



HOCK LIAN SENG HOLDINGS LIMITED

(Company Registration No. : 200908903E)

Unaudited Financial Statements and Related Announcement

For First Quarter Ended 31 March 2010



**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FIRST
QUARTER ENDED 31 MARCH 2010**

PART I : Information required for announcement of Q1 Results

1(a)(i) An Income Statement (for the group), together with comparative statements for the corresponding period of the immediately preceding financial year.

	< ----- Group ----- >		Increase/ (Decrease) (%)
	First quarter ended 31 March		
	2010 S\$'000	2009 S\$'000	
Revenue	61,705	58,394	5.7
Cost of sales	<u>(52,567)</u>	<u>(52,731)</u>	(0.3)
Gross profit	9,138	5,663	61.4
Other income	1,530	490	212.2
Administrative costs	(1,266)	(561)	125.7
Other operating costs	(55)	(347)	(84.1)
Profit before taxation	<u>9,347</u>	<u>5,245</u>	78.2
Tax expenses	(1,624)	(934)	73.9
Net Profit	<u>7,723</u>	<u>4,311</u>	79.1
Attributable to:			
Equity holders of the Company	<u>7,723</u>	<u>4,311</u>	79.1

Consolidated statement of comprehensive income

	< -----Group ----- >		Increase/ (decrease) (%)
	First quarter ended 31 March		
	2010 S\$'000	2009 S\$'000	
Net Profit	7,723	4,311	79.1
Other comprehensive income:			
Net gain/(loss) on available-for-sale financial assets			
- Net gain / (loss) on fair value changes	(219)	216	nm
- Realisation of reserve upon sale of financial assets	(1,353)		
Foreign currency translation			
- Realisation of reserve upon liquidation of branch	-	189	nm
Other comprehensive income	<u>(1,572)</u>	<u>405</u>	nm
Total comprehensive income	<u>6,151</u>	<u>4,716</u>	
Attributable to:			
Equity holders of the Company	<u>6,151</u>	<u>4,716</u>	30.4

nm. – not meaningful



1(a)(ii) Notes to the Income Statement

The Group's profit before taxation is arrived at after charging / (crediting) the following:

	First quarter FY2010 S\$'000	First quarter FY2009 S\$'000
Depreciation of property, plant and equipment	318	181
(Gain)/loss on foreign exchange	-	(105)
Gain on disposal of investment securities	(1,285)	-
Loss on liquidation of a branch	-	294
Write back of allowance for doubtful receivables	(2)	--
Interest income	(72)	(80)

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

	Group		Company	
	31.3.2010 S\$'000	31.12.2009 S\$'000	31.3.2010 S\$'000	31.12.2009
Non-current assets				
Property, plant and equipment	9,887	8,377	-	-
Investments in subsidiaries	-	-	34,814	34,814
Investment property	930	930	-	-
Investment securities (non-current)	2,010	2,010	-	-
Deferred tax assets	393	715	-	-
	<u>13,220</u>	<u>12,032</u>	<u>34,814</u>	<u>34,814</u>
Current assets				
Inventories	34	116	-	-
Contract work-in-progress	6,433	6,427	-	-
Trade receivables	16,571	16,548	420	1
Other receivables	2,881	5,824	8,820	9,844
Prepayments	5,072	5,817	-	-
Investment securities (current)	5,243	8,273	-	-
Cash and cash equivalents	156,239	143,534	23,269	23,541
Pledged fixed deposits	202	202	-	-
	<u>192,675</u>	<u>186,741</u>	<u>32,509</u>	<u>33,386</u>
Current liabilities				
Trade and other payables	42,372	42,067	426	1,322
Progress billings in excess of work-in-progress	65,812	61,120	-	-
Advance payment received from customer	11,912	16,164	-	-
Provision for taxation	5,358	5,132	4	5
	<u>125,454</u>	<u>124,483</u>	<u>430</u>	<u>1,327</u>
Net current assets	67,221	62,258	32,079	32,059
Non-current liabilities				
Deferred tax liabilities	59	59	-	-
Net assets	<u>80,382</u>	<u>74,231</u>	<u>66,873</u>	<u>66,873</u>
Equity				
Share capital	58,956	58,956	58,956	58,956
Capital reserve	1,000	1,000	-	-
Accumulated profits	33,997	26,274	7,937	7,917
Fair value adjustment reserve	2,668	4,240	-	-
Merger deficit	(16,239)	(16,239)	-	-
Total equity	<u>80,382</u>	<u>74,231</u>	<u>66,893</u>	<u>66,873</u>



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

Amount repayable in one year or less, or on demand

As at 31 March 2010		As at 31 December 2009	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Amount repayable after one year

As at 31 March 2010		As at 31 December 2009	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
-	-	-	-

Details of collateral:

As at 31 March 2010, the Group has no borrowings. The Group has a total credit facilities of S\$100.0 million, of which S\$66.8 million was utilised for bankers' or performance guarantee and mobilisation advance guarantee. The credit facilities were secured by charges over the Group's property, the Directors' personal guarantees and guarantee from Lian Seng Investments Pte Ltd (f.k.a Hock Lian Seng Investment Pte Ltd). As disclosed in page 52 of the Offer Documents, the Group intends to obtain a release and discharge of the guarantees and performance bonds provided by the Directors and Lian Seng Investments Pte Ltd.



