

**HAI LECK HOLDINGS LIMITED**

(Company Registration No. : 199804461D)

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR FIRST QUARTER ENDED 30 SEPTEMBER 2015****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**

	1Q16 \$'000	Group 1Q15 \$'000	Change %
Revenue	18,464	28,249	(34.6)
Less:			
Cost of sales	(9,413)	(13,221)	(28.8)
Other income	947	213	344.6
Distribution and selling expenses	(73)	(96)	(24.0)
Administrative expenses	(6,579)	(10,015)	(34.3)
Other operating expenses	(1,509)	(1,235)	22.2
Interest expense	(3)	(1)	200.0
Share of results of equity accounted investee	(34)	150	n.m.
Profit before taxation	1,800	4,044	(55.5)
Taxation	(250)	(398)	(37.2)
Profit for the quarter	1,550	3,646	(57.5)
Attributable to:			
Equity holders of the Company	1,550	3,646	(57.5)

	1Q16 \$'000	Group 1Q15 \$'000
Net profit included the following:		
Interest income	13	28
Interest expense	(3)	-
Foreign exchange profit/(loss), net	(97)	8
Gain/(loss) on disposal of property, plant and equipment	158	(9)
Amortisation of intangible assets	(15)	(9)
Depreciation of property, plant and equipment	(1,494)	(1,074)
Write back of allowance for doubtful debts	970	-

Consolidated statement of comprehensive income

	1Q16 \$'000	Group 1Q15 \$'000
Profit for the quarter	1,550	3,646
Other comprehensive income:		
Foreign currency translation	(397)	65
Total comprehensive income for the quarter	1,153	3,711
Total comprehensive income attributable to:		
Equity holders of the Company	1,153	3,711

Note:

1Q15: The 1st quarter ended 30 September 2014

1Q16: The 1st quarter ended 30 September 2015

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	
	30.9.2015 \$'000	30.6.2015 \$'000	30.9.2015 \$'000	30.6.2015 \$'000
Non-current assets:				
Property, plant and equipment	53,486	54,319	326	328
Investments in subsidiary companies	-	-	35,757	35,757
Loans due from subsidiary companies	-	-	24,561	24,561
Investment in joint venture	4,181	4,525	-	-
Intangible assets	250	225	-	-
Other receivables and deposits	100	180	-	-
Customer retention	-	222	100	100
	<u>58,017</u>	<u>59,471</u>	<u>60,744</u>	<u>60,746</u>
Current assets:				
Inventories	638	2,905	-	-
Trade receivables	18,065	26,171	-	-
Other receivables and deposits	1,245	1,171	28	21
Prepayments	587	3,035	151	229
Customer retention	587	306	-	-
Amounts due from subsidiary companies - trade	-	-	3,500	5,500
Amounts due from subsidiary companies - non-trade	-	-	836	722
Gross amount due from customers for contract work-in-progress	4,714	1,284	-	-
Fixed deposits pledged	588	588	-	-
Cash and cash equivalents	55,722	55,301	15,471	14,334
	<u>82,146</u>	<u>90,761</u>	<u>19,986</u>	<u>20,806</u>
Current liabilities:				
Trade and other payables	14,313	25,128	135	677
Advances from customers	-	417	-	-
Supplier retention	348	392	-	-
Amounts due to subsidiary companies - non-trade	-	-	30	23
Provision for foreseeable loss	-	-	-	-
Provision for warranty	3,262	3,262	-	-
Finance lease obligation - current portion	90	79	-	-
Provision for taxation	1,577	1,504	107	107
	<u>19,590</u>	<u>30,782</u>	<u>272</u>	<u>807</u>
Net current assets	<u>62,556</u>	<u>59,979</u>	<u>19,714</u>	<u>19,999</u>
Non-current liabilities:				
Deferred taxation	1,379	1,379	26	26
Finance lease obligation, non-current portion	225	255	-	-
	<u>1,604</u>	<u>1,634</u>	<u>26</u>	<u>26</u>
Net assets	<u>118,969</u>	<u>117,816</u>	<u>80,432</u>	<u>80,719</u>
Equity attributed to equity holders of the Company				
Share capital	65,008	65,008	65,008	65,008
Treasury shares	(160)	(160)	(160)	(160)
Capital reserve	1,155	1,155	1,155	1,155
Accumulated profits	53,723	52,173	14,429	14,716
Translation reserve	(757)	(360)	-	-
Total equity	<u>118,969</u>	<u>117,816</u>	<u>80,432</u>	<u>80,719</u>

