

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

UNAUDITED FOURTH QUARTER AND FULL YEAR ENDED 31 MARCH 2016
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the fourth quarter and full year ended 31 March 2016:

	Group			Group		
	4QFY16	4QFY15	Increase/ (Decrease)	FY16	FY15	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	55,641	48,091	15.7%	167,883	253,104	(33.7%)
Cost of sales	(49,278)	(44,253)	11.4%	(144,401)	(242,804)	(40.5%)
Gross profit	6,363	3,838	65.8%	23,482	10,300	NM
Gross profit margin	11.4%	8.0%		14.0%	4.1%	
Other income	12	8	50.0%	59	50	18.0%
Administrative costs	(3,971)	(9,377)	(57.7%)	(17,849)	(24,511)	(27.2%)
Other (loss)/gain- net	(261)	1,980	NM	482	2,706	(82.2%)
Profit/(loss) from operations	2,143	(3,551)	NM	6,174	(11,455)	NM
Finance costs	(102)	(111)	(8.1%)	(110)	(708)	(84.5%)
Share of (loss) / profit of associated companies	(6)	(105)	(94.3%)	24	386	(93.8%)
Profit/(loss) before tax	2,035	(3,767)	NM	6,088	(11,777)	NM
Income tax expense	(203)	(574)	(64.6%)	(482)	(960)	(49.8%)
Net profit/(loss) after tax	1,832	(4,341)	NM	5,606	(12,737)	NM
Other comprehensive income						
Foreign currency translation	(2,127)	583	NM	(831)	925	NM
Total comprehensive (loss)/income for the period	(295)	(3,758)	NM	4,775	(11,812)	NM
Profit/(loss) attributable to:						
Owner of the parent	1,932	(4,284)	NM	6,044	(13,163)	NM
Non-controlling interests	(100)	(57)	75.4%	(438)	426	NM
	1,832	(4,341)	NM	5,606	(12,737)	NM
Total comprehensive income/(loss) attributable to:						
Owner of the parent	(183)	(3,699)	NM	5,258	(12,223)	NM
Non-controlling interests	(112)	(59)	(89.8%)	(483)	411	NM
	(295)	(3,758)	NM	4,775	(11,812)	NM

NM: Denotes not meaningful

Profit from operations included the following:

	Group		Group	
	4QFY16 S\$'000	4QFY15 S\$'000	FY16 S\$'000	FY15 S\$'000
(a) Other income/(loss)				
interest income	12	8	59	50
(b) Other gain/(loss)- net				
Net gain/(loss) on disposal of property, plant and equipment	53	(40)	149	43
Property, plant and equipment written off	-	-	(40)	-
Net gain on disposal of a subsidiary	-	2,537	-	2,537
Currency exchange (loss)/gain –net	(329)	(545)	117	77
Miscellaneous gain	15	28	256	49
(c) Administrative costs				
Allowance for impairment of receivables	-	(4,666)	-	(4,666)
Write back for doubtful trade debts	(1)	374	261	374

(d) Depreciation of property, plant and equipment	(1,105)	(1,019)
(e) Amortisation of intangible assets	(30)	(30)
(f) Interest on borrowing	(102)	(111)

(4,028)	(4,245)
(120)	(154)
(110)	(708)

