



HAI LECK HOLDINGS LIMITED
 (Company Registration No. : 199804461D)
FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR FIRST NINE MONTHS AND THIRD QUARTER ENDED 31 MARCH 2016

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			Group		
	3Q16 \$'000	3Q15 \$'000	Change %	9M16 \$'000	9M15 \$'000	Change %
Revenue	23,785	26,229	(9.3)	69,794	84,290	(17.2)
Less:						
Cost of sales	(12,130)	(11,648)	4.1	(34,184)	(42,938)	(20.4)
Other income	553	498	11.0	2,006	1,522	31.8
Distribution and selling expenses	(91)	(82)	11.0	(400)	(307)	30.3
Administrative expenses	(7,702)	(12,180)	(36.8)	(25,790)	(32,013)	(19.4)
Other operating expenses	(1,538)	(1,545)	(0.5)	(4,551)	(4,228)	7.6
Interest expense	(2)	(2)	-	(8)	(5)	60.0
Share of results of joint venture	51	544	(90.6)	305	1,323	(76.9)
Profit before taxation	2,926	1,814	61.3	7,172	7,644	(6.2)
Taxation	(709)	(365)	94.2	(1,510)	(1,247)	21.1
Profit for the period	2,217	1,449	53.0	5,662	6,397	(11.5)
Attributable to:						
Equity holders of the Company	2,217	1,449	53.0	5,662	6,397	(11.5)
Net profit included the following:						
	3Q16 \$'000	3Q15 \$'000		9M16 \$'000	9M15 \$'000	
Interest income	42	16		108	96	
Interest expense	(2)	(2)		(8)	(5)	
Foreign exchange loss, net	(33)	(38)		(136)	(13)	
Gain on disposal of property, plant and equipment	33	125		414	461	
Amortisation of intangible assets	(16)	(9)		(46)	(27)	
Depreciation of property, plant and equipment	(1,522)	(1,536)		(4,505)	(4,201)	
Write back of allowance for doubtful debts	-	-		970	-	
Consolidated statement of comprehensive income						
	3Q16 \$'000	3Q15 \$'000		9M16 \$'000	9M15 \$'000	
Profit for the period	2,217	1,449		5,662	6,397	
Other comprehensive income:						
<u>Items that may be reclassified to profit and loss</u>						
Foreign currency translation	40	395		(210)	604	
Total comprehensive income for the period	2,257	1,844		5,452	7,001	
Total comprehensive income attributable to:						
Equity holders of the Company	2,257	1,844		5,452	7,001	

Note:

3Q15: The 3rd quarter ended 31 March 2015
 3Q16: The 2nd quarter ended 31 March 2016
 9M15: The first nine months ended 31 March 2015
 9M16: The first nine months ended 31 March 2016
 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	
	31.3.2016 \$'000	30.6.2015 \$'000	31.3.2016 \$'000	30.6.2015 \$'000
Non-current assets:				
Property, plant and equipment	52,690	54,319	268	328
Investments in subsidiary companies	-	-	35,757	35,757
Loans due from subsidiary companies	-	-	28,061	24,561
Investment in joint venture	4,533	4,525	-	-
Intangible assets	266	225	-	-
Customer retention	-	180	-	-
Other receivables and deposits	100	222	100	100
	<u>57,589</u>	<u>59,471</u>	<u>64,186</u>	<u>60,746</u>
Current assets:				
Inventories	621	2,905	-	-
Trade receivables	18,176	26,171	-	-
Other receivables and deposits	1,122	1,171	73	21
Prepayments	704	3,035	155	229
Customer retention	898	306	-	-
Loan due from subsidiary companies - current	-	-	-	5,500
Amounts due from subsidiary companies - non-trade	-	-	622	722
Gross amount due from customers for contract work-in-progress	375	1,284	-	-
Fixed deposits pledged	-	588	-	-
Cash and cash equivalents	67,236	55,301	16,373	14,334
	<u>89,132</u>	<u>90,761</u>	<u>17,223</u>	<u>20,806</u>
Current liabilities:				
Trade and other payables	17,610	25,128	537	677
Advances from customers	-	417	-	-
Supplier retention	302	392	-	-
Amounts due to subsidiary companies - non-trade	-	-	63	23
Provision for warranty	2,462	3,262	-	-
Finance lease obligation - current portion	90	79	-	-
Provision for taxation	1,424	1,504	14	107
	<u>21,888</u>	<u>30,782</u>	<u>614</u>	<u>807</u>
Net current assets	<u>67,244</u>	<u>59,979</u>	<u>16,609</u>	<u>19,999</u>
Non-current liabilities:				
Deferred taxation	1,379	1,379	26	26
Finance lease obligation, non-current portion	186	255	-	-
	<u>1,565</u>	<u>1,634</u>	<u>26</u>	<u>26</u>
Net assets	<u>123,268</u>	<u>117,816</u>	<u>80,769</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	57,835	52,173	14,766	14,716
Translation reserve	(570)	(360)	-	-
Total equity	<u>123,268</u>	<u>117,816</u>	<u>80,769</u>	<u>80,719</u>

