



## HIAP SENG ENGINEERING LTD

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

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### NEWS RELEASE

#### HIAP SENG'S RESULTS ANNOUNCEMENT FOR 3QFY2015 AND 9MFY2015

**Singapore, February 13, 2015** – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today announced its results for the third quarter and nine months ended December 31, 2014 (“3QFY2015” and “9MFY2015” respectively).

Hiap Seng registered a 27.3% decrease in revenue to S\$48.4 million in 3QFY2015 from S\$66.5 million in 3QFY2014 largely due to lower recognition of project revenue during the period. In light of cost overruns coupled with escalating labour costs incurred for certain projects, a gross loss of S\$0.4 million was recorded in 3QFY2015 compared to a gross profit of S\$6.8 million in 3QFY2014. Correspondingly, the Group registered a net loss attributable to shareholders of S\$6.1 million in 3QFY2015 from a net profit attributable to shareholders of S\$1.1 million in 3QFY2014.

For the nine months ended December 31, 2014 (“9MFY2015”), revenue rose 7.8% to S\$205.0 million, up from S\$190.1 million in the previous corresponding period (“9MFY2014”). However, due to similar cost overruns and increasing labour costs experienced in 3QFY2015, Hiap Seng’s net loss attributable to shareholders rose to S\$8.9 million from S\$4.7 million in 9MFY2014.

As at December 31, 2014, the Group's cash and cash equivalents stood at S\$15.3 million and net bank borrowings stood at S\$7.2 million, an improvement from S\$29.6 million as at March 31, 2014.

The Group's order book as at February 13, 2015 stood at S\$125 million.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, "Against a backdrop of volatile oil prices, Hiap Seng, which also serves the oil and gas industry, has inevitably been affected. In addition, the competitive landscape has become increasingly tougher while our operating costs have also escalated. However, we will continue to tap on management's experience, spanning decades in the industry, to optimise operations, generate efficiencies and continue to seek opportunities in delivering value to our shareholders."

## **Outlook**

For the current financial year ending March 31, 2015, the directors of Hiap Seng are not optimistic on the Group's performance due to the oil price slump, keen competition as well as rising labour costs.

The Group continues to focus on controlling costs and directing efforts towards improving the overall operational productivity.

## **Corporate Profile**

Established in 1971 and a Main-board listed company, Hiap Seng is a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries and is one of Singapore's leading engineering groups serving the oil-and-gas, petrochemical and pharmaceutical industries.

The Group provides engineering services covering engineering, procurement & construction (EPC) projects and plant maintenance services for the oil-and-gas, petrochemical, and pharmaceutical industries in Singapore and beyond.

The Group operates six well-equipped fabrication yards in Singapore, Malaysia and Thailand with a total land area of about 2.5 million sq ft and a workforce of over 2,000 well-trained and skilled employees.

Hiap Seng made its maiden appearance on Forbes' list of Top 200 Asia-Pacific firms with sales under US\$1 billion in September 2010. The list, called "Best Under A Billion," selects the top-performing firms with 12,000 publicly listed companies with sales of less than US\$1 billion. Selections were based on companies' profitability, growth, modest indebtedness and future prospects.

On December 13, 2010, Hiap Seng was conferred the coveted Business Superbrands Award in Singapore. The Business Superbrands status is awarded to some of the world's strongest examples of business to business brands.

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