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* Asterisks denote mandatory information

Name of Announcer *	HIAP SENG ENGINEERING LTD
Company Registration No.	197100300Z
Announcement submitted on behalf of	HIAP SENG ENGINEERING LTD
Announcement is submitted with respect to *	HIAP SENG ENGINEERING LTD
Announcement is submitted by *	Tan Hak Jin
Designation *	Joint Company Secretary
Date & Time of Broadcast	25-May-2011 17:08:51
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[>> ANNOUNCEMENT DETAILS](#)

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2011
Description	PLEASE SEE THE ATTACHMENTS: (1) FOURTH QUARTER AND FULL YEAR ENDED 31 MARCH 2011 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (2) NEWS RELEASE.
Attachments	HS_FY2011_results_announcement.pdf HS_FY2011_News_Release.pdf Total size = 102K (2048K size limit recommended)

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

FOURTH QUARTER AND FULL YEAR ENDED 31 MARCH 2011 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 2011

	Group			Group		
	4QFY11	4QFY10	Increase/ (Decrease)	FY11	FY10	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	32,436	57,375	(43.5)	188,423	252,114	(25.3)
Cost of sales	(27,720)	(44,438)	(37.6)	(162,860)	(196,699)	(17.2)
Gross profit	4,716	12,937	(63.5)	25,563	55,415	(53.9)
Gross profit margin	14.5%	22.5%		13.6%	22.0%	
Other gain/(loss) – net	(168)	(153)	9.8	(2,027)	(1,048)	93.4
Administrative costs	(3,943)	(4,186)	(5.8)	(13,916)	(18,006)	(22.7)
Other operating costs	(10)	184	NM	(18)	473	NM
Profit from operations	595	8,782	(93.2)	9,602	36,834	(73.9)
Finance incomes/(costs)	6	(8)	NM	(49)	(32)	53.1
Share of (loss)/profit of associated companies	(256)	539	NM	(291)	762	NM
Profit before tax	345	9,313	(96.3)	9,262	37,564	(75.3)
Income tax (expense)/credit	285	(1,366)	NM	(1,178)	(6,090)	(80.7)
Net profit after tax	630	7,947	(92.1)	8,084	31,474	(74.3)
Other comprehensive income						
Foreign currency translation	(32)	(5)	NM	(87)	(116)	(25.0)
Total comprehensive income for the period	598	7,942	(92.5)	7,997	31,358	(74.5)
Profit attributable to:						
Owner of the parent	713	8,115	(91.2)	8,024	31,491	(74.5)
Minority interests	(83)	(168)	(50.6)	60	(17)	NM
	630	7,947	(92.1)	8,084	31,474	(74.3)
Total comprehensive income attributable to:						
Owner of the parent	682	8,107	(91.6)	7,939	31,375	(74.7)
Minority interests	(84)	(165)	(49.1)	58	(17)	NM
	598	7,942	(92.5)	7,997	31,358	(74.5)

NM: Denotes not meaningful

Profit from operations included the following:	Group	
	4QFY11	4QFY 10
	S\$'000	S\$'000
(a) Other gain/(loss) – net		
Investment interest	-	-
Other income including interest income	134	88
Profit on disposal of property, plant and equipment	48	-
Profit on disposal of club membership	-	-
Foreign exchange gain/(loss)	(383)	(275)
(b) Other operating cost		
Writeback/(provision) of allowance for doubtful trade debts	3	126
(c) Depreciation of property, plant and equipment	(712)	(754)
(d) Income tax expenses adjustment for over/(under) provision of tax in respect to prior year	283	(40)

	Group	
	FY11	FY10
	S\$'000	S\$'000
	-	24
	525	262
	53	10
	-	10
	(2,709)	(1,420)
	16	556
	(2,698)	(2,871)
	283	(40)