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

Amount repayable in one year or less, or on demand

Finance lease liabilities

As at 31.3.2016	
\$'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 31.3.2016	
\$'000	\$'000
Secured	Unsecured
186	-

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		Group	
	3Q16 \$'000	3Q15 \$'000	9M16 \$'000	9M15 \$'000
Cash flows from operating activities:				
Profit before taxation	2,926	1,814	7,172	7,644
Adjustments for:				
Depreciation of property, plant and equipment	1,522	1,536	4,505	4,201
Amortisation of intangible assets	16	9	46	27
Gain on disposal of property, plant and equipment	(33)	(125)	(414)	(461)
Share of results of joint venture	(51)	(544)	(305)	(1,323)
Write back for foreseeable loss	-	-	-	(1,400)
Write back for provision of warranty	(800)	-	(800)	-
Interest income	(42)	(16)	(108)	(96)
Interest expense	2	2	8	5
Unrealised exchange (gain)/loss	40	8	87	(89)
Operating cash flows before working capital changes	<u>3,580</u>	<u>2,684</u>	<u>10,191</u>	<u>8,508</u>
<i>(Increase)/Decrease in:</i>				
Customer retention, trade and other receivables and prepayments	5,888	10,679	10,085	15,384
Inventories	(92)	26	2,284	1,556
Gross amount due from/(to) customers for contract work-in-progress, net	1,141	1,654	909	-
<i>Increase/(Decrease) in:</i>				
Trade and other payables and advances from customers	<u>(1,482)</u>	<u>(4,838)</u>	<u>(8,025)</u>	<u>(5,838)</u>
Cash generated from operations	9,035	10,205	15,444	19,610
Tax paid	<u>(994)</u>	<u>(741)</u>	<u>(1,590)</u>	<u>(2,779)</u>
Net cash flows generated from operating activities	<u>8,041</u>	<u>9,464</u>	<u>13,854</u>	<u>16,831</u>
Cash flows from investing activities:				
Interest received	42	16	108	96
Purchase of property, plant and equipment	(1,499)	(2,678)	(2,909)	(8,625)
Purchase of intangible assets	(26)	-	(87)	-
Proceeds from disposal of property, plant and equipment	<u>35</u>	<u>125</u>	<u>447</u>	<u>281</u>
Net cash flows used in investing activities	<u>(1,448)</u>	<u>(2,537)</u>	<u>(2,441)</u>	<u>(8,248)</u>
Cash flows from financing activities:				
Net proceeds from issue of new shares	-	-	-	2,168
Repayment of finance lease obligations	(19)	(15)	(58)	(34)
Decrease/ (Increase) in fixed deposits pledged	642	-	588	-
Dividend paid	-	-	-	(12,275)
Interest paid	<u>(2)</u>	<u>(2)</u>	<u>(8)</u>	<u>(5)</u>
Net cash flows (used in)/generated from financing activities	<u>621</u>	<u>(17)</u>	<u>522</u>	<u>(10,146)</u>
Net increase/(decrease) in cash and cash equivalents	7,214	6,910	11,935	(1,563)
Cash and cash equivalents at beginning of period	<u>60,022</u>	<u>48,154</u>	<u>55,301</u>	<u>56,627</u>
Cash and cash equivalents at end of period	<u>67,236</u>	<u>55,064</u>	<u>67,236</u>	<u>55,064</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 31 March 2016