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-Mar-2016 S\$'000	31-Mar-2015 S\$'000	31-Mar-2016 S\$'000	31-Mar-2015 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	13,457	17,968	9,714	10,684
Trade and other receivables	61,541	61,109	70,413	70,591
Contract work-in-progress	6,699	2,406	6,021	1,797
Other current assets	2,760	2,125	1,773	1,107
	84,457	83,608	87,921	84,179
Non-current assets				
Club memberships	386	386	321	321
Investments in associated companies	372	348	109	109
Investments in subsidiaries	-	-	14,783	14,775
Property, plant and equipment	21,687	23,918	6,770	7,094
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	60	71	-	-
Intangible assets	6,382	6,503	-	-
	31,369	33,708	24,465	24,781
Total assets	115,826	117,316	112,386	108,960
LIABILITIES				
Current liabilities				
Trade and other payables	44,809	46,944	42,500	39,803
Current income tax liabilities	22	340	2	11
Borrowings	4,997	6,598	769	783
	49,428	53,882	43,271	40,597
Non-current liabilities				
Borrowings	219	881	102	787
Deferred income tax liabilities	1,327	1,357	362	335
	1,546	2,238	464	1,122
Total liabilities	51,374	56,120	43,735	41,719
NET ASSETS	64,452	61,196	68,651	67,241
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	(79)	707	-	-
Retained earnings	26,844	22,319	32,473	31,063
Total	62,943	59,204	68,651	67,241
Non-controlling interests	1,509	1,992	-	-
Total equity	64,452	61,196	68,651	67,241

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

	31-Mar-2016		31-Mar-2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	5,013	-	6,598	-
Amount repayable after one year	203	-	881	-

Details of any collaterals:

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

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		Group	
	4QFY 16 S\$'000	4QFY 15 S\$'000	FY 16 S\$'000	FY 15 S\$'000
Cash flows from operating activities:				
Total profit/(loss) after tax	1,832	(4,341)	5,606	(12,737)
Adjustments for :				
Depreciation of property, plant and equipment	1,105	1,019	4,028	4,245
Amortisation of intangible assets	30	30	120	154
Net (gain)/ loss on disposal of property, plant and equipment	(53)	40	(149)	(43)
Property, plant and equipment written off	-	-	40	-
Share of loss/(profit) of associated companies	6	105	(24)	(386)
Provision for/(write-back) of doubtful trade debts	1	4,292	(261)	4,292
Net gain on disposal of a subsidiary	-	(2,538)		(2,537)
Unrealised currency translation (gain)/ loss	(1,842)	(183)	(15)	(186)
Income tax expense	203	574	482	960
Interest expense	102	111	110	708
Interest income	(12)	(8)	(59)	(50)
Operating cash flow before working capital changes	1,372	(899)	9,878	(5,580)
Change in working capital				
Contract work-in-progress	372	10,935	(4,293)	49,413
Trade and other receivables	(11,269)	27,392	(170)	38,266
Other current assets	541	(237)	(635)	(162)
Trade and other payables	4,216	(20,901)	(2,133)	(43,630)
Cash (used in)/generated from operations	(4,768)	16,290	2,647	38,307
Income taxes (paid)/refunded	(411)	(543)	(821)	286
Net cash (used in) / provided by operating activities	(5,179)	15,747	1,826	38,593
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	69	178	170	534
Proceeds from disposal of a subsidiary	-	2,319	-	2,319
Purchase of Club membership	-	(23)	-	(23)
Acquisition of equity interest in existing subsidiary from Non-controlling interests	-	-	-	(216)
Purchases of property, plant and equipment	(592)	(398)	(3,159)	(2,497)
Interest income received	12	8	59	50

Net cash (used in) / provided by investing activities	(511)	2,084	(2,930)	167
Cash flows from financing activities				
Dividend paid	-	-	(1,519)	-
(Decrease)/increase in bank overdraft	(22)	746	(11)	721
Hire purchase creditors	(127)	(297)	(644)	1,155
Trust receipts creditors	(330)	(706)	563	(6,581)
Proceeds/(repayments) from bank borrowing	3,465	(12,291)	(1,993)	(21,093)
Interest paid	(102)	(111)	(110)	(708)
Net cash provided by/ (used in) financing activities	2,884	(12,659)	(3,714)	(26,506)
Net (decrease)/increase in cash and cash equivalents	(2,806)	5,172	(4,818)	12,254
Effect of exchange rate change on cash and cash equivalents	7	7	342	16
Cash and cash equivalents at beginning of the financial period	15,086	11,584	16,763	4,493
Cash and cash equivalents at end of the financial period	12,287	16,763	12,287	16,763
Cash and cash equivalents represented by:				
Bank and cash balances	12,280	16,775	12,280	16,775
Fixed deposits with financial institutions	1,177	1,193	1,177	1,193
Less: Bank overdrafts	(10)	(23)	(10)	(23)
Less: Restricted bank deposits	(1,160)	(1,182)	(1,160)	(1,182)
	12,287	16,763	12,287	16,763

