

Company Registration No. 199804461D

Hai Leck Holdings Limited And Subsidiary Companies

Condensed Interim Financial Statements
For the Second Quarter and Half Year ended 31 December 2023

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated income statement

	Note	Group					
		3 months ended	3 months ended	Change	Half year ended	Half year ended	Change
		31 December 2023	31 December 2022		31 December 2023	31 December 2022	
\$'000	\$'000	%	\$'000	\$'000	%		
Revenue	4	13,975	17,425	(19.8)	31,424	32,760	(4.1)
Cost of sales		(6,027)	(7,173)	(16.0)	(13,480)	(14,526)	(7.2)
Gross profit		7,948	10,252	(22.5)	17,944	18,234	(1.6)
Other income	5	561	287	95.5	1,084	869	24.7
Distribution and selling expenses		(2,280)	(3,955)	(42.4)	(4,925)	(7,939)	(38.0)
Administrative expenses		(4,721)	(4,323)	9.2	(9,988)	(8,815)	13.3
Other expenses		(1,416)	(1,314)	7.8	(2,922)	(2,755)	6.1
Interest expense		(36)	(30)	20.0	(66)	(64)	3.1
Share of results of joint venture		588	757	(22.3)	1,067	1,084	(1.6)
Profit before taxation	6	644	1,674	(61.5)	2,194	614	257.3
Taxation	7	(19)	(162)	(88.3)	(294)	–	n.m.
Profit for the year		625	1,512	(58.7)	1,900	614	209.4
Attributable to:							
Equity holders of the Company		625	1,512	(58.7)	1,900	614	209.4
Earnings per share							
Basic (cents)	8	0.3	0.7		0.8	0.3	
Fully diluted (cents)	8	0.3	0.7		0.8	0.3	

n.m. denotes not meaningful.

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated statement of comprehensive income

	Group			
	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Profit net of tax	625	1,512	1,900	614
Other comprehensive income, net of tax:				
<u>Items that may be reclassified to profit and loss</u>				
Foreign currency translation	275	(76)	14	(394)
Realisation of foreign currency translation reserve on liquidation of a subsidiary company	16	–	16	–
Total comprehensive income for the year	916	1,436	1,930	220
Total comprehensive income attributable to:				
Equity holders of the Company	916	1,436	1,930	220

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 December	30 June	31 December	30 June
		2023	2023	2023	2023
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	30,384	32,390	237	289
Right-of-use assets		3,109	3,610	–	–
Investments in subsidiary companies	15	–	–	46,754	41,754
Investment in joint venture	16	10,586	9,506	817	817
Intangible assets		333	376	72	92
Other receivables and deposits		94	209	–	–
Deferred tax assets		250	250	–	–
		44,756	46,341	47,880	42,952
Current assets					
Inventories		1,130	1,564	–	–
Trade receivables		15,694	17,312	–	–
Other receivables and deposits		795	885	569	2,891
Prepayments		400	834	85	62
Customer retention monies		24	168	–	–
Amount due from a subsidiary company (trade)		–	–	123	433
Contract assets		1,550	3,211	–	–
Cash and cash equivalents		65,787	63,592	34,751	41,764
		85,380	87,566	35,528	45,150

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim balance sheets

	Note	Group		Company	
		31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Current liabilities					
Trade and other payables		9,937	11,265	1,044	932
Amounts due to subsidiary companies (trade)		–	–	11	43
Amount due to a subsidiary company (non-trade)		–	–	11,961	12,706
Contract liabilities		456	134	–	–
Provisions, current		646	646	–	–
Lease liabilities, current		676	652	–	–
Income tax payable		521	109	162	116
		12,236	12,806	13,178	13,797
Net current assets		73,144	74,760	22,350	31,353
Non-current liabilities					
Provisions, non-current		1,946	1,946	–	–
Lease liabilities, non-current		2,795	3,401	–	–
Deferred tax liabilities		656	656	139	139
		5,397	6,003	139	139
Net assets		112,503	115,098	70,091	74,166
Equity attributable to equity holders of the Company					
Share capital	10(a)	65,403	65,403	65,403	65,403
Treasury shares	10(b)	(160)	(160)	(160)	(160)
Accumulated profits		47,841	50,466	4,848	8,923
Foreign currency translation reserve		(581)	(611)	–	–
Total equity		112,503	115,098	70,091	74,166