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	-	-	-	6,397	-	6,397
Other comprehensive income for the period	-	-	-	-	604	604
Total comprehensive income for the period	-	-	-	6,397	604	7,001
Issuance of ordinary shares	2,222	-	(54)	-	-	2,168
Dividend on ordinary shares	-	-	-	(12,275)	-	(12,275)
Balance at 31 March 2015	65,007	(160)	1,155	51,850	43	117,895
At 1 July 2015	65,008	(160)	1,155	52,173	(360)	117,816
Profit net of tax	-	-	-	5,662	-	5,662
Other comprehensive income for the period	-	-	-	-	(210)	(210)
Total comprehensive income for the period	-	-	-	5,662	(210)	5,452
Balance at 31 March 2016	65,008	(160)	1,155	57,835	(570)	123,268
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 period	-	-	-	11,159	11,159	
Issuance of ordinary shares	2,222	-	(54)	-	2,168	
Dividend on ordinary shares	-	-	-	(12,275)	(12,275)	
Balance at 31 March 2015	65,007	(160)	1,155	19,060	85,062	
At 1 July 2015	65,008	(160)	1,155	14,716	80,719	
Total comprehensive income for the period	-	-	-	50	50	
Balance at 31 March 2016	65,008	(160)	1,155	14,766	80,769	

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

Share consolidation

During the quarter ended 30 September 2015, the Company undertook a share consolidation of every two (2) existing shares in the share capital of the Company into one (1) consolidated shares, which was approved by the shareholders at the Extraordinary General Meeting of the Company held on 19 October 2015 (the "Share Consolidation"). Following the completion of the Share Consolidation, which became effective on 25 November 2015, the total number of issued shares of the Company excluding treasury shares as at 31 March 2016 was 204,578,897 after disregarding any fractions of a consolidated share arising from the Share Consolidation.

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.

Further to the completion of the above Share Consolidation, the Company has made following adjustments to the 2012 Warrants on the same date:

- a. on the basis that two (2) 2012 Warrants will be consolidated into one (1) Consolidated 2012 Warrant.
- b. the existing exercise price of each Consolidated 2012 Warrant will be adjusted from S\$0.13 to S\$0.26.
- c. each Consolidated 2012 Warrant shall carry the right to receive one (1) Consolidated Share.

As of 31 March 2016, 1,306,125 Consolidated 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.

Further to the completion of the above Share Consolidation, the Company has made following adjustments to the 2013 Warrants on the same date:

- a. on the basis that two (2) 2013 Warrants will be consolidated into one (1) Consolidated 2013 Warrant.
- b. the existing exercise price of each 2013 Consolidated Warrant will be adjusted from S\$0.33 to S\$0.66.
- c. each Consolidated 2013 Warrant shall carry the right to receive one (1) Consolidated Share.

As of 31 March 2016, 97,396,852 Consolidated 2013 Warrants are outstanding.

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

	9M16		9M15	
	No of shares	\$'000	No of shares	\$'000
Issued and paid up capital				
As at beginning of financial year	409,797,859	65,008	325,283,000	48,859
Share issued pursuant to the exercise of Warrants	-	-	77,362,500	13,926
Share consolidation	(204,898,962)	-	-	-
At 31 March	204,898,897	65,008	325,283,000	62,785
Treasury shares				
As at beginning of financial year	640,000	160	640,000	160
Share consolidation	(320,000)	-	-	-
At 31 March	320,000	160	640,000	160
Total shares excluding treasury shares as at end of period	204,578,897	64,848	324,643,000	62,625

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 2016, the total number of issued ordinary shares (excluding treasury shares) was 204,578,897 (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 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 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		Group	
	3Q16 \$'000	3Q15 \$'000	9M16 \$'000	9M15 \$'000
Profit attributable to ordinary equity holders of the Company (\$'000)	2,217	1,449	5,662	6,397
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to basic earnings per share ('000)	204,579	200,999	204,579	200,105
Weighted average number of ordinary shares in issue (excluding treasury shares) applicable to diluted earnings per share ('000)	204,901	202,049	204,989	201,589
Earnings per share -				
Basic (cents)	1.1	0.7	2.8	3.2
Fully diluted (cents)	1.1	0.7	2.8	3.2

Comparative basic and diluted earnings per share have been adjusted to reflect the effect of Share Consolidation during the current financial period.