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

Group	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
9MFY16						
As at 1 Apr 2015	36,178	707	22,319	59,204	1,992	61,196
Total comprehensive income for the period	-	1,329	4,112	5,441	(371)	5,070
Dividend relating to FY2015 paid	-	-	(1,519)	(1,519)	-	(1,519)
As at 31 Dec 2015	36,178	2,036	24,912	63,126	1,621	64,747
4QFY16						
Total comprehensive income for the period	-	(2,115)	1,932	(183)	(112)	(295)
As at 31 Mar 2016	36,178	(79)	26,844	62,943	1,509	64,452
9MFY15						
As at 1 Apr 2014	36,178	(75)	35,482	71,585	1,825	73,410
Total comprehensive income for the period	-	355	(8,879)	(8,524)	470	(8,054)
Acquisition of equity interest in existing subsidiary from Non-controlling interests	-	(158)	-	(158)	(58)	(216)

As at 31 Dec 2014	36,178	122	26,603	62,903	2,237	65,140
4QFY15						
Total comprehensive income for the period	-	585	(4,284)	(3,699)	(59)	(3,758)
Disposal of Subsidiary	-	-	-	-	(186)	(186)
As at 31 Mar 2015	36,178	707	22,319	59,204	1,992	61,196

Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
9MFY16			
As at 1 Apr 2015	36,178	31,063	67,241
Total comprehensive income for the period	-	(379)	(379)
Dividend relating to FY2015 paid	-	(1,519)	(1,519)
As at 31 Dec 2015	36,178	29,165	65,343
4QFY16			
Total comprehensive income for the period	-	3,308	3,308
As at 31 Mar 2016	36,178	32,473	68,651
9MFY15			
As at 1 Apr 2014	36,178	30,105	66,283
Total comprehensive income for the period	-	(4,914)	(4,914)
As at 31 Dec 2014	36,178	25,191	61,369
4QFY15			
Total comprehensive income for the period	-	5,872	5,872
As at 31 Mar 2015	36,178	31,063	67,241

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 immediate preceding year.

	FY2016	FY2015
Issued & fully paid share capital		
Number of shares	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 statements 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 dividends:

	Group		Group	
	4QFY16	4QFY15	FY16	FY15
Earnings/(loss) per share (cents) Based on number of ordinary shares on issue (cents)	0.64	(1.41)	1.99	(4.33)
On fully diluted basis (cents)	0.64	(1.41)	1.99	(4.33)
Net earnings/(loss) attributable to ordinary shareholders for basic earnings per share (S\$'000)	1,932	(4,284)	6,044	(13,163)
Net earnings/(loss) attributable to ordinary shareholders for diluted earnings per share (S\$'000)	1,932	(4,284)	6,044	(13,163)
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750	303,750	303,750

Notes:

(a) The earnings 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.

(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 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	
	31-Mar-16	31-Mar-2015	31-Mar-16	31-Mar-2015
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	20.7	19.5	22.6	22.1

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 31 March 2016 (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**

Fourth Quarter (4QFY2016) Review

The Group's revenue for 4QFY2016 increased by 15.7% from S\$48.1 million to S\$55.6 million as compared to 4QFY2015 mainly due to higher plant maintenance revenue in 4QFY2016. The gross profit for 4QFY2016 increased by 65.8% from S\$3.8 million to S\$6.4 million as compared to 4QFY2015 mainly due to better cost controls.

The Group's administrative costs decreased by 57.7% from S\$9.4 million to S\$4.0 million mainly due to the allowance for impairment of receivables of S\$4.7 million provided in 4QFY2015 by a Malaysian subsidiary. Excluding this allowance, the administrative costs would have decreased by only 15.7% from S\$4.7 million in 4QFY2015 to S\$4.0 million in 4QFY2016.