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-2011	31-Mar-2010	31-Mar-2011	31-Mar-2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	44,298	17,679	29,233	9,899
Trade and other receivables	62,026	96,494	40,465	75,920
Inventories	-	2,093	-	-
Contract work-in-progress	2,597	18,044	1,472	17,716
Other current assets	730	1,078	417	564
	109,651	135,388	71,587	104,099
Non-current assets				
Advance to directors/shareholders of an associated company	250	257	-	-
Club memberships	363	314	298	249
Investments in associated companies	1,894	2,199	979	1,436
Investments in subsidiaries	-	-	8,255	8,282
Investment property	-	-	208	417
Property, plant and equipment	9,723	11,723	8,314	9,957
Deferred income tax assets	105	105	-	-
	12,335	14,598	18,054	20,341
Total assets	121,986	149,986	89,641	124,440
LIABILITIES				
Current liabilities				
Trade and other payables	40,873	61,438	22,154	47,672
Current income tax liabilities	1,310	5,877	851	4,978
Borrowings	1,860	299	176	291
	44,043	67,614	23,181	52,941
Non-current liabilities				
Borrowings	57	199	-	176
Deferred income tax liabilities	757	891	698	829
	814	1,090	698	1,005
Total liabilities	44,857	68,704	23,879	53,946
NET ASSETS	77,129	81,282	65,762	70,494
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	(120)	(35)	-	-
Retained earnings	39,275	43,401	29,584	34,316
Total	75,333	79,544	65,762	70,494
Minority interests	1,796	1,738	-	-
Total equity	77,129	81,282	65,762	70,494

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

Amount repayable in one year or less, or on demand

As at 31/03/2011		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,860	0	299	0

Amount repayable after one year

As at 31/03/2011		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
57	0	199	0

Details of any collateral

The Group's borrowings are secured against certain properties, machinery and fixed deposits within 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

	Group		Group	
	4Q FY 11 S\$'000	4Q FY 10 S\$'000	FY 11 S\$'000	FY 10 S\$'000
Cash flow from operating activities:				
Total profit	630	7,947	8,084	31,474
Adjustment for :				
Fixed assets written off	-	2	-	57
Depreciation of property, plant and equipment	712	754	2,698	2,871
Net gain on disposal of plant and equipment	(48)	-	(53)	(10)
Net loss on disposal of financial assets ,available-for-sale	-	-	-	37
Profit on disposal of club membership	-	-	-	(10)
Share of loss/(profit) of associated companies	256	(539)	291	(762)
Foreign exchange adjustments	(13)	24	(72)	(127)
Income tax expenses	(285)	1,366	1,178	6,090
Interest expense	(6)	8	49	32
Interest income	(134)	(89)	(525)	(286)
Operating cash flow before working capital changes	1,112	9,473	11,650	39,366
Changes in operating assets and liabilities				
Inventories and contract work-in-progress	793	13,261	17,540	(5,270)
Trade and other receivables	2,615	(14,790)	34,468	(30,881)
Other current assets	916	(33)	347	159
Trade and other payables	(7,754)	(18,237)	(20,565)	85
Cash (used in)/generated from operations	(2,318)	(10,326)	43,440	3,459
Income taxes paid	(62)	(47)	(5,879)	(3,390)
Net cash inflow (used in)/ from operating activities	(2,380)	(10,373)	37,561	69
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	118	3	123	36

Disposals of financial assets available-for –sale	-	-	-	1,000
Proceeds from sale of club membership	-	-	(49)	157
Purchases of property, plant and equipment	(300)	(217)	(787)	(1,689)
Interest income received	134	89	525	286
Net cash inflow/(outflow) from investing activities	(48)	(125)	(188)	(210)
Cash flows from financing activities				
Dividend paid	(3,038)	(3,038)	(12,150)	(7,594)
Decrease/(Increase) in bank deposits pledged	31	(28)	1,002	(1,047)
Hire purchase creditors	(79)	(73)	(246)	(254)
Interest paid	6	(8)	(49)	(32)
Net cash (outflow)/inflow from financing activities	(3,080)	(3,147)	(11,443)	(8,927)
Net (decrease)/increase in cash and cash equivalents held	(5,508)	(13,645)	25,930	(9,068)
Effect of exchange rate change on cash and cash equivalents	2	(28)	26	(19)
Cash and cash equivalents at beginning of the financial period	47,552	29,763	16,090	25,177
Cash and cash equivalents at end of the financial period	42,046	16,090	42,046	16,090
Cash and cash equivalents represented by:				
Bank and cash balances	33,992	15,916	33,992	15,916
Fixed deposits with financial institutions	10,306	1,763	10,306	1,763
Less: Bank overdrafts	(1,665)	-	(1,665)	-
Less: Restricted bank deposits	(587)	(1,589)	(587)	(1,589)
	42,046	16,090	42,046	16,090