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	
	31.3.2016	30.6.2015	31.3.2016	30.6.2015
Net asset value (\$'000)	123,268	117,816	80,769	80,719
Number of ordinary shares in issue (excluding treasury shares) at end of quarter ('000)	204,579	204,579	204,579	204,579
Net asset value per ordinary share based on the number of shares in issue (excluding treasury shares) at end of period (cents)	60.3	57.6	39.5	39.5

Comparative NTA per share have been adjusted to reflect the effect of Share Consolidation during the current financial period.

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 nine months and third quarter ended 31 March 2016

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.

Revenue for 9M16 fell by 17.2% or \$14.5 million to \$69.8 million compared to \$84.3 million recorded in 9M15 due to lower project revenue.

Quarter-on-quarter, revenue decreased by \$2.4 million to \$23.8 million in 3Q16.

Cost of sales

For 9M16, cost of sales reduced by 20.4% or \$8.8 million to \$34.2 million as compared to \$43.0 million in 9M15. The decrease in cost of sales was mainly due to less usage of materials and manpower in tandem with lower project revenue.

Quarter-on-quarter, cost of sales increased by \$0.5 million to \$12.1 million in 3Q16 as compared to \$11.6 million in 3Q15.

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 9M16 and 3Q16 was \$2.0 million and \$0.6 million respectively. The increase in 9M16 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 9M16, operating expenses decreased by 15.9% or \$5.8 million to \$30.8 million as compared to S\$36.6 million in 9M15. The decrease was due to cost control measures implemented and lower revenue.

For 3Q16, operating expenses decreased by 32.4% or \$4.5 million to \$9.3 million as compared to S\$13.8 million in 3Q15. The decrease was due to the above reason.

Share of results of joint venture

Share of results of joint venture for 9M16 and 3Q16 are 0.3 million and 0.1 million respectively.

Taxation

The effective tax rate in 9M16 is 21.1% which is higher than that of the statutory tax rate of 17%, mainly due underprovision of taxes in a subsidiary in previous year.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for 9M16 decreased by \$0.7 million to \$5.7 million compared to 9M15.

Quarter-on-quarter, the profit attributable to equity holders for 3Q16 increased by \$0.8 million to \$2.2 million compared to 3Q15.

Review of Financial Position

Non-current assets

Non-current assets of the Group decreased by 3.2% or \$1.9 million, from \$59.5 million as at 30 June 2015 to \$57.6 million as at 31 March 2016. This decrease is mainly due to depreciation of property, plant and equipment.

Current assets

Current assets decreased by 1.8% or \$1.7 million, from \$90.8 million as at 30 June 2015 to \$89.1 million as at 31 March 2016. This was mainly due to a decrease in trade receivables, resulting from lower revenues.

Current liabilities

Current liabilities decreased by 28.9% or \$8.9 million, from \$30.8 million as at 30 June 2015 to \$21.9 million as at 31 March 2016, mainly due to a decrease in trade and other payables, resulting from lower cost of sales and operating expenses.

Non-current liabilities

Non-current liabilities remained at about \$1.6 million as at 31 March 2016.

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 March 2016, 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 2016, 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 31 March 2016, 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 outlook of 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?

Interim dividends

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	2 cents per ordinary share (one-tier tax exempt)

Special dividends

Name of Dividend	Special
Dividend Type	Cash
Dividend Rate	3 cents per ordinary share (one-tier tax exempt)

(b) Corresponding period of the immediately preceding financial year

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

Interim dividends

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1 cent per ordinary share (one-tier tax exempt)

(c) Date payable

To be advised

(d) Books closure date

To be advised

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

Not applicable

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 third quarter ended 31 March 2016 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 May 2016