The Group's net profit attributable to shareholders for 4QFY2016 amounted to S\$1.9 million as compared to a loss of S\$4.3 million for 4QFY2015 mainly due to the factors mentioned above.

Full Year (FY2016) Review

The Group's revenue for FY2016 decreased by 33.7% from S\$253.1 million to S\$167.9 million as compared to FY2015 mainly due to lower recognition of project revenue in FY2016. The gross profit increased from S\$10.3 million to S\$23.5 million mainly due to better cost controls and recognition of an additional billing of S\$1.0 million in respect of a previously completed project.

The Group's administrative costs decreased by 27.2% from S\$24.5 million to S\$17.8 million mainly due to the allowance for impairment of receivables of S\$4.7 million provided in FY2015. Excluding this allowance, the administrative costs would have decreased by only 10.1% from S\$19.8 million in FY2015 to S\$17.8 million in FY2016.

The Group's net profit attributable to shareholders for FY2016 amounted to S\$6.0 million as compared to a loss of S\$13.2 million for FY2015 mainly due to the factors mentioned above.

Statement of Financial Position Review

The increase of S\$4.3 million in contract work-in-progress as at 31 March 2016 as compared to 31 March 2015 is in line with the Group's project schedules.

The decrease of S\$2.1 million in trade and other payables as at 31 March 2016 as compared to 31 March 2015 is in line with the Group's business activities.

The total borrowings of S\$5.2 million as at 31 March 2016 had decreased by S\$2.3 million compared to S\$7.5 million as at 31 March 2015 due to repayment of loans.

As at 31 March 2016, the Group's cash and cash equivalents stood at S\$13.5 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 2017 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\$138 million.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Final
Dividend type	Cash
Dividend rate	1.0 cent per ordinary share
Tax rate	One –tier tax exempt

(b) Corresponding period of the immediately preceding financial year

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

Name of dividend	Final
Dividend type	Cash
Dividend rate	0.5 cent per ordinary share
Tax rate	One –tier tax exempt

(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)

Refer to 11(a).

(d) Date payable

The proposed final dividend, if approved by the members at the Annual General Meeting to be held on 28 July 2016, will be paid on 26 August 2016.

(e) Books closure date

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 11 August 2016 to 12 August 2016 (both dates inclusive) to determine shareholders' entitlement to the final one-tier tax exempt dividend of 1.0 cent per ordinary share for the year ended 31 March 2016.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land

Tower #32-01, Singapore 048623 up to 5:00 p.m. on 10 August 2016 will be registered to determine shareholders' entitlement to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 10 August 2016 will be entitled to the proposed dividend.

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

Not applicable.

13. Segmented revenue and results for reportable or geographical segments (of the Group) in form presented in the user's most recently audited annual financial statements, with comparative information for the immediately preceding year

The Group Segmental results for the financial year ended 31 March 2016 is as follows:

(A) Reportable Segment

	Plant construction & maintenance		Compression & process equipment fabrication		Consolidated	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
- Revenue from external parties	143,597	216,627	24,286	36,477	167,883	253,104
Adjusted EBITDA for reportable segments	14,322	(5,972)	(4,035)	(748)	10,287	(6,720)
Depreciation	(3,953)	(4,146)	(75)	(99)	(4,028)	(4,245)
Amortisation	(120)	(154)	-	-	(120)	(154)
Finance expense	(84)	(624)	(26)	(84)	(110)	(708)
Interest income	50	42	9	8	59	50
Profit/(loss) before tax	10,215	(10,854)	(4,127)	(923)	6,088	(11,777)
Share of profit of associated companies	24	386	-	-	24	386
Total assets	94,382	91,981	21,444	25,335	115,826	117,316
Total assets include:						
Investment in associated companies	372	348	-	-	372	348
Additions to:						
Property, plant and equipment	3,104	2,468	55	29	3,159	2,497
Total liabilities	(32,702)	(38,103)	(18,672)	(18,017)	(51,374)	(56,120)

