

**HIAP SENG ENGINEERING LTD**  
(Company Registration No. 197100300Z)

**UNAUDITED FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

**1(a). A statement of comprehensive income (for the group) together with a comparative statement for the first quarter ended 30 June 2015**

	<b>Group</b>		
	<b>30-Jun-15</b>	<b>30-Jun-14</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	33,011	75,971	(56.5)
Cost of services rendered	(26,457)	(70,141)	(62.3)
<b>Gross profit</b>	6,554	5,830	12.4
Gross profit margin	19.9%	7.7%	
Other income	7	10	(30.0)
Administrative expenses	(4,324)	(4,431)	(2.4)
Other losses-net	(317)	(261)	21.5
<b>Profit from operations</b>	1,920	1,148	67.2
Finance expenses	(46)	(229)	(79.9)
Share of profit of associated companies	16	343	(95.3)
<b>Profit before income tax</b>	1,890	1,262	49.8
Income tax expense	(68)	(29)	NM
<b>Net profit</b>	1,822	1,233	47.8
<b>Other comprehensive income</b>			
Foreign currency translation	301	(13)	NM
<b>Total comprehensive income for the period</b>	2,123	1,220	74.0
<b>Profit attributable to:</b>			
Owners of the parent	1,911	1,052	81.7
Minority interests	(89)	181	NM
	1,822	1,233	47.8
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	2,237	1,065	NM
Minority interests	(114)	155	NM
	2,123	1,220	74.0

NM: Denotes not meaningful

**Profit from operations included the following:**

	<b>Group</b>	
	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>(a) Other income</b>		
Interest income	7	10
<b>(b) Other losses-net</b>		
Net (loss)/gain on disposal of property, plant and equipment	(5)	183
Currency exchange loss –net	(316)	(447)
<b>(c) Administrative expenses</b>		
Bad debt recovered	278	-
<b>(d) Depreciation of property, plant and equipment</b>	(905)	(1,007)
<b>(e) Amortisation</b>	(30)	(64)

**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:**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-2015</b>	<b>31-Mar-2015</b>	<b>30-Jun-2015</b>	<b>31-Mar-2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	22,195	17,968	17,667	10,684
Trade and other receivables	47,521	61,109	54,066	70,591
Contract work-in-progress	3,039	2,406	2,641	1,797
Other current assets	3,151	2,125	1,002	1,107
	<b>75,906</b>	<b>83,608</b>	<b>75,376</b>	<b>84,179</b>
<b>Non-current assets</b>				
Club memberships	386	386	321	321
Investments in associated companies	357	348	109	109
Investments in subsidiaries	-	-	14,781	14,775
Property, plant and equipment	22,757	23,918	6,638	7,094
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	71	71	-	-
Intangible assets	6,472	6,503	-	-
	<b>32,525</b>	<b>33,708</b>	<b>24,331</b>	<b>24,781</b>
<b>Total assets</b>	<b>108,431</b>	<b>117,316</b>	<b>99,707</b>	<b>108,960</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	40,508	46,944	31,564	39,803
Current income tax liabilities	94	340	5	11
Borrowings	2,483	6,598	783	783
	<b>43,085</b>	<b>53,882</b>	<b>32,352</b>	<b>40,597</b>
<b>Non-current liabilities</b>				
Borrowings	682	881	594	787
Deferred income tax liabilities	1,345	1,357	335	335
	<b>2,027</b>	<b>2,238</b>	<b>929</b>	<b>1,122</b>
<b>Total liabilities</b>	<b>45,112</b>	<b>56,120</b>	<b>33,281</b>	<b>41,719</b>
<b>NET ASSETS</b>	<b>63,319</b>	<b>61,196</b>	<b>66,426</b>	<b>67,241</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	36,178	36,178	36,178	36,178
Other reserves	1,033	707	-	-
Retained earnings	24,230	22,319	30,248	31,063
<b>Total</b>	<b>61,441</b>	<b>59,204</b>	<b>66,426</b>	<b>67,241</b>
Minority interests	1,878	1,992	-	-
<b>Total equity</b>	<b>63,319</b>	<b>61,196</b>	<b>66,426</b>	<b>67,241</b>

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

	<b>30-Jun-2015</b>		<b>31-Mar-2015</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable in one year or less, or on demand	2,483	-	6,598	-
Amount repayable after one year	682	-	881	-

**Details of any collaterals;**

The Group's borrowings are secured against certain properties, machineries and fixed deposits of the Group.