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company				
	Share capital	Treasury shares	Accumulated profits	Foreign currency translation reserve	Total equity
	(Note 10(a)) \$'000	(Note 10(b)) \$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	65,403	(160)	50,466	(611)	115,098
Profit for the period	–	–	1,900	–	1,900
Other comprehensive income for the period	–	–	–	14	14
Total comprehensive income for the period	–	–	1,900	14	1,914
Realisation of foreign currency translation reserve on liquidation of a subsidiary company	–	–	–	16	16
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(4,525)	–	(4,525)
Balance at 31 December 2023	65,403	(160)	47,841	(581)	112,503
Balance at 1 July 2022	65,403	(160)	50,702	(431)	115,514
Profit for the period	–	–	614	–	614
Other comprehensive income for the period	–	–	–	(394)	(394)
Total comprehensive income for the period	–	–	614	(394)	220
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares (Note 11)	–	–	(4,525)	–	(4,525)
Balance at 31 December 2022	65,403	(160)	46,791	(825)	111,209

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim statements of changes in equity

Company	Attributable to equity holders of the Company			Total equity \$'000
	Share capital (Note 10(a)) \$'000	Treasury shares (Note 10(b)) \$'000	Accumulated profits \$'000	
Balance at 1 July 2023	65,403	(160)	8,923	74,166
Profit for the period	–	–	450	450
Total comprehensive income for the period	–	–	450	450
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(4,525)	(4,525)
Balance at 31 December 2023	65,403	(160)	4,848	70,091
Balance at 1 July 2022	65,403	(160)	7,428	72,671
Profit for the period	–	–	2,912	2,912
Total comprehensive income for the period	–	–	2,912	2,912
<u>Contributions by and distributions to owners</u>				
Dividend on ordinary shares (Note 11)	–	–	(4,525)	(4,525)
Balance at 31 December 2022	65,403	(160)	5,815	71,058

Hai Leck Holdings Limited and Subsidiary Companies

Condensed interim consolidated cash flow statement

	Note	Group	
		Half year ended	Half year ended
		31 December 2023	31 December 2022
		\$'000	\$'000
Cash flows from operating activities			
Profit before taxation		2,194	614
Adjustments:			
Depreciation of property, plant and equipment	6	2,367	2,039
Depreciation of right-of-use assets	6	367	419
Amortisation of intangible assets	6	111	185
Gain on disposal of property, plant and equipment	5	(243)	(181)
Share of results of joint venture		(1,067)	(1,084)
Write-back of provision for warranty		–	(419)
Interest income	5	(590)	(121)
Interest expense		66	64
Unrealised exchange loss/(gain)		16	(12)
Operating cash flows before working capital changes		3,221	1,504
Changes in working capital:			
Decrease/(increase) in customer retention monies, trade and other receivables, deposits and prepayments		2,236	(1,897)
Decrease/(increase) in inventories		434	(86)
Decrease in contract assets/liabilities, net		1,983	445
Decrease in trade and other payables		(1,328)	(6,502)
Cash generated from/(used in) operations		6,546	(6,536)
Tax refund/(paid)		118	(1,441)
Net cash flows generated from/(used in) operating activities		6,664	(7,977)
Cash flows from investing activities			
Interest received		757	99
Purchase of property, plant and equipment		(509)	(1,532)
Purchase of intangible assets		(69)	(193)
Proceeds from disposal of property, plant and equipment		392	188
Net cash flows generated from/(used in) investing activities		571	(1,438)

Hai Leck Holdings Limited and Subsidiary Companies**Condensed interim consolidated cash flow statement**

	Group	
	Half year ended	Half year ended
	31 December 2023	31 December 2022
Note	\$'000	\$'000
Cash flows from financing activities		
Interest paid	(66)	(64)
Payment of lease liabilities	(449)	(531)
Decrease in fixed deposits pledged	–	1,134
Dividends paid	11 (4,525)	(4,525)
Net cash flows used in financing activities	(5,040)	(3,986)
Net increase/(decrease) in cash and cash equivalents	2,195	(13,401)
Cash and cash equivalents at the beginning of period	63,592	73,624
Cash and cash equivalents at end of the period	65,787	60,223

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

1. Corporate information

Hai Leck Holdings Limited (the “Company”) is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the subsidiary companies and joint venture are disclosed in Notes 15 and 16 to the financial statements respectively.

