



**Hock Lian Seng Holdings Limited**

80 Marine Parade Road  
#21-08 Parkway Parade  
Singapore 449269  
Tel: (65) 6344 0555 Fax: (65) 6440 9049  
Company Registration Number 20090890E

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**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FIRST  
QUARTER ENDED 31 MARCH 2012**

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**PART I : Information required for announcement of Quarterly Result**

- 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with comparative statements for the corresponding period of the immediately preceding financial year.**

	Group		
	First quarter ended		Change
	31.03.2012	31.03.2011	
	\$'000	\$'000	%
Revenue	22,118	45,116	-51.0%
Cost of sales	<u>(16,402)</u>	<u>(37,218)</u>	<u>-55.9%</u>
Gross profit	5,716	7,898	-27.6%
Other income	906	180	403.3%
Administrative costs	(1,027)	(1,072)	-4.2%
Changes in fair value of investment properties	(700)	(479)	46.1%
Changes in fair value of investment securities	511	(445)	n.m.
Other operating costs	(35)	(43)	-18.6%
Profit before taxation	<u>5,371</u>	<u>6,039</u>	<u>-11.1%</u>
Tax expenses	<u>(828)</u>	<u>(1,102)</u>	<u>-24.9%</u>
Profit after taxation	<u>4,543</u>	<u>4,937</u>	<u>-8.0%</u>
Attributable to:			
Equity holders of the Company	<u>4,543</u>	<u>4,937</u>	<u>-8.0%</u>

n.m. : - not meaningful

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**Consolidated statement of comprehensive income**

	Group	
	First quarter ended	
	31/03/2012	31/03/2011
	\$'000	\$'000
Profit after taxation	4,543	4,937
Other comprehensive income:		
Available-for-sale financial assets		
- Net (loss) on fair value changes	-	-
- Reclassification adjustment arising from the disposal of the investment securities	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>4,543</u>	<u>4,937</u>
Attributable to:		
Equity holders of the Company	<u>4,543</u>	<u>4,937</u>

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

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

	Group	
	First quarter ended	
	31/03/2012	31/03/2011
	\$'000	\$'000
Depreciation of property, plant and equipment	375	352
(Gain)/loss on foreign exchange	(3)	10
Gain on disposal of property, plant and equipment	(319)	(41)
Write back of allowance for doubtful receivables	(8)	-
Interest income	(486)	(130)
Interest expense	1	1
Fair value changes on investment properties	700	479
Fair value changes on investment securities	(511)	445



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

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>				
Property, plant and equipment	7,152	7,448	-	-
Subsidiary companies	-	-	35,814	34,814
Investment properties	12,100	12,800	-	-
Investment securities (non-current)	12,865	11,065	-	-
Deferred tax asset	663	684	-	-
	<b>32,780</b>	<b>31,997</b>	<b>35,814</b>	<b>34,814</b>
<b>Current assets</b>				
Development property	80,970	-	-	-
Contract work-in-progress	14,895	14,895	-	-
Trade receivables	17,504	18,782	-	-
Other receivables	5,773	3,205	10,080	10,082
Prepayments and deposits	2,048	23,932	-	-
Investment securities (current)	3,469	3,961	-	-
Cash and short term deposits	164,445	178,193	24,907	25,798
Pledged fixed deposits	202	202	-	-
	<b>289,306</b>	<b>243,170</b>	<b>34,987</b>	<b>35,880</b>
<b>Current liabilities</b>				
Trade and other payables	65,659	71,557	591	607
Obligations under finance lease	51	72	-	-
Progress billings in excess of work-in-progress	72,322	70,779	-	-
Provisions	12,092	13,045	-	-
Provision for taxation	8,328	7,521	29	19
	<b>158,452</b>	<b>162,974</b>	<b>620</b>	<b>626</b>
<b>Net current assets</b>	<b>130,854</b>	<b>80,196</b>	<b>34,367</b>	<b>35,254</b>
<b>Non-current liabilities</b>				
Long term bank loan	46,900	-	-	-
Deferred tax liabilities	41	43	-	-
	<b>46,941</b>	<b>43</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>116,693</b>	<b>112,150</b>	<b>70,181</b>	<b>70,068</b>
<b>Equity</b>				
Share capital	58,956	58,956	58,956	58,956
Capital reserve	1,000	1,000	-	-
Accumulated profits	72,976	68,433	11,225	11,112
Merger deficit	(16,239)	(16,239)	-	-
<b>Total equity</b>	<b>116,693</b>	<b>112,150</b>	<b>70,181</b>	<b>70,068</b>



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**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 2012		As at 31 December 2011	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
51	-	72	-

Amount repayable after one year

As at 31 March 2012		As at 31 December 2011	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
46,900	-	-	-

Details of collateral:

As at 31 March 2012, the Group's non-current secured borrowings of \$46.9 million was relate to Gambas industrial development project, which was secured over the development property.

The current secured borrowings of \$51,000 relate to hire purchase creditor secured by way of rights to the leased asset under the agreement.