**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**

	<b>Group</b>	
	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flow from operating activities:</b>		
Total profit	1,822	1,233
<b>Adjustment for :</b>		
Depreciation of property, plant and equipment	905	1,007
Amortisation of intangible assets	30	64
Net loss/(gain) from disposal of plant and equipment	5	(183)
Share of profit of associated companies	(16)	(343)
Write-back of impairment of trade and other receivables	(278)	-
Foreign exchange adjustments	808	24
Income tax expenses	68	29
Interest expense	46	229
Interest income	(7)	(10)
<b>Operating cash flow before working capital changes</b>	<b>3,383</b>	<b>2,050</b>
<b>Changes in operating assets and liabilities, net of effects from acquisition of subsidiary</b>		
Contract work-in-progress and inventories	(632)	11,523
Trade and other receivables	13,867	(7,660)
Other current assets	(1,026)	(802)
Trade and other payables	(6,704)	(4,051)
<b>Cash generated from operations</b>	<b>8,888</b>	<b>1,060</b>
Income taxes (paid)/refund	(17)	206
<b>Net cash inflow from operating activities</b>	<b>8,871</b>	<b>1,266</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(545)	(980)
Proceeds from disposal of plant and equipment	(4)	210
Interest income received	7	10
<b>Net cash outflow from investing activities</b>	<b>(542)</b>	<b>(760)</b>
<b>Cash flows from financing activities</b>		
Decrease in bank deposits pledged	26	-
Hire purchase creditors	(208)	1,679
Trust receipts creditors	37	(3,441)
(Repayment)/proceeds from bank borrowing	(4,144)	7,917
Interest paid	(46)	(229)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(4,335)</b>	<b>5,926</b>
<b>Net increase in cash and cash equivalents held</b>	<b>3,994</b>	<b>6,432</b>
Cash and cash equivalents at beginning of the financial period	16,763	4,493
Effect of currency translation on cash and cash equivalents	207	(2)
<b>Cash and cash equivalents at end of the financial period</b>	<b>20,964</b>	<b>10,923</b>
<b>Cash and cash equivalents represented by:</b>		
Bank and cash balances	21,028	12,211
Fixed deposits with financial institutions	1,167	1,904
Less: Bank overdrafts	(75)	(1,289)
Less: Restricted bank deposits	(1,156)	(1,903)
	<b>20,964</b>	<b>10,923</b>

**1(d)(i). A statement (for the issuer and 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**

<b>Group</b>	<b>Share Capital</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Minority interests</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>1QFY2016</b>						
As at 1 Apr 2015	36,178	707	22,319	59,204	1,992	61,196
Total comprehensive income for the period	-	326	1,911	2,237	(114)	2,123
<b>As at 30 Jun 2015</b>	<b>36,178</b>	<b>1,033</b>	<b>24,230</b>	<b>61,441</b>	<b>1,878</b>	<b>63,319</b>
<b>1QFY2015</b>						
As at 1 Apr 2014	36,178	(75)	35,482	71,585	1,825	73,410
Total comprehensive income for the period	-	13	1,052	1,065	155	1,220
As at 30 Jun 2014	36,178	(62)	36,534	72,650	1,980	74,630

<b>Company</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>1QFY2016</b>			
As at 1 Apr 2015	36,178	31,063	67,241
Total comprehensive income for the period	-	(815)	(815)
<b>As at 30 Jun 2015</b>	<b>36,178</b>	<b>30,248</b>	<b>66,426</b>
<b>1QFY2015</b>			
As at 1 Apr 2014	36,178	30,105	66,283
Total comprehensive income for the period	-	3,586	3,586
As at 30 Jun 2014	36,178	33,691	69,869

**1(d)(ii). Details of any changes in the company's share capital arising rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversions of other issues of equity securities, issue of shares for the 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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**

Not applicable.

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

	<b>FY2016</b>	<b>FY2015</b>
<b>Issued &amp; fully paid share capital</b>		
Number of shares as at 30 June and 1 April	303,750,000	303,750,000

**1(d)(iv). A statement showing all sales, transfers, disposal, 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 and in accordance with which auditing standard or practice**

These 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 matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statement have been applied**

The accounting policies have been consistently applied by the Group, and are consistent with those used in the preparation of the financial statements for the financial year ended 31 March 2015 except as disclosed in paragraph 5 below.

**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**

In FY2016, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 April 2015.

The FRS applicable to the Group is as follows:

*FRS 24 Related party disclosures*

*FRS 40 Investment property*

*FRS 103 Business combinations*

*FRS 108 Operating segments*

*FRS 113 Fair value measurement*

The adoption of the above FRS did not result in significant changes to the Group's and Company's accounting policies.

**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 dividend**

	Group	
	30-Jun-15	30-Jun-14
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	0.63	0.35
Based on fully diluted basis (cents)	0.63	0.35
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	1,911	1,052
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	1,911	1,052
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750

Note:

(a) The profit per share ("EPS") is calculated by dividing the consolidated net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial period. Diluted profit per share are the same as basic profit per share as there are no potential dilutive ordinary shares.

(b) There was no material impact on prior period EPS on adoption of the revised FRS as discussed in paragraph 5.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30-Jun-15	31-Mar-15	30-Jun-15	31-Mar-15
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	20.8	20.1	21.9	22.1

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2015 (31 March 2015: 303,750,000). There was no material impact on prior period net asset value per share on adoption of the revised FRS as discussed in paragraph 5.

- 8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

First Quarter (1QFY2016) Review

The Group's revenue for 1QFY2016 decreased by 56.5% from S\$76.0 million to S\$33.0 million as compared to 1QFY2015 mainly due to lower recognition of project revenue in 1QFY2016 as major projects were completed in FY2015. The gross profit increased by 12.4 % from S\$5.8 million to S\$6.6 million mainly due to the absence of cost overruns and the recognition of an additional billing of S\$1.0 million in respect of a previously completed project.