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

	< -----Group----- >	
	First quarter ended 31 March	
	2010 S\$'000	2009 S\$'000
Cash flows from operating activities		
Profit before taxation	9,347	5,245
Adjustments :		
Depreciation of property, plant and equipment	318	181
Write-back of allowance for doubtful receivables	(2)	-
Gain on disposal of investments securities	(1,285)	-
Loss on liquidation of a branch	-	294
Interest income	(72)	(80)
Operating cash flows before working capital changes	<u>8,306</u>	<u>5,640</u>
Decrease/(Increase) in inventories	82	(93)
(Increase)/decrease in contract work-in-progress	(6)	4,321
(Increase)/decrease in trade receivables	(21)	1,539
Decrease/(increase) in other receivables	2,943	(12,390)
Increase in prepayments	745	2,672
Increase/(decrease) in trade and other payables	306	(5,508)
Increase in progress billings in excess of work-in-progress	4,692	22,709
Decrease in advance payment received from customer	(4,252)	(1,935)
Cash flows generated from operations	<u>12,795</u>	<u>16,955</u>
Interest received	72	80
Income tax paid	(1,077)	(627)
Net cash flows generated from operating activities	<u>11,790</u>	<u>16,408</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,828)	(1,190)
Purchases of investment securities	-	(5,056)
Proceeds from disposal of investment securities	2,743	-
Net cash outflow on liquidation of a branch	-	(66)
Net cash flows used in investing activities	<u>915</u>	<u>(6,312)</u>
Cash flows from financing activities		
Decrease/(increase) in fixed deposits, pledged	-	3,871
Net cash flows generated from/ used in financing activities	<u>-</u>	<u>3,871</u>
Net increase in cash and cash equivalents	12,705	13,967
Cash and cash equivalents at the beginning of year	<u>143,534</u>	<u>51,123</u>
Cash and cash equivalents at the end the financial period	<u>156,239</u>	<u>65,090</u>



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

Statement of changes in equity

Group

	Share capital	Capital reserve	Accumulated profits	Fair value adjustment reserve	Foreign currency translation reserve	Merger Deficit	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2010	58,956	1,000	26,274	4,240	-	(16,239)	74,231
Total comprehensive income	-	-	7,723	(1,572)	-	-	6,151
At 31 March 2010	<u>58,956</u>	<u>1,000</u>	<u>33,997</u>	<u>2,668</u>	<u>-</u>	<u>(16,239)</u>	<u>80,382</u>
At 1 January 2009*	16,800	-	17,597	(46)	(189)	(608)	33,554
Total comprehensive income	-	-	4,311	216	189	-	4,716
At 31 March 2009	<u>16,800</u>	<u>-</u>	<u>21,908</u>	<u>170</u>	<u>-</u>	<u>(608)</u>	<u>38,270</u>

* The Company was incorporated on 20 May 2009. For comparative purpose, share capital represents the aggregate paid-up capital of its subsidiary company.

Company *

	Share capital	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000
At 1 January 2010	58,956	7,917	66,873
Total comprehensive income	-	20	20
At 31 March 2010	<u>58,956</u>	<u>7,937</u>	<u>66,893</u>

* The Company was incorporated on 20 May 2009, hence there is no statement of changes in equity for first quarter 2009.



- 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 the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

	Number of shares	Issued and paid-up capital (S\$)
Issued and fully paid shares as at 31 December 2009 and at 31 March 2010	<u>509,978,991</u>	<u>58,955,729</u>

There were no changes in the Company's share capital for 1Q 2010.

There were no outstanding treasury shares as at 31 March 2010.

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

	31 March 2010	As at 31 December 2009
Total number of issued shares (excluding treasury shares)	<u>509,978,991</u>	<u>509,978,991</u>

- 1(d)(iv) **A statement showing all sales, transfers, disposals, 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, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 and the Company have applied the same accounting policies and methods of computation in the financial statements for FY2009 as those in its audited financial statements for FY2009.

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.**

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2010. The adoption of these new/revised FRS did not result in any change of the Group's accounting policies or any significant impact on the financial statements.



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.