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**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.**

	< -----Group----- >	
	First quarter ended	
	31.03.2012	31.03.2011
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	5,371	6,039
Adjustments :		
Depreciation of property, plant and equipment	375	352
Gain on disposal of property, plant and equipment	(319)	(41)
Fair value changes on investment properties	700	479
Fair value changes on investment securities	(511)	445
Interest income	(486)	(130)
Interest expense	1	1
	<u>5,131</u>	<u>7,145</u>
<b>Operating cash flows before working capital changes</b>		
(Increase)/decrease in:		
Inventories	-	(213)
Contract work-in-progress	-	-
Development property	(80,970)	-
Trade receivables	1,278	420
Other receivables	(2,289)	(362)
Prepayments and deposits	21,884	3
Increase/(decrease) in:		
Trade and other payables and provisions	(7,429)	(5,907)
Progress billings in excess of work-in-progress	1,543	8,972
	<u>(60,852)</u>	<u>10,058</u>
<b>Cash flows generated from operations</b>		
Interest received	490	130
Income tax paid	(2)	312
	<u>(60,364)</u>	<u>10,500</u>
<b>Net cash flows generated from operating activities</b>		
	<u>(60,364)</u>	<u>10,500</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(96)	(80)
Amount due from joint venture partner (net)	299	-
Purchases of investment securities	(1,804)	(7,832)
Proceeds from disposal of property, plant and equipment	336	41
Proceeds from redemption of investment securities(held-to-maturity)	1,003	-
	<u>(262)</u>	<u>(7,871)</u>
<b>Net cash flows used in investing activities</b>		
	<u>(262)</u>	<u>(7,871)</u>
<b>Cash flows from financing activities</b>		
Draw down of bank loan	46,900	-
Repayment of obligations under finance lease	(22)	(22)
	<u>46,878</u>	<u>(22)</u>
<b>Net cash flows used in financing activities</b>		
	<u>46,878</u>	<u>(22)</u>
Net increase in cash and cash equivalents	(13,748)	2,607
Cash and cash equivalents, Beginning Balance	178,193	165,490
	<u>164,445</u>	<u>168,097</u>
<b>Cash and cash equivalents, Ending Balance</b>		
	<u>164,445</u>	<u>168,097</u>

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**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	Merger deficit	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 January 2012</b>	58,956	1,000	68,433	-	(16,239)	112,150
Total comprehensive income	-	-	4,543	-	-	4,543
Dividend on ordinary shares	-	-	-	-	-	-
<b>At 31 March 2012</b>	<b>58,956</b>	<b>1,000</b>	<b>72,976</b>	<b>-</b>	<b>(16,239)</b>	<b>116,693</b>
<b>At 1 January 2011</b>	58,956	1,000	45,644	-	(16,239)	89,361
Total comprehensive income	-	-	4,937	-	-	4,937
Dividend on ordinary shares	-	-	-	-	-	-
<b>At 31 March 2011</b>	<b>58,956</b>	<b>1,000</b>	<b>50,581</b>	<b>-</b>	<b>(16,239)</b>	<b>94,298</b>

Company

	Share capital	Accumulated profits	Total equity
	\$'000	\$'000	\$'000
<b>At 1 January 2012</b>	58,956	11,112	70,068
Total comprehensive income	-	113	113
Dividend on ordinary shares	-	-	-
<b>At 31 March 2012</b>	<b>58,956</b>	<b>11,225</b>	<b>70,181</b>
<b>At 1 January 2011</b>	58,956	9,101	68,057
Total comprehensive income	-	201	201
Dividend on ordinary shares	-	-	-
<b>At 31 March 2011</b>	<b>58,956</b>	<b>9,302</b>	<b>68,258</b>



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**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 (\$)
Issued and fully paid shares as at 31 December 2011 and at 31 March 2012	<u>509,978,991</u>	<u>58,955,522</u>

There were no changes in the Company's share capital for the financial period ended 31 March 2012.

There were no outstanding treasury shares as at 31 March 2012.

**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 2012	As at 31 December 2011
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 the financial period ended 31 March 2012 as those in its audited financial statements for FY2011.

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**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 2012. The adoption of these new/revised FRS did not result in any change in 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 ----- > 3 months ended	
	31.3.2012	31.3.2011
Earnings attributable to equity holders of the Company (S\$'000)	4,543	4,937
Weighted average number of ordinary shares used in computation of basic and fully diluted EPS	509,978,991	509,978,991
Basic EPS attributable to equity holders of the Company (cents)	0.89	0.97
Fully diluted EPS attributable to equity holders of the Company (cents)	0.89	0.97

**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	
	31.3.2012	31.12.2011	31.3.2012	31.12.2011
NAV per ordinary share (cents)	22.9	22.0	13.8	13.7
Number of shares used in computation of NAV per share	509,978,991	509,978,991	509,978,991	509,978,991





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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.**

### 3 months 2012 compared with 3 months 2011 Performance and segmental review

#### Revenue

In \$' million	3M 2012	%	3M 2011	%
Civil Engineering	19.8	89.6	41.7	92.5
Building Material	-	-	1.4	3.1
Dormitory	2.3	10.4	2.0	4.4
	22.1	100.0	45.1	100.0

Revenue decreased by \$23.0 million (51%) to \$22.1 million for the financial periods ended 31 March 2012, with Civil engineering segment recorded a \$21.9 million (53%) drop in progress billings recognized mainly due to the substantial completion of the Marina Bay station project in 2011 and the slower progress for the Marina Coastal Expressway project for the first 3 months in 2012.