2. Basis of preparation

The condensed interim consolidated financial statements of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 September 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$) which is the Company’s functional currency. All values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

2.1. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

2.1. Use of judgements and estimates (cont'd)

Key assumptions concerning the future and other key sources of estimation uncertainty are as follows:

Allowance for expected credit losses of trade receivables, customer retention monies and contract assets

The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables, customer retention monies and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment of non-financial assets is based on available market data from recent transactions of similar assets less costs for disposing the asset.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's property, plant and equipment, right-of-use assets and Company's investments in subsidiary companies as at 31 December 2023 were \$30,384,000 (30 June 2023: \$32,390,000), \$3,109,000 (30 June 2023: \$3,610,000) and \$46,754,000 (30 June 2023: \$41,754,000) respectively.

Project revenue

The Group recognises project revenue over time based on the stage of completion of the contract activity at the end of each reporting period. The stage of completion is determined based on proportion of total contract costs incurred to-date over the estimated budgeted costs.

The determination of the estimated budgeted costs (including rectification works and post-completion warranties) requires significant management estimations, which could have a material impact on the amounts of contract assets/liabilities, project revenues, costs and profits recognised in the year. In making these estimations, management relies on past experience and knowledge of project specialists.

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Project revenue (cont'd)

The management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to-date relative to the total inputs expected to be incurred for the projects.

Project revenue for the half year ended 31 December 2023 was \$8,842,000 (31 December 2022: \$2,353,000) for the Group.

Provision for warranty

Provision for warranty is recognised for expected warranty claims from painting works. Management has estimated the amount of provision based on their past experience and understanding of the historical trends of warranty claims and the warranty periods. It is expected that the provision will be utilised within the respective warranty periods. The provision for warranty as at 31 December 2023 amounted to \$646,000 (30 June 2023: \$646,000).

Revenue recognition – Estimating variable consideration for call centre services

Certain call centre services contracts include billing deductions when minimum service requirements are not met in the course of performing the services. This gives rise to variable consideration and the Group estimates variable considerations to be included in the transaction price for these call centre services.

In estimating the variable consideration, the Group uses an expected value approach and updates its assessment of the variable consideration based on the latest available information at the end of each reporting period. The variable consideration is included in trade receivables.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information

4.1. Segment information

The Group is organised into the following two reportable operating segments:

- Project and maintenance services
- Contact centre services

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended		3 months ended	3 months ended
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022		31 December 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000
Revenue:									
External customers	10,596	12,657	3,379	4,768	–	–		13,975	17,425
Results:									
Interest income	255	72	37	1	–	–		292	73
Interest expenses	26	20	10	10	–	–		36	30
Depreciation and amortisation	1,059	922	331	349	–	–		1,390	1,271
Segment profit before tax	31	1,425	613	249	–	–		644	1,674
Assets:									
Additions to non-current assets	358	455	42	151	–	–	A	400	606
Segment assets	113,809	115,379	16,482	19,024	(155)	(1,396)	B	130,136	133,007
Segment liabilities	12,986	12,709	3,875	7,881	772	1,208	C	17,633	21,798

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.1. Segment information (cont'd)

	Project and maintenance services		Contact centre services		Adjustments and eliminations		Notes	Consolidated financial statements	
	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000		Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Revenue:									
External customers	23,940	22,647	7,484	10,113	–	–		31,424	32,760
Results:									
Interest income	517	120	73	1	–	–		590	121
Interest expenses	52	44	14	20	–	–		66	64
Depreciation and amortisation	2,141	1,825	704	818	–	–		2,845	2,643
Segment profit/(loss) before tax	781	(488)	1,413	1,102	–	–		2,194	614
Assets:									
Additions to non-current assets	454	1,321	292	488	–	–	A	746	1,809
Segment assets	113,809	115,379	16,482	19,024	(155)	(1,396)	B	130,136	133,007
Segment liabilities	12,986	12,709	3,875	7,881	772	1,208	C	17,633	21,798

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.1. Segment information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets and intangible assets.