The Group's net profit attributable to shareholders for 1QFY2016 increased from S\$1.1 million to S\$1.9 million as compared to 1QFY2015 mainly due to the factors mentioned above.

Statement of Financial Position Review

The decrease of S\$13.6 million in trade and other receivables as at 30 June 2015 as compared to 31 March 2015 is mainly due to higher collections in 1QFY2016.

The decrease of S\$6.4 million in trade and other payables as at 30 June 2015 as compared to 31 March 2015 is in line with the Group's business activities.

The total borrowings of S\$3.2 million as at 30 June 2015 had decreased by S\$4.3 million compared to S\$7.5 million as at 31 March 2015 due to repayment of loans.

As at 30 June 2015, the Group's cash and cash equivalents stood at S\$22.2 million as compared to S\$18.0 million as at 31 March 2015.

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

Not applicable.

- 10. A commentary at the date of 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**

Barring unforeseen circumstances, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2016 in spite of the uncertain market conditions of the oil-and-gas industry. The Group will continue to control costs and take steps to improve productivity and look for other business opportunities.

As at the date of this announcement, the Group's outstanding order book stands at S\$122 million.

- 11. If a decision regarding dividend has been made:**

- (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? No.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No interim dividend has been recommended for the period ended 30 June 2015.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPs”), 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.**

The Group does not have any interested person transaction and no IPT mandate has been obtained.

**14. Statement by Directors  
Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited financial statements of Hiap Seng Engineering Ltd for the first quarter ended 30 June 2015 presented in this announcement to be false or misleading in any material aspects.

**By order of the board**

**TAN HAK JIN  
Joint Company Secretary  
12 August 2015**



## 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 1QFY2016

**Singapore, August 12, 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 a 81.7% rise in net profit attributable to shareholders to S\$1.9 million for the first quarter ended June 30, 2015 (“1QFY2016”).

Largely as a result of lower recognition of project revenue as major projects were completed in FY2015, the Group recorded a 56.5% decrease in revenue to S\$33.0 million in 1QFY2016. This compares to S\$76.0 million achieved during the previous corresponding period (“1QFY2015”). However, gross profit rose 12.4% to S\$6.6 million in 1QFY2016 from S\$5.8 million in 1QFY2015 primarily due to the absence of cost overruns and the recognition of an additional billing of S\$1 million in respect of a previously completed project.

The Group correspondingly registered a net profit attributable to shareholders of S\$1.9 million, an increase from S\$1.1 million in 1QFY2015.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “Over the past few quarters, we faced acute challenges in the macro environment as well as higher operating cost and cost overruns. While these factors continue to affect us, we managed to temper these pressures with better cost management that has resulted in a profitable quarter.



“During the quarter, we successfully secured two contracts worth about US\$11 million for the provision of offshore gas compressor packages which are scheduled to complete by March 2016. We also obtained a contract worth approximately S\$43 million for the provision of mechanical works for the Mogas-Cogen Project on Jurong Island that is expected to be completed in September 2016.

“In July 2015, subsequent to the quarter, we formed a joint venture company – PTTE Hiap Seng JV Sdn. Bhd. – in Malaysia to consolidate our presence in the country. The joint venture company will be engaged in mechanical engineering works and services, plant fabrication and installation for the oil, gas and petrochemical industries.”

Hiap Seng’s cash and cash equivalents stood at S\$22.2 million, with a net cash position of S\$19.0 million as at June 30, 2015, which improved from a net cash position of S\$10.5 million as at March 31, 2015.

The Group’s order book as at August 12, 2015 stood at S\$122 million.

## **Outlook**

For the current financial year ending March 31, 2016, barring any unforeseen circumstances, the Directors of the Group continue to be cautiously optimistic on Hiap Seng’s performance in spite of the uncertainties surrounding the oil-and-gas industry.

Mr. Frankie Tan added, “With the wide volatility of oil and energy prices over the past year, which is expected to continue for some time, we expect market conditions to remain challenging. Nevertheless, we remain committed to improving our overall operational productivity and seeking other business opportunities.”

## **Corporate Profile**

Established in 1971 and a Mainboard-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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ISSUED ON BEHALF OF : Hiap Seng Engineering Ltd.  
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd  
55 Market Street  
#02-01  
SINGAPORE 048941

***For CDRi.MAGE***

CONTACT : Ms Dolores Phua / Mr Han Zhongchou  
at telephone  
DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9750-8237 / 9154-3765 (Handphone)  
EMAIL : [dolores.phua@citigatedrimage.com](mailto:dolores.phua@citigatedrimage.com)  
[zhongchou.han@citigatedrimage.com](mailto:zhongchou.han@citigatedrimage.com)

***For Hiap Seng***

CONTACT : Mr Tan Hak Jin  
at telephone  
DURING OFFICE HOURS : 6897-8082 (Office)  
EMAIL : [thj@hiapseng.com](mailto:thj@hiapseng.com)

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