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

Attributable to owners of the parent

Group	Share Capital	Other Reserves	Retained Earnings	Total	Minority interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>9MFY2011</u>						
As at 1/4/10	36,178	(35)	43,401	79,544	1,738	81,282
Total comprehensive income for the period	-	(54)	7,311	7,257	143	7,400
Dividend on ordinary share			(9,112)	(9,112)		(9,112)
At 31/12/10	36,178	(89)	41,600	77,689	1,881	79,570
<u>4QFY2011</u>						
Total comprehensive income for the period	-	(31)	713	(682)	(85)	597
Dividend on ordinary share			(3,038)	(3,038)		(3,038)
At 31/3/11	36,178	(120)	39,275	75,333	1,796	77,129
<u>9MFY2010</u>						
As at 1/4/09	36,178	81	19,504	55,763	1,755	57,518
Total comprehensive income for the period	-	(108)	23,376	23,268	148	23,416

period						
Dividend on ordinary share			(4,556)	(4,556)		(4,556)
As at 31/12/09	36,178	(27)	38,324	74,475	1,903	76,378
<u>4QFY2010</u>						
Total comprehensive income for the period	-	(8)	8,115	8,107	(165)	7,942
Dividend paid			(3,038)	(3,038)		(3,038)
As at 31/3/10	36,178	(35)	43,401	79,544	1,738	81,282

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>9MFY2011</u>				
As at 1/4/10	36,178	-	34,315	70,493
Total comprehensive income for the period	-	-	4,131	4,131
Dividend on ordinary share			(9,112)	(9,112)
As at 31/12/10	36,178	-	29,334	65,512
<u>4QFY2011</u>				
Total comprehensive income for the period	-	-	3,288	3,288
Dividend on ordinary share			(3,038)	(3,038)
As at 31/3/11	36,178	-	29,584	65,762
<u>9MFY2010</u>				
As at 1/4/09	36,178	37	11,502	47,717
Total comprehensive income for the period	-	-	18,892	18,892
Redemption of investment		(37)		(37)
Dividend on ordinary share			(4,556)	(4,556)
As at 31/12/09	36,178	-	25,838	62,016
<u>4QFY2010</u>				
Total comprehensive income for the period	-	-	11,516	11,516
Dividend paid			(3,038)	(3,038)
As at 31/3/09	36,178	-	34,316	70,494

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.

	FY 11	FY 10
Issued & fully paid share capital		
Number of shares as at 1 April and 31 March	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 2010 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 FY2011, the Group and the Company adopted the FRS which are effective from 1 July 2009. The FY2010 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS:

The FRS applicable to the Group are as follows:

FRS 27(revised) - Consolidated and Separate Financial Statements
FRS 103(revised)- Business Combinations

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		Group	
	4Q FY11	4Q FY10	FY11	FY10
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	0.23	2.67	2.64	10.37
On fully diluted basis (cents)	0.23	2.67	2.64	10.37

Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	713	8,115	8,024	31,491
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	713	8,115	8,024	31,491
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750	303,750	303,750

Note:

(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-2011	31-Mar-2010	31-Mar-2011	31-Mar-2010
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	24.8	26.2	21.7	23.2

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 31 March 2011 (31 March 2010: 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 (4QFY2011) Review

The Group's revenue for 4QFY2011 ended 31-3-11 decreased by 43.5% from S\$57.4 million to S\$32.4 million as compared to 4QFY2010 ended 31-3-10 due to lower revenue recognition during the period under review. The gross profit margin for the same period decreased to 14.5% from 22.5% for the previous corresponding period mainly due to higher cost in executing some projects.

The Group's share of loss of associated companies of S\$0.3 million 4QFY2011 as compared to profit S\$0.5 million for 4QFY2010 was primarily due to the low level of operations in Thailand during the period under review.