1(b)(ii) A aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Finance lease liabilities

As at 30.9.2015	
\$'000	\$'000
Secured	Unsecured
90	-

As at 30.6.2015	
\$'000	\$'000
Secured	Unsecured
79	-

Amount repayable after one year

Finance lease liabilities

As at 30.9.2015	
\$'000	\$'000
Secured	Unsecured
225	-

As at 30.6.2015	
\$'000	\$'000
Secured	Unsecured
255	-

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	
	1Q16 \$'000	1Q15 \$'000
Cash flows from operating activities:		
Profit before taxation	1,800	4,044
Adjustments for:		
Depreciation of property, plant and equipment	1,494	1,226
Amortisation of intangible assets	15	9
Gain on disposal of property, plant and equipment	(158)	(122)
Share of results of equity accounted investee	34	(150)
Provision for foreseeable loss	-	(700)
Interest income	(13)	(64)
Interest expense	3	1
Unrealised exchange (gain)/loss	(87)	(17)
Operating cash flows before working capital changes	<u>3,088</u>	<u>4,227</u>
<i>Decrease/(Increase) in:</i>		
Customer retention, trade and other receivables and prepayments	10,501	6,044
Inventories	2,267	1,287
<i>Increase/(Decrease) in:</i>		
Trade and other payables and advances from customers	(11,276)	2,769
Gross amount due from/(to) customers for contract work-in-progress, net	<u>(3,430)</u>	<u>(2,400)</u>
Cash generated from operations	1,150	11,927
Tax paid/(refund)	(177)	1
Net cash flows generated from operating activities	<u>973</u>	<u>11,928</u>
Cash flows from investing activities:		
Interest received	13	64
Purchase of property, plant and equipment	(663)	(4,027)
Purchase of intangible assets	(40)	-
Proceeds from disposal of property, plant and equipment	<u>160</u>	<u>123</u>
Net cash flows used in investing activities	<u>(530)</u>	<u>(3,840)</u>
Cash flows from financing activities:		
Net proceeds from issue of new shares	-	635
Repayment of finance lease obligations	(19)	-
Interest paid	(3)	(1)
Net cash flows (used in)/generated from financing activities	<u>(22)</u>	<u>634</u>
Net increase/(decrease) in cash and cash equivalents	421	8,722
Cash and cash equivalents at beginning of period	55,301	56,627
Cash and cash equivalents at end of period	<u><u>55,722</u></u>	<u><u>65,349</u></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 period ended 30 September 2015

Group	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Translation reserve \$'000	Total equity \$'000
At 1 July 2014	62,785	(160)	1,209	57,728	(561)	121,001
Profit net of tax	-	-	-	3,646	-	3,646
Other comprehensive income for the quarter	-	-	-	-	65	65
Total comprehensive income for the quarter	-	-	-	3,646	65	3,711
Issuance of ordinary shares	671	-	(36)	-	-	635
Balance at 30 September 2014	63,456	(160)	1,173	61,374	(496)	125,347
At 1 July 2015	65,008	(160)	1,155	52,173	(360)	117,816
Profit net of tax	-	-	-	1,550	-	1,550
Other comprehensive income for the quarter	-	-	-	-	(397)	(397)
Total comprehensive income for the quarter	-	-	-	1,550	(397)	1,153
Balance at 30 September 2015	65,008	(160)	1,155	53,723	(757)	118,969
Company	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000	
At 1 July 2014	62,785	(160)	1,209	20,176	84,010	
Total comprehensive income for the quarter	-	-	-	501	501	
Issuance of ordinary shares	671	-	(36)	-	635	
Balance at 30 September 2014	63,456	(160)	1,173	20,677	85,146	
At 1 July 2015	65,008	(160)	1,155	14,716	80,719	
Total comprehensive income for the quarter	-	-	-	(287)	(287)	
Balance at 30 September 2015	65,008	(160)	1,155	14,429	80,432	

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 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 2015, no 2012 Warrants were exercised to acquire new shares. As of 30 September 2015, 2,612,250 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 2015, no 2013 Warrants were exercised to acquire new shares. As of 30 September 2015, 194,793,891 2013 Warrants are outstanding.

