



HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)

ANNOUNCEMENT

Differences between unaudited and audited financial statements

The Board of Directors of Hiap Seng Engineering Ltd (the “Company”) wishes to announce the following differences between the unaudited financial statement and dividend announcement for the fourth quarter and full year ended 31 March 2019 (the “announcement”) and audited financial statements for the financial year ended 31 March 2019:

	Note	Revenue S\$000	Cost of services rendered S\$000	Gross loss S\$000
Unaudited		148,773	(161,025)	(12,252)
Subsequent adjustments:				
Prior years' impact of retrospective adoption of SFRS(I) 15	(a)(i)	(4,760)	(493)	(5,253)
Reversal of revenue	(a)(ii)	(2,626)	-	(2,626)
Additional provision for liquidated damages on a project	(b)	(455)	-	(455)
Reversal of deferred tax	(c)	-	(888)	(888)
Audited		140,932	(162,406)	(21,474)

Explanatory notes to the table

- (a) Under SFRS(I) 15, the Group has assessed that an input measure by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract (“input method”) best depicts the Group’s performance in transferring control of services to customers for its existing shutdown maintenance and plant and equipment construction contracts. This resulted in the Group’s adoption of the input method for measuring progress and recognizing contract revenue under SFRS(I) 15. The decrease of S\$7,386,000 in revenue for the financial year ended 31 March 2019 from the unaudited figures in the announcement is due to the following:
- (i) In preparing the announcement, the Group had recognised prior years’ impact on revenue, arising from the adoption of the input method, in the current financial year instead of against the Group’s opening retained earnings as at 1 April 2018. Accordingly, revenue of S\$4,760,000 was reversed and taken to opening retained earnings as at 1 April 2018.
- (ii) There was a revision in the Group’s assessment of the impact of adoption of the input method under SFRS(I) 15 for projects in Thailand, which resulted in a reversal of revenue of S\$2,626,000 in the current financial year.

- (b) The decrease of S\$455,000 in revenue relates to additional provision for liquidated damages for an offshore project in Vietnam.
- (c) The increase of S\$888,000 in cost of services rendered relates to a reversal of a deferred tax adjustment which was wrongly taken up and deducted against the cost of services rendered in the current financial year.

By Order of the Board

Tan Hak Jin
Joint Company Secretary
20 August 2019