(B) Geographical information

	Revenue		Non-current assets	
	FY16	FY 15	FY16	FY 15
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	119,497	137,310	18,603	19,293
China	7,721	15,938	822	634
Malaysia	8,314	32,929	17	63
Vietnam	3,475	26,107	-	-
Thailand	22,084	37,215	11,927	13,718
Africa	1,028	1,938	-	-
Korea	5,045	-	-	-
Others	719	1,667	-	-
Total	167,883	253,104	31,369	33,708

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the reportable or geographical segments

The revenue for plant construction & maintenance segment decreased from S\$216.6 million to S\$143.6 million. This decrease was mainly due to the lower recognition of project revenue for FY2016. The profit before tax for this segment amounted to S\$10.2 million as compared to a loss of S\$10.9 million for FY2015. In FY2015, there were cost overruns in certain projects and the allowance for impairment of receivables of S\$4.7m provided by a Malaysian subsidiary.

The revenue for compression & process equipment fabrication segment decreased from S\$36.5 million to S\$24.3 million mainly due to lower recognition of project revenue. The loss before tax for this segment increased from S\$0.9 million for FY2015 to S\$4.1 million for FY2016 mainly due to the lower recognition of project revenue.

Geographically, the Group's revenue in every segment declined mainly due to the lower recognition of project revenue for FY2016.

15. A breakdown of sales

(all figures in S\$'000)	FY 16	FY 15	% increase/ (decrease)
Sales reported for the first half year	62,159	156,623	(60.3)
Net profit/(loss) after tax reported for first half year	2,933	(2,201)	NM
Sales reported for second half year	105,724	96,481	9.6
Net profit/(loss) after tax reported for second half year	2,673	(10,536)	NM

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

(all figures in S\$'000)	Latest Full Year	Previous Full Year
Ordinary Preference	3,038	1,519
Total	3,038	1,519

The Directors propose a final one-tier tax exempt dividend of 1.0 cent per share (2015: 0.5 cent per share one-tier tax exempt) amounting to S\$3,037,500 (2015: S\$1,518,750) based on 303,750,000 shares issued as of 31 March 2016 for the shareholders' approval at the forthcoming Annual General Meeting.

These financial statements do not reflect the above proposed dividend which will be accounted for in shareholders' equity as an appropriation of retained earnings to the financial year ending 31 March 2017.

17. If the Group has obtained a general mandate from shareholders for interested person transactions ("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.

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

18. Disclosure of person occupying a managerial position in the Issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the Issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that the persons occupying managerial positions who are relatives of a director or chief executive officer or substantial shareholder of the Company are as follows:

Name	Age	Family Relationship with any Director CEO and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the
Tan Yew Kun	64	Brother of Tan Ah Lam and Tan Leau Kuee	Plant Maintenance Director In charge of Group's Plant maintenance department Since 1999	No change
Tan Phuay Hong	43	Son of Tan Ah Lam Nephew of Tan Leau Kuee	Assistant Vice President Manage projects undertaken by the Group Since 2007	No change
Tan Puay Chye	39	Nephew of Tan Ah Lam and Tan Leau Kuee	Vice President In charge of Group's Compression & Process equipment fabrication Since 2007	No change
Tan Yaw Song	56	Brother of Tan Ah Lam and Tan Leau Kuee	Director of Projects Oversees the Group's overall operations except plant maintenance Since 2002	No change
Tan Yeow Lan	60	Sister of Tan Ah Lam and Tan Leau Kuee	Senior Accounts Manager Assist the CFO in the Group's accounting functions Since 1997	No change
Goh Chwee Guan	64	Brother-in-law of Tan Ah Lam	Senior Project Manager Manage projects undertaken by the Group Since 1992	No change
Tay Hee Thiam	61	Cousin of Tan Ah Lam and Tan Leau Kuee	Construction Manager Manage projects undertaken by the Group Since 1993	No change

Tan Biby Valarie	38	Niece of Tan Ah Lam Daughter of Tan Leau Kuee	Business Manager Establish, develop and maintain business relationships with current customers and prospective customers for the Group Since 2011	No change
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19. Confirmation of Undertakings from Directors and Executive Officers

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

By order of the board

TAN HAK JIN
Joint Company Secretary
26 May 2016



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 4QFY2016 AND FY2016

Singapore, May 26, 2016 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today reported a turnaround in net profit attributable to shareholders of S\$1.9 million and S\$6.0 million for the fourth quarter and full year ended March 31, 2016 (“4QFY2016” and “FY2016” respectively).