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

	1Q16		1Q15	
	No of shares	\$'000	No of shares	\$'000
Issued and paid up capital				
As at beginning of financial year	409,797,859	65,008	402,645,500	62,785
Share issued pursuant to the exercise of Warrants	0	0	2,336,000	671
At 30 September	409,797,859	65,008	404,981,500	63,456
Treasury shares				
As at beginning of financial year	640,000	160	640,000	160
Share buy-back	-	-	-	-
At 30 September	640,000	160	640,000	160
Total shares excluding treasury shares as at end of first quarter	409,157,859	64,848	404,341,500	63,296

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 30 September 2015, the total number of issued ordinary shares (excluding treasury shares) was 409,157,859 (30 June 2015: 409,157,859).

1(d)(iv) A statement showing all sales, transfers, 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 auditor's 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 year ended 30 June 2015.

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	
		1Q16	1Q15
Profit attributable to ordinary equity holders of the Company (\$'000)		1,550	3,646
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share('000)		409,158	403,037
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share('000)		410,145	430,049
Earnings per share -	Basic (cents)	0.4	0.9
	Fully diluted (cents)	0.4	0.8

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	
	30.9.2015	30.6.2015	30.9.2015	30.6.2015
Net asset value (\$'000)	118,969	117,816	80,432	80,719
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	409,158	409,158	409,158	409,158
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of quarter (cents)	29.1	28.8	19.7	19.7

- 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 quarter ended 30 September 2015

Revenue

Oil prices remained low and impacted the down-stream in the oil and gas industries negatively. In general, oil majors are reducing their capital expenditure.

Quarter-on-quarter, revenue decreased by \$9.8 million to \$18.5 million in 1Q16.

Cost of sales

Cost of sales decreased by \$3.8 million to \$9.4 million in 1Q16 as compared to \$13.2 million in 1Q15. The decrease was mainly due to the similar reason mentioned above.

Other income

Other income 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 1Q16 was \$0.9 million. The increase was mainly due to writing back of bad and doubtful debt allowances.

Operating expenses

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

For 1Q16, operating expenses decreased by 28.1% or \$3.2 million to \$8.2 million as compared to S\$11.3 million in 1Q15. The decrease was due to cost control measures implemented and lower revenue.

Taxation

The effective tax rate in FY15 is 13.9% which is lower than that of the statutory tax rate of 17%.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 1Q16 decreased by \$2.1 million to \$1.6 million compared to 1Q15.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased by 2.4% or \$1.5 million, from \$59.5 million as at 30 June 2015 to \$58.0 million as at 30 September 2015. This decrease is mainly due to depreciation of property, plant and equipment.

Current assets

Current assets decreased by 9.5% or \$8.6 million, from \$90.8 million as at 30 June 2015 to \$82.1 million as at 30 September 2015. This was mainly due to a decrease in trade receivables resulting from lower revenue.

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 36.4% or \$11.2 million, from \$30.8 million as at 30 June 2015 to \$19.6 million as at 30 September 2015, mainly due to a decrease in trade and other payables, resulting from lower cost of sales.

Non-current liabilities

Non-current liabilities remained at about \$1.6 million as at 30 September 2015.

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 30 September 2015, 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 30 September 2015, 78,502,500 2012 Warrants were exercised for 78,502,500 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 the announcement dated 9 May 2014.

From 16 May 2014 to 30 September 2015, 6,196,359 2013 Warrants were exercised for 6,196,359 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 oil and gas industry remains uncertain. The Group's results was significantly buffered by non-oil and gas related businesses.

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 ("IPT"), 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 30 September 2015 to be false or misleading in any material aspect.

15 Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 collectively from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY THE ORDER OF THE BOARD

Cheng Yao Tong
Chief Executive Officer
9 November 2015