B. The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Inter-segment assets	(405)	(1,449)	(405)	(1,449)
Deferred tax assets	250	53	250	53
	<u>(155)</u>	<u>(1,396)</u>	<u>(155)</u>	<u>(1,396)</u>

C. The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Inter-segment liabilities	(405)	(1,449)	(405)	(1,449)
Income tax payable	521	2,123	521	2,123
Deferred tax liabilities	656	534	656	534
	<u>772</u>	<u>1,208</u>	<u>772</u>	<u>1,208</u>

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

4. Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

Revenue information based on the geographical location of customers are as follows:

	Group			
	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Singapore	13,975	17,425	31,424	32,760
Others	—	—	—	—
Total	13,975	17,425	31,424	32,760
Major service lines:				
Project revenue	3,959	797	8,842	2,353
Maintenance revenue	6,637	11,860	15,098	20,294
Contact centre services	3,379	4,768	7,484	10,113
	13,975	17,425	31,424	32,760

5. Other income

	Group			
	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Interest income from:				
- bank deposits	292	73	590	121
Gain on disposal of property, plant and equipment	174	69	243	181
Government grant income	9	106	70	433
Others	86	39	181	134
	561	287	1,084	869

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

6. Profit before taxation

6.1 Significant items

The following items have been included in arriving at profit before tax:

	Group			
	3 months ended 31 December 2023	3 months ended 31 December 2022	Half year ended 31 December 2023	Half year ended 31 December 2022
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	(1,169)	(1,033)	(2,367)	(2,039)
Depreciation of right-of-use assets	(174)	(200)	(367)	(419)
Amortisation of intangible assets	(47)	(38)	(111)	(185)
Foreign exchange gain, net	4	2	2	21

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	3 months ended 31 December 2023	3 months ended 31 December 2022	Half year ended 31 December 2023	Half year ended 31 December 2022
	\$'000	\$'000	\$'000	\$'000
Current taxation - Current year	19	162	294	–
Tax expense	19	162	294	–

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

8. Earnings per share

	Group			
	3 months ended 31 December 2023 \$'000	3 months ended 31 December 2022 \$'000	Half year ended 31 December 2023 \$'000	Half year ended 31 December 2022 \$'000
Profit attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	625	1,512	1,900	614
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	226,241	226,241	226,241	226,241

9. Property, plant and equipment

During the half year ended 31 December 2023, the Group acquired assets amounting to \$509,000 (31 December 2022: \$1,532,000) and disposed of assets amounting to \$149,000 (31 December 2022: \$7,000).

10. Share capital and treasury shares

There were no changes in the Company's share capital arising from right 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.

There are no shares that may be issued on conversion of outstanding convertibles.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the financial period reported on.

As at 31 December 2023, the total number of issued ordinary shares (excluding treasury shares) was 226,241,195 (30 June 2023: 226,241,195).

	Group and Company			
	As at 31 December 2023		As at 31 December 2022	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	226,593	65,403	226,593	65,403

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 30 June 2023.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

10. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group and Company			
	As at 31 December 2023		As at 31 December 2022	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
At beginning and end of interim period	352	160	352	160
Percentage of treasury shares against total number of shares outstanding	0.16%		0.16%	
Total shares excluding treasury shares as at end of the period	226,241		226,241	

Treasury shares relate to ordinary shares of the Company that are held by the Company.

11. Dividend

	Group and Company	
	Half year ended 31 December 2023	Half year ended 31 December 2022
	\$'000	\$'000
Declared and paid during the year:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2023: \$0.02 (2022: \$0.02) per ordinary share	4,525	4,525

No dividends were proposed and recognised as a liability as at 31 December 2023.

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

12. Financial assets and liabilities

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	31 December 2023	30 June 2023
	\$'000	\$'000
Group		
<i>Financial assets measured at amortised cost</i>		
Customer retention monies	24	168
Trade receivables (excluding GST receivable)	15,492	17,005
Other receivables and deposits (excluding government grant receivables)	889	1,089
Cash and cash equivalents	65,787	63,592
Total financial assets measured at amortised cost	<u>82,192</u>	<u>81,854</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding GST payable and deferred income)	8,301	10,474
Lease liabilities	3,471	4,053
Total financial liabilities measured at amortised cost	<u>11,772</u>	<u>14,527</u>
	31 December 2023	30 June 2023
	\$'000	\$'000
Company		
<i>Financial assets measured at amortised cost</i>		
Other receivables and deposits	569	2,891
Amount due from a subsidiary company (trade)	123	433
Cash and cash equivalents	34,751	41,764
Total financial assets measured at amortised cost	<u>35,443</u>	<u>45,088</u>
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (excluding net GST payable)	1,030	924
Amounts due to subsidiary companies (trade)	11	43
Amount due to a subsidiary company (non-trade)	11,961	12,706
Total financial liabilities measured at amortised cost	<u>13,002</u>	<u>13,673</u>