Building material segment has no delivery since the completion of the last order in July 2011.

The revenue from workers dormitory business was \$0.3 million higher to \$2.3 million, with the higher rental rate.

#### Gross Profit

In \$' million	3M 2012	3M 2011
Civil Engineering	4.1	6.5
Building Material	-	-
Dormitory	1.6	1.4
	5.7	7.9

Gross profit decreased by \$2.2 million (27.6%) to \$5.7 million for the current financial period with the lower turnover of the Civil Engineering segment. The gross profit for workers dormitory remained stable.

Other income increased by \$0.7 million to \$0.9 million mainly due to the higher interest income of \$0.4 million and higher gain on disposal of property, plant and equipment of \$0.3 million.

Administrative expense was marginally lower by \$0.1 million to \$1.0 million, due to a lower accrual of the performance bonuses in view of the lower profit.

The decrease in the fair value of investment properties was related to the impairment of the workers dormitory. The workers dormitory is stated at fair value determined on the discounted cash flow method estimated by management, the fair value is expected to be \$0.7 million lower with the projection of cash inflow reduced over the lease period.

The fair value of the investments in securities has improved by \$0.5 million for the current financial period.



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Profit before taxation decreased by \$0.6 million to \$5.4 million, resulting mainly from the lower gross profit and fair value of the investment properties offset by the higher other income and increase in fair value of investment securities.

### **Financial Position Review**

The increase in non-current assets for the financial year ended 31 March 2012 by \$0.8 million to \$32.8 million was mainly due to the increase in the held-to-maturity financial assets of \$1.8 million, offset by the decrease in investment properties due to the lower fair value of \$0.7 million.

The Group's current assets increased by \$46.1 million to \$289.3 million. This was mainly due to the completion of the land acquisition for the industrial site at Gambas. The total cost incurred for the project amount to \$81.0 million as at 31 March 2012. The cash balance was \$13.7 million lower.

The Group's current liabilities decreased by \$4.5 million to \$158.5 million. This was mainly due to a lower trade and other payable of \$6.0 in view of lower turnover.

The Group's non-current bank loan was due to the drawdown of bank loan for the settlement of the land acquisition cost in February 2012.

### **Cash Flow Review**

As at 31 March 2012, The Group had cash and cash equivalent of \$164.4 million decreased by \$13.7 million for the current financial period, it was mainly due to the development expenditure of \$81.0 million for the industrial site development at Gambas, which was partially financed by a bank loan of \$46.9 million and the utilization of the prepayments and deposits of \$21.9 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 known factors or events that may affect the group in the next reporting period and the next 12 months.**

As at 31 March 2012, the Group's order book for on-going projects was approximately \$209 million which was mainly the balance of work for Jalan Gali Batu Depot and Marina Coastal Expressway projects. The Group will continue to execute the projects on hand and bid for infrastructure projects in the pipeline.

In the coming months, a number of civil engineering and infrastructure projects will be called for tenders by the Singapore Government. However, the Group is expected to face stiff competition from large foreign contractors, higher construction costs and a shortage of foreign workers.



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The Group was awarded the tender for an industrial site at Gambas Ave/Crescent for industrial building development in November 2011. We expect the construction of the project to be commenced in second half 2012.

With the strong balance sheet and cash flow position, the management will continue to tender for infrastructure projects competitively and explore other business opportunities in property related segment to enhance the shareholders' value.

### 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.

No interim dividend for the financial period ended 31 March 2012 is recommended.

### 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Office lease expenses paid to Lian Seng Investment Pte Ltd	\$'000 51	\$'000 Nil



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### 14. Update on use of IPO proceeds

The Company was admitted to the Official List of the SGX-ST on 21 December 2009 and raised a net proceeds of \$25.6 million. As at the date of this report, the Group has utilized the net proceeds as follows:

The allocation of each principal intended use of proceeds is set out below:

Intended Use	Amount allocated \$'000	Amount utilized \$'000	Balance \$'000
Acquisition of central workshop	4,000	-	4,000
Acquisition of equipment and machinery	8,000	1,150	6,850
Working capital	13,600	13,600	-
Total	25,600	14,750	10,850

The Company will continue to make periodic announcement via SGXNET on the utilization of the balance of the proceeds from the IPO as and when such proceeds are materially disbursed.

### 15. 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 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

CHUA LEONG HAI  
Executive Chairman and CEO

10 May 2012