The Group's net profit attributable to shareholders for 4QFY2011 decreased by 91.2% from S\$8.1 million to S\$0.7 million as compared to 4QFY2010 mainly due to the decrease in the Group's revenue, lower margins and the share of loss of associated companies as mentioned above

Full year (FY2011) Review

The Group's revenue for FY2011 ended 31-3-11 decreased by 25.2% from S\$252.1 million to S\$188.4 million as compared to FY2010 ended 31-3-10 due to lower revenue recognition. The gross profit margin for the same period decreased to 13.6% from 22.0% for the previous corresponding period due to higher operating costs and cost overruns on certain projects during the period under review.

The Group's foreign exchange loss of S\$2.7 million which included unrealized loss of S\$2.0 million for FY2011 as compared to S\$1.4 million loss for FY2010 was primarily due to the weakening of the US Dollar against the Sing Dollar during the financial year under review.

The Group's net profit attributable to shareholders for FY2011 decreased by 74.5% from S\$31.5 million to S\$8.0 million as compared to FY2010 mainly due to the factors mentioned above

Statement of Financial Position Review

The decrease of S\$34.5 million in trade and other receivables as at 31 March 2011 as compared to 31 March 2010 was due to more collections of the receivables in FY2011. The decrease of S\$15.5 million in contract work-in-progress as at 31 March 2011 as compared to 31 March 2010 was due to the completion of major projects in the prior financial year.

As at 31 March 2011, the Group's cash and cash equivalents stood at S\$44.3 million (S\$17.7 million as at 31 March 2010). The increase of S\$26.6 million was mainly due to the decreases in trade and other receivables and contract work-in-progress.

The decrease of S\$20.6 million in trade and other payables as at 31 March 2011 as compared to 31 March 2010 was in line with lower activities in the financial year under review.

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

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive. However, in view of keen competition and rising costs, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2012.

The Group will continue to control costs and improve productivity and with a strong financial position and established track record, it will continue to explore new business opportunities in Singapore and beyond to enhance shareholder value.

As at the date of this announcement, the Group's outstanding order book stands at S\$195 million (S\$138 million as at 11 February 2011).

11. Dividend

(a) Current financial period reported on

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

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend rate	1 cent per ordinary share	1 cent per ordinary share
Tax rate	One-tier tax exempt	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	Interim	Final
Dividend type	Cash	Cash
Dividend rate	1 cent per ordinary share	3 cents per ordinary share
Tax rate	One-tier tax exempt	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)**

Not applicable

- (d) **Date payable**

The proposed final dividend, if approved by the members at the Annual General Meeting to be held on 28 July 2011, will be paid on 26 August 2011.

- (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 2011 to 12 August 2011 (both dates inclusive) to determine shareholders' entitlement to the final one-tier tax exempt dividend of 1 cent per ordinary share for the year ended 31 March 2011.

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 2011 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 2011 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 2011 is as follows:

(A) Reportable Segment

	Plant construction & maintenance		Compression & process equipment fabrication		Consolidated	
	FY 11	FY 10	FY 11	FY 10	FY 11	FY 10
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
-Total segment revenue	129,665	219,647	59,181	32,467	188,846	252,114
-Inter-segment revenue	-	-	423	-	423	-
Revenue from external parties	129,665	219,647	58,758	32,467	188,423	252,114
Adjusted EBITDA for reportable segments	10,655	39,246	830	935	11,484	40,181
Other segments EBITDA		-		-	-	-
Depreciation	(2,545)	(2,655)	(153)	(216)	(2,698)	(2,871)
Amortisation		-	-	-	-	-
Finance expense	(49)	(32)	-	-	(49)	(32)
Interest income	484	282	41	4	525	286
Profit before tax	8,545	36,841	717	723	9,262	37,564

Share of profit/(loss) of associated companies	(291)	762	-	-	(291)	762
Total assets	88,224	121,258	33,762	28,728	121,986	149,986
Total assets in clude:						
Investment in associated companies	1,894	2,199	-	-	1,894	2,199
Additions to:						
Property, plant and equipment	681	1,524	103	106	784	1,689
Total liabilities	24,506	52,845	20,351	15,859	44,857	68,704

