32.

**FRS 110 Consolidated Financial Statements**

FRS 110 establishes a single control model as the basis for determining the entities that will be consolidated. It also requires management to exercise significant judgement to determine which investee are controlled, and therefore are required to be consolidated by the Group.

The Group has re-evaluated its involvement with investee under the new control model. Based on its assessment, the Group has complied with this requirement.

**FRS 111 Joint Arrangements**

FRS 111 establishes the principles for classification and accounting of joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. Based on its assessment, the Group is required under FRS 111 to apply the equity method of accounting for its joint venture in Logthai-Hai Leck Engineering Co. Ltd.

In accordance with FRS 111, this change in accounting policy was applied retrospectively. Accordingly, the effects of the Group's financial statements arising from the adoption of FRS 111 are as follows:

	<b>Group</b>
	30.6.2014
	\$'000
	Increase/ (Decrease)
<b>Non-current assets:</b>	
Property, plant and equipment	(760)
Investment in associate	2,995
	<u>2,235</u>
<b>Current assets:</b>	
Trade receivables	(1,294)
Other receivables and deposits	(377)
Other investments	(189)
Cash and cash equivalents	(1,006)
	<u>(2,866)</u>
<b>Current liabilities:</b>	
Trade and other payables	(631)
	<u>(631)</u>
<b>Net current assets</b>	<u>(2,235)</u>
<b>Net assets</b>	<u>-</u>
<b>Revenue</b>	(4,632)
Cost of sales	2,891
Other income	(29)
Distribution and selling expenses	29
Administrative expenses	831
Other operating expenses	96
Interest expense	1
Share of results of associate	692
Taxation	121
<b>Attributable to equity holders of the Company</b>	<u>-</u>

#### FRS 112 Disclosures of Interests in Other Entities

FRS 112 sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

As FRS 112 is primarily a disclosure standard, there is no financial impact on the results and financial position of the Group and the Company from the adoption of this standard.

**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	
	2Q15 \$'000	2Q14 \$'000	1H15 \$'000	1H14 \$'000
Profit attributable to ordinary equity holders of the Company (\$'000)	1,302	3,691	4,948	7,000
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)	409,155	324,459	409,155	395,814
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)	359,382	324,459	418,162	399,959
Earnings per share -				
Basic (cents)	0.3	1.0	1.2	1.8
Fully diluted (cents)	0.4	1.0	1.2	1.8

**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 period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.12.2014	30.6.2014	31.12.2014	30.6.2014
Net asset value (\$'000)	116,051	121,001	85,378	84,010
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	409,155	402,646	409,155	402,646
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of period (cents)	28.4	30.1	20.9	20.9

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

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

#### **Review of Financial Results**

##### **Results for first half and second quarter ended 31 December 2014**

#### **Revenue**

The plunge in oil prices impacted the down-stream in the oil and gas industries negatively. Our major customers are reducing its capital expenditure, thus affecting us as a service provider. As a result, revenue for 1H15 decreased by 16.5% or \$11.5 million to \$58.0 million compared to \$69.5 million recorded in 1H14.

Quarter-on-quarter, revenue decreased by \$8.4 million to \$29.8 million in 2Q15.

#### **Cost of sales**

For 1H15, cost of sales decreased by 19.9% or \$7.8 million to \$31.3 million as compared to \$39.1 million in 1H14. The decrease in cost of sales was mainly due to less usage of materials and manpower in tandem with lower revenue.

Quarter-on-quarter, cost of sales decreased by \$3.9 million to \$18.1 million in 2Q15 as compared to \$21.9 million in 2Q14. The decrease was mainly due to the similar reason mentioned above.

#### **Other income**

Other income for 1H14 of \$0.8 million comprised mainly of interest income, miscellaneous income earned from non-core businesses, safety and performance incentives, and gain on disposal of property, plant and equipment as well as governmental grant, jobs credit grant and special employment credit. The amount of other income for 1H15 and 2Q15 were \$1.0 million and \$0.8 million. The increase was due mainly to gain on disposal of leasehold property in Vietnam.

#### **Operating expenses**

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

For 1H15, operating expenses decreased by 0.8% or \$0.2 million to \$22.7 million as compared to S\$22.9 million in 1H14.

For 2Q15, operating expenses decreased by 6.7% or \$0.8 million to \$11.4 million as compared to S\$12.2 million in 2Q14. The decrease was due to the optimising cost efficiencies in trimming overhead expenditure.

#### **Share of results of associate**

Share of results of associate for 1H15 and 2Q15 are 0.8 million and 0.6 million respectively. Please refer to Paragraph 4, FRS111.

#### **Taxation**

The effective tax rate in 1H15 is 15.1% compared to the statutory tax rate of 17%.

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

The profit attributable to equity holders for 1H15 decreased by \$2.1 million to \$4.9 million compared to 1H14.

Quarter-on-quarter, the profit attributable to equity holders for 2Q15 decreased by \$2.4 million to \$1.3 million compared to 2Q14.

## Review of Financial Position

### Non-current assets

Non-current assets of the Group increased by 9.4% or \$4.5 million, from \$47.8 million as at 30 June 2014 to \$52.3 million as at 31 December 2014. This increase is mainly due to an increase in investment in property, plant and equipment.

### Current assets

Current assets decreased by 14.0% or \$14.1 million, from \$100.7 million as at 30 June 2014 to \$86.6 million as at 31 December 2014. This was mainly due to a decrease in cash and cash equivalents resulting from dividend payment.

### 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 14.0% or \$4.1 million, from \$29.4 million as at 30 June 2014 to \$25.3 million as at 31 December 2014, mainly due to a decrease in trade and other payable and payment of tax previously provided.

### Non-current liabilities

Non-current liabilities amounted to \$2.1 million as at 31 December 2014, a increase of \$0.3 million as compared to that of 30 June 2014. The increase was due to a finance lease for equipment.

## Utilisation of Warrant Issue Proceeds

### 2012 Warrants

On 7 January 2013, the Company had allotted and issued 81,114,750 2012 Warrants and raised net proceeds of \$3.9 million for business expansion and working capital.

As at 31 December 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 December 2014, 78,499,500 2012 Warrants were exercised for 78,499,500 new shares. The Company raised net proceeds of about \$10.2 million, which was used to acquire property, plant and equipment for business expansion.

### 2013 Warrants

On 16 May 2014, the Company had allotted and issued 200,990,250 2013 Warrants and raised net proceeds of \$13,000 for general working capital. The amount was applied in accordance with announcement dated 9 May 2014.

From 16 May 2014 to 31 December 2014, 6,196,500 2013 Warrants were exercised for 6,196,500 new shares. The Company raised net proceeds of approximately \$2.0 million, which was set aside for investment purposes, business expansion purposes, working capital and/or such other purposes as the Directors may deem fit.

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

Not applicable

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

The outlook of the global economy is very uncertain due to the falling prices of crude oil. As a result, our industry faces negative sentiments that inevitably impacts business operations. Competition continues to be intense and is expected to exert pressure on the profit margins.

The Group has been steadily building our assets and engineering capabilities in EPC over the past few years and is focused on achieving operational effectiveness and optimising cost efficiencies in trimming overhead expenditure. With its sound financial position and the growth of its engineering capabilities that have been built up over the years, the Group is optimistic that it will be able to brave the challenges ahead.

**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**

Not applicable

**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**

No IPT mandate has been obtained.

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

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

By order of the Board

Cheng Yao Tong  
Chief Executive Officer  
9 February 2015