13. Net asset value

	Group		Company	
	As at 31 December 2023	As at 30 June 2023	As at 31 December 2023	As at 30 June 2023
Net asset value per ordinary share (cents)	49.7	50.9	31.0	32.8

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

14. Borrowings

	Group		Company	
	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	676	652	–	–
<u>Amount repayable after one year</u>				
Secured	2,795	3,401	–	–

The borrowings relate to lease liabilities relating to right-of-use assets.

15. Subsidiary companies

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2023 %	30 June 2023 %
Held by the Company				
Hai Leck Engineering (Private) Limited	Oil & gas and chemical industries related construction and maintenance services	Singapore	100	100
Hai Leck Engineering & Construction Pte. Ltd.	Engineered solutions and mechanical works	Singapore	100	100
Hai Leck Industrial Services Pte. Ltd.	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Hai Leck Overseas Investments Pte. Ltd.	Investment holding	Singapore	100	100
United Holding (1975) Pte. Ltd.	Mixed construction activities and investment holding	Singapore	100	100
Hai Leck Integrated Services Pte. Ltd.	Provision of manpower supply, dormitory bed rental and other dormitory related services	Singapore	100	100
Hai Leck Services Pte. Ltd.	Provision of dormitory bed rental and other dormitory related services	Singapore	100	100

Hai Leck Holdings Limited and Subsidiary Companies

Notes to the condensed interim financial statements

15. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2023	30 June 2023
Held by the Company				
Hai Leck Engineering (Thailand) Co., Ltd.	Oil & gas and chemical industries related construction and maintenance services	Thailand	100	100
Held by subsidiary companies				
Tele-centre Services Pte Ltd	Providing call centre services, telecommunications and information technology	Singapore	100	100
Hai Leck Corporation Sdn. Bhd. [^]	Oil & gas and chemical industries related construction and maintenance services	Malaysia	–	100

[^] The Group commenced voluntary winding up procedures in respect of Hai Leck Corporation Sdn. Bhd. during the financial year ended 30 June 2021. During the financial period ended 31 December 2023, the voluntary winding up procedures were completed and Hai Leck Corporation Sdn. Bhd. was wound up.

16. Joint venture

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			31 December 2023	30 June 2023
Held by the Company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	44.66	–
			%	%
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co., Ltd	Oil & gas and chemical industries related construction and maintenance services	Thailand	–	49

Hai Leck Holdings Limited And Subsidiary Companies

Other Information

For the Second Quarter and Half Year ended 31 December 2023

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated balance sheet of Hai Leck Holdings Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Results for second quarter and half year ended 31 December 2023

Revenue

Revenue for the financial period ended 31 December 2023 (“HY24”) decreased by approximately \$1.3 million to \$31.4 million compared to \$32.8 million recorded in the half year ended 31 December 2022 (“HY23”) due to lower maintenance and contact centre services revenue, partially offset by higher project revenue.

Quarter-on-quarter, the revenue decreased by approximately \$3.5 million to \$14.0 million for the second quarter ended 31 December 2023 (“2Q24”) compared to \$17.4 million recorded in the second quarter ended 31 December 2022 (“2Q23”) due to the same reasons as above.

Cost of sales

For HY24, cost of sales decreased by \$1.0 million to \$13.5 million compared to \$14.5 million recorded in HY23. The decrease is in line with the decrease in revenue.

Quarter-on-quarter, cost of sales decreased by 16.0% to \$6.0 million in 2Q24 from \$7.2 million in 2Q23 due to the same reason as above.

Other income

Other income increased from \$0.9 million in HY23 to \$1.1 million in HY24 mainly due to higher interest income from bank deposits and gain on disposal of property, plant and equipment which partially offset by lower government grant received during the period.