(B) Geographical Segment

	Revenue		Non-current assets	
	FY 11	FY 10	FY 11	FY 10
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	126,520	222,777	11,376	13,690
China	50,843	25,303	-	-
Malaysia	8,539	2,642	959	908
Others	2,521	1,392	-	-
Total	188,423	252,114	12,335	14,598

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 significantly from S\$219.6 million to S\$129.7 million. This decrease was mainly due to the completion of several major projects during FY2010. The revenue for compression & process equipment fabrication segment increased from S\$32.5 million to S\$59.2 million as major projects in this segment were completed in FY2011.

The Group's revenue in Singapore decreased significantly from S\$222.8 million to S\$126.5 million, mainly due to the completion of several major projects during FY2010. The Group's revenue in other geographical segment increased from S\$29.3 million to S\$61.9 million as major projects in this segment were completed in FY2011.

15. A breakdown of sales

(all figures in S\$'000)	FY 11	FY 10	% increase/(decrease)
Sales reported for the first half year	124,296	126,556	(1.8)
Net profit after tax reported for first half year	10,376	15,893	(34.7)
Sales reported for second half year	64,127	125,558	(48.9)
Net profit after tax reported for second half year	(2,292)	15,581	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	12,150	7,594
Preference	0	0
Total	12,150	7,594

The Directors propose a final one-tier tax exempt dividend of 1cent per share (2010: 3 cents per share one-tier tax exempt) amounting to S\$3,037,500 (2010: S\$9,112,500) based on 303,750,000 shares issued as of 31 March 2011 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 2012.

BY ORDER OF THE BOARD

TAN HAK JIN
JOINT COMPANY SECRETARY
25 May 2011



協成工程有限公司
HIAP SENG ENGINEERING LTD

Registration No: 197100300Z



NEWS RELEASE

HIAP SENG RECORDS A NET PROFIT OF S\$8.1 MILLION ON REVENUE OF S\$188.4 MILLION FOR FY2011

Singapore, May 25, 2011 – Hiap Seng Engineering Limited (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today announced a net profit of S\$8.1 million on revenue of S\$188.4 million for the full year ended March 31, 2011 (“FY2011”).

The Group’s revenue for FY2011 decreased 25.3% to S\$188.4 million from S\$252.1 million in FY2010. Net profit decreased by 74.3% to S\$8.1 million from S\$31.5 million mainly due to lower revenue recognition, cost overruns on certain projects and exchange loss owing to the weakening of the US Dollar against the Sing Dollar during the year under review.

Said Mr. Frankie Tan, Chairman and CEO of Hiap Seng, “We are pleased that amidst keen competition and rising costs in the region, the Group recently secured a S\$8.4 million contract to provide Vietnam’s Dung Quat Refinery with maintenance, overhaul and repair services as well as a contract from Lanxess Butyl Pte Ltd for supply of piping and mechanical works for its new butyl rubber production facility on Jurong Island. The awarding of these contracts serves as continual testament to the Group’s strong fundamentals and track record.”

To reward our loyal shareholders, the Board of Directors is proposing a one-tier tax exempt final dividend of 1.0 cent per share, bringing total dividends to 2.0 cents per share for FY2011.

As at March 31, 2011, the Group was in a net cash position with cash and cash equivalents of S\$44.3 million, as compared to S\$17.7 million as at March 31, 2010.

The Group's order book stands at S\$195 million as at May 25, 2011.

Outlook

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive. However, in view of keen competition and rising costs, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending March 31, 2012.

The Group will continue to control costs and improve productivity. With a strong financial position and established track record, it will continue to explore new business opportunities in Singapore and beyond to enhance shareholder value.

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 almost three million sq ft and a workforce of over 2,500 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 13 December 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.

ISSUED ON BEHALF OF : Hiap Seng Engineering Ltd.
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place
#26-02 One Raffles Place
SINGAPORE 048616

For CDRi.MAGE

CONTACT : Ms Dolores Phua / Mr Daniel Hoo
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9827-5226 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
daniel.hoo@citigatedrimage.com

For Hiap Seng

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

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