The Group registered a 15.7% increase in revenue to S\$55.6 million in 4QFY2016 from S\$48.1 million in the previous corresponding quarter (“4QFY2015”) largely due to higher plant maintenance revenue during the period. In line with topline increase, the Group’s gross profit rose by 65.8% to S\$6.4 million from S\$3.8 million over the same period. With better cost controls, gross profit margin rose 3.4 percentage points to 11.4% in 4QFY2016 from 8.0% in 4QFY2015. An allowance for impairment of receivables of S\$4.7 million provided by a Malaysian subsidiary in 4QFY2015 led mainly to the 57.7% decrease in administrative costs from S\$9.4 million to S\$4.0 million in 4QFY2016. Excluding this allowance, administrative costs would have decreased by only 15.7% to S\$4.0 million from S\$4.7 million over the same period.

Mainly in line with higher revenue and better cost management, Hiap Seng consequently saw a turnaround in net profit attributable to shareholders to S\$1.9 million in 4QFY2016 from a net loss of S\$4.3 million in 4QFY2015.

For FY2016, revenue dipped 33.7% to S\$167.9 million from S\$253.1 million in the previous full year ended March 31, 2015 (“FY2015”) mainly due to lower recognition of project revenue. Nonetheless, Hiap Seng achieved a better performance in FY2016 with a turnaround in net profit attributable to shareholders to S\$6.0 million as compared to a net loss attributable to shareholders of S\$13.2 million in FY2015. This was due to better cost controls, which led to a rise in gross profit margin by 9.9 percentage points to 14.0% in FY2016; and a recognition of an additional billing amounting to S\$1.0 million from a project completed previously.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We are pleased to have seen a turnaround in our financial performance since the start of this financial year. We are also delighted to have secured two contracts amidst keen competition and volatile conditions faced by all industry players in the oil-and-gas sector. We were awarded a S\$18.3 million contract for the provision of mechanical works in relation to plant maintenance and construction, scheduled for completion in July 2016 and February 2017 respectively. As a boost to our recurring income, we secured a three-year project from Singapore Refining Company, for the plant maintenance of its refinery located on Jurong island, effective for the period from 1 April 2016 to 31 March 2019. These contracts are expected to contribute positively to our earnings.”

Hiap Seng held cash and cash equivalents of S\$13.5 million and had a healthy net cash position of S\$8.2 million as at March 31, 2016.

The Group’s outstanding order book as at February 12, 2016 stood at S\$138 million.

Proposed Dividends

To reward its loyal shareholders, the Group has proposed a one-tier tax exempt dividend of 1.0 cent per ordinary share as compared to 0.5 cent per ordinary share for the previous year. The proposed dividend, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on August 26, 2016.

Outlook

The Directors of Hiap Seng remain cautiously optimistic on the Group's performance for the current financial year ending March 31, 2017 barring any unforeseen circumstances.

Mr. Frankie Tan added, "With a healthy order book and net cash position, this will put us in a firm position to weather through this cycle along with the rest of the industry. At the same time, through prudent cost management, productivity measures and a focus on seeking out new and profitable business opportunities, we aim to continue to deliver value to our shareholders."

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 five well-equipped fabrication yards in Singapore and Thailand with a total land area of about 2.2 million sq ft and a workforce of about 1,500 well-trained and skilled employees.

ISSUED ON BEHALF OF : Hiap Seng Engineering Ltd.
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For CDRi.MAGE

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May 26, 2016