Other income increased from \$0.3 million in 2Q23 to \$0.6 million in 2Q24 due to the same reasons as above.

Operating expenses

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

For HY24, total operating expenses decreased from \$19.5 million in HY23 to \$17.8 million mainly due to lower manpower related costs in HY24.

For 2Q24, operating expenses decreased from \$9.6 million in 2Q23 to \$8.4 million mainly due to the same reasons as above.

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

Taxation

The tax expense recognised is higher than the statutory tax rate applied to profit before taxation mainly due to effects of non-tax deductible expenses.

Profit attributable to equity holders of the Company

The profit attributable to equity holders for HY24 increased by \$1.3 million to \$1.9 million compared to \$0.6 million in HY23.

Quarter-on-quarter, the profit attributable to equity holders for 2Q24 decreased by \$0.9 million to \$0.6 million compared to \$1.5 million in 2Q23.

Review of Financial Position

Non-current assets

Non-current assets decreased from \$46.3 million as at 30 June 2023 to \$44.8 million as at 31 December 2023 mainly due to depreciation on property, plant and equipment and right-of-use assets, partially offset by increase in investment in joint venture.

Current assets

Current assets decreased by \$2.2 million from \$87.6 million as at 30 June 2023 to \$85.4 million as at 31 December 2023. The decrease is mainly due to decrease in trade receivables and contract assets, partially offset by increase in cash and cash equivalents.

Current liabilities

Current liabilities decreased by \$0.6 million from \$12.8 million as at 30 June 2023 to \$12.2 million as at 31 December 2023, mainly due to decrease in trade and other payables, partially offset by increase in contract liabilities and income tax payable.

Non-current liabilities

Non-current liabilities decreased from \$6.0 million as at 30 June 2023 to \$5.4 million as at 31 December 2023 due to repayment of lease obligations.

Review of Cash Flows

Cash flows from operating activities

Net cash flows generated from operating activities was \$6.7 million in HY24 compared to net cash flows used in operating activities of \$8.0 million in HY23, mainly due to higher profit before taxation in HY24 and decrease in working capital in relation to trade receivables, partially offset by increase in working capital in relation to trade and other payables.

Cash flows from investing activities

Net cash flows generated from investing activities was \$0.6 million in HY24 compared to net cash flows used in investing activities of \$1.4 million in HY23, mainly due to lower purchases of property, plant and equipment and higher proceeds from disposal of property, plant and equipment in HY24.

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

Cash flows from financing activities

Net cash flows used in financing activities was higher in HY24 by \$1.1 million mainly due to absence of withdrawal of bank deposits pledged in HY24.

Cash and cash equivalents as at 31 December 2023 was higher at \$65.8 million compared to \$60.2 million as at 31 December 2022.

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

Not applicable

4. 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 operating period and the next half year

Whilst the Singapore oil and gas industry appears to be recovering, there is still uncertainty in the current global economic and political environment. Bearing in mind as well the industry's sensitivity to key market players' strategic decisions and keen competition faced, the Group will continue to manage its operations and control costs judiciously.

5. Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

Nil

5.2 Corresponding period of the immediate preceding financial year

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

Nil

5.3 Date payable

Not applicable

5.4 Record date

Not applicable

5.5 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared/recommended in view of the recent tax-exempt (one-tier) final dividend of \$0.02 per ordinary share in respect of the financial year ended 30 June 2023 which was approved by the shareholders at the annual general meeting held on 26 October 2023.

Hai Leck Holdings Limited and Subsidiary Companies

Other Information Required by Listing Rule Appendix 7.2

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

7. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Cheng Buck Poh @ Chng Bok Poh, Cheng Wee Ling and Christina Chow Poh Lin, 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 second quarter ended 31 December 2023 to be false or misleading in any material aspect.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Disclosure pursuant to Rule 706A of the Listing Manual

During 2Q24 and as at the date of this announcement, there were no other changes to the Company's and the Group's shareholding percentages in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities, except for the completion of the winding up procedures in respect of Hai Leck Corporation Sdn. Bhd.

BY ORDER OF THE BOARD

Cheng Buck Poh @ Chng Bok Poh
Executive Chairman and Chief Executive Officer
8 February 2024