Earning per share ("EPS")

	< ----- Group ----- > First quarter ended 31 March	
	2010	2009
Earnings attributable to equity holders of the Company (S\$'000)	7,723	4,311
Weighted average number of ordinary shares used in computation of basic EPS ⁽¹⁾	509,978,991	252,000,000
Basic EPS attributable to equity holders of the Company (cents)	1.5	1.7
Fully diluted EPS attributable to equity holders of the Company (cents) ⁽²⁾	1.5	1.7

Notes:

- (1) In respect of Q1 FY2009, the average number of shares represents the number of shares of the Company's subsidiary company. Based on pre-invitation shares of 399,978,991, the EPS for Q1 FY2009 was 1.1 cents.
- (2) Fully diluted EPS for Q1 FY2009 and Q1 FY2010 are the same value as the basic EPS as the Company does not have any outstanding instruments convertible into, rights to subscribe for the options in respect of its ordinary shares during the respective financial year.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at end of the : -

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

Net asset value ("NAV")

	Group As at		Company As at	
	31.3.2010	31.12.2009	31.3.2010	31.12.2009
NAV per ordinary share (cents)	15.8	14.6	13.1	13.1
Number of shares used in computation of NAV per share	509,978,991	509,978,991	509,978,991	509,978,991



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
- (b) the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (c) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Q1 2010 compared with Q1 2009 Performance

Revenue increased by 3.3 million or 5.7% from S\$58.4 million in Q1 FY2009 to S\$61.7 million in Q1 FY2010. Revenue from the Civil Engineering segment increased by S\$3.6 million or 6.3% from S\$56.9 million in Q1 FY2009 to S\$60.5 million in Q1 FY2010 off set by the decrease of revenue from Building material segment which decreased by S\$0.3 million or 20.0% from S\$1.5 million in Q1 FY2009 to S\$1.2 million in Q1 FY2010.

The revenue increased was mainly due to the contribution of Marina Bay Station Project, Marina Coastal Expressway and Gali Batu Depot Project, whereas in Q1 FY2009 Marina Coastal Expressway and Gali Batu Depot Project have not yet commenced.

Gross profit increased by S\$3.4 million or 61.4% from S\$5.7 million in Q1 FY2009 to S\$9.1 million in Q1 FY2010. The gross profit margin has improved from 9.7% to 14.8% in Q1 FY2010.

The higher gross profit and gross profit margin were mainly attributed to the better margin from new projects and additional works done.

Other income increased by S\$1.0 million or 212.2% from S\$0.5 million in Q1 FY2009 to S\$1.5 million in Q1 FY2010. This was mainly due to the gain of S\$1.3 million from sales of investment securities.

Administrative expenses increased by S\$0.7 million from S\$0.6 million in Q1 FY2009 to S\$1.3 million in Q1 FY2010. The increase was mainly attributed to higher accruals for performance bonuses in view of the higher operating profit of the Group.

Other operating costs decreased by \$0.3 million from \$0.4 million to \$0.1 million mainly due to the loss on liquidation of Taiwan branch of S\$0.3 million recognized in Q1 2009.

Profit before taxation increased by S\$3.4 million from S\$4.3 million in Q1 FY2010 to S\$7.7 million in Q1 FY2010. The increase was due to an increase in gross profit of S\$3.5 million and other operating income of S\$1.0 million, lower other operating expenses of S\$0.3 million partially off set by the increase in administrative expenses of S\$0.8 million.



Financial Position Review

The increase in non-current assets in Q1 FY2010 by S\$1.2 million to S\$13.2 million was mainly due to increase in property, plant and equipment.

The Group's current assets increased by S\$6.0 million to S\$192.7 million. This was mainly due to an increase in cash and cash equivalents of \$12.7 million, offset by the decrease in investment securities of \$3.1 million and other receivables of \$2.9 million.

The Group's current liabilities increased by S\$1.0 million to S\$125.5 million. This was mainly due to an increase in progress billings in excess of work-in-progress of S\$4.7 million, offset by the decrease in advance payment received from customer by \$4.3 million and trade and other payables of S\$0.4 million.

Cash Flow Review

The net increase in cash and cash equivalents for the period was \$12.7 million, which was mainly generated from the group's operating activities amounted to S\$11.8 million.

Net cash generated from investing activities in Q1 FY2010 was S\$0.9 million due to proceeds from the sales of investment securities of S\$2.7 million, offset by the acquisition of construction equipments of S\$1.8 million.

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

There has not been any forecast previously disclosed to the shareholders.

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 know factors or events that may affect the group in the next reporting period and the next 12 months.

As at 31 March 2010, the Group's order book for on-going and new projects was approximately S\$522.7 million. According to the press release issued by Ministry of Trade and Industry dated 14 April 2010, that domestic construction sector recorded a growth of 11.3% on a year-on-year basis in the first quarter of 2010, supported by sustained public sector civil engineering activities and an increase in the number of residential construction projects. With a positive outlook for the Singapore economy, the Group will leverage on its proven track record in the civil engineering construction industry and the strong pipeline of Singapore public sector projects to strengthen the performance and order book for the group.

11. Dividend

**(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on ?**

Nil

(b) Corresponding Period of the immediately Preceding Financial year

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

Nil



(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. Confirmation By The Board Pursuant To Rule 705(5) Of The Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the period ended 31 March 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHUA LEONG HAI
Executive Chairman and CEO

12 May 2010

The initial public offering of the Company's shares was sponsored by United Overseas Bank Limited (the "Issue Manager"). The Issue Manager assumes no responsibility for the contents of this announcement.