

## SECOND QUARTER RESULTS \* FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

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\* Asterisks denote mandatory information

<b>Name of Announcer *</b>	HIAP SENG ENGINEERING LTD
<b>Company Registration No.</b>	197100300Z
<b>Announcement submitted on behalf of</b>	HIAP SENG ENGINEERING LTD
<b>Announcement is submitted with respect to *</b>	HIAP SENG ENGINEERING LTD
<b>Announcement is submitted by *</b>	Tan Hak Jin
<b>Designation *</b>	Joint Company Secretary
<b>Date &amp; Time of Broadcast</b>	08-Nov-2012 17:51:57
<b>Announcement No.</b>	00124

## &gt;&gt; ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>For the Financial Period Ended *</b>	31-03-2013
<b>Description</b>	PLEASE SEE THE ATTACHMENTS:  (A) UNAUDITED SECOND QUARTER AND FIRST HALF FY 2013 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT.  (B) NEWS RELEASE.
<b>Attachments</b>	<a href="#">HSQ2FY2013results_announcement.pdf</a> <a href="#">HS2Q2013ResultsNR.pdf</a> Total size = <b>95K</b> (2048K size limit recommended)



協成工程有限公司  
HIAP SENG ENGINEERING LTD



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## NEWS RELEASE

### HIAP SENG'S 2QFY2013 AND 1HFY2013 RESULTS ANNOUNCEMENT

**Singapore, November 8, 2012** – 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 35.1% increase in revenue to S\$60.2 million for the three months ended September 30, 2012 (“2QFY2013”), compared to S\$44.6 million in the previous corresponding period (“2QFY2012”).

The growth in Group revenue for 2QFY2013 was mainly due to higher recognition of project revenue and contributions by the two new subsidiaries in Thailand and Malaysia. Correspondingly, gross profit increased 13.2%, from S\$7.9 million to S\$9.0 million. However, gross margin declined from 17.8% to 14.9% year-on-year mainly due to cost increases in labour and materials. The foreign exchange loss of S\$0.6 million for 2QFY2013, as compared to the gain of S\$1.3 million for 2QFY2012 was primarily due to the weakening of the US dollar against the Singapore dollar.

As a result, net profit attributable to shareholders decreased marginally by 4.2%, from S\$3.6 million in 2QFY2012 to S\$3.5 million in 2QFY2013.

For the six months ended September 30, 2012 (“1HFY2013”), the Group’s revenue rose 42.8% to S\$121.9 million, from S\$85.4 million in the previous corresponding period (“1HFY2012”). But due to cost overruns on certain projects owing to unexpected downtime for bad weather as mentioned in the 1QFY2013 results announcement and cost increases in labour and materials, gross profit decreased 14.3% year-on-year, from S\$15.9 million to S\$13.6 million.

Net profit attributable to shareholders increased by 49.3% to S\$9.1 million in 1HFY2013, from S\$6.1 million in 1HFY2012. This was mainly due to the write-back of provision for losses of S\$1.7 million and a one-time gain on equity interest of S\$5.0 million, which resulted from a step acquisition of a Thai associated company, from 48% to 85% as mentioned in the 1QFY2013 results announcement.

As at September 30, 2012, the Group's balance sheet remained healthy with cash and cash equivalents of S\$30.9 million, as compared to S\$30.2 million as at March 31, 2012. As at November 8, 2012, the Group's order book stood at S\$209 million.

To reward its shareholders, the Group has declared an interim, one-tier tax-exempt dividend of 0.5 cent per ordinary share, which is expected to be paid on January 18, 2013.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng, said: "Our new subsidiaries in Thailand and Malaysia continue to be revenue contributors as momentum for the regional oil and gas industry remains robust, especially in Malaysia. The recent oil strike off the coast of Pahang state<sup>1</sup>, and the Malaysian's government commitment to invest RM2.4 billion mostly in the oil and gas sector in Labuan over the next few years<sup>2</sup>, are developments setting the stage for increased activities in the industry that we believe will benefit us."

## **Outlook**

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive and the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending March 31, 2013. However, in view of keen competition and rising costs, the Group will continue to control costs and improve productivity.

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<sup>1</sup> The Business Times, "*Petronas strikes oil for first time off Pahang*," October 31, 2012

<sup>2</sup> The Business Times, "*Malaysian oil and gas sector to get RM2.4b boost*" November 5, 2012

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 about three million sq ft and a workforce of about three thousand 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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120/12/007/HSEL

November 8, 2012

**UNAUDITED SECOND QUARTER AND FIRST HALF FY 2013 FINANCIAL STATEMENT  
AND DIVIDEND ANNOUNCEMENT**

**1(a). A statement of comprehensive income (for the group) together with a comparative statement for the second quarter and the first half ended 30 September 2012**

	Group			Group		
	2QFY13	2QFY12	Increase/ (Decrease)	1HFY13	1HFY12	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	60,184	44,554	35.1	121,913	85,393	42.8
Cost of sales	(51,190)	(36,610)	39.8	(108,283)	(69,489)	55.8
<b>Gross profit</b>	8,994	7,944	13.2	13,630	15,904	(14.3)
Gross profit margin	14.9%	17.8%		11.2%	18.6%	
Other gain/(loss) – net	(472)	1,417	NM	6,362	948	NM
Administrative costs	(4,825)	(4,790)	0.7	(9,990)	(8,517)	17.3
Other operating costs	508	15	NM	413	(73)	NM
<b>Profit from operations</b>	4,205	4,586	(8.3)	10,415	8,262	26.1
Finance costs	92	(26)	NM	(190)	(53)	NM
Share of (loss)/profit of associated companies	(396)	114	NM	(390)	(810)	(51.9)
<b>Profit before tax</b>	3,901	4,674	(16.5)	9,835	7,399	32.9
Income tax expense	(577)	(845)	(31.7)	(779)	(1,204)	(35.3)
<b>Net profit after tax</b>	3,324	3,829	(13.2)	9,056	6,195	46.2
<b>Other comprehensive income</b>						
Foreign currency translation	86	50	72.0	238	62	NM
<b>Total comprehensive income for the period</b>	3,410	3,879	(12.1)	9,294	6,257	48.5
<b>Profit attributable to:</b>						
Owner of the parent	3,479	3,631	(4.2)	9,141	6,121	49.3
Non-controlling interests	(155)	198	NM	(85)	74	NM
	3,324	3,829	(13.2)	9,056	6,195	46.2
<b>Total comprehensive income attributable to:</b>						
Owner of the parent	3,565	3,681	(3.2)	9,379	6,183	51.7
Non-controlling interests	(155)	198	NM	(85)	74	NM
	3,410	3,879	(12.1)	9,294	6,257	48.5

NM: Denotes not meaningful

**Profit from operations included the following:**

	Group		Group	
	2QFY13	2QFY12	1HFY13	1HFY12
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(a) Other gain/(loss) - net</b>				
Other income including interest income	20	134	49	264
Profit on disposal of plant and equipment	-	1	283	126
Loss on disposal of interest in associated companies	-	-	(191)	-
Foreign exchange (loss)/gain	(625)	1,269	(562)	518
Gain on equity interest	-	-	4,951	-
Write back of provision for losses on associated company	-	-	1,678	-
<b>(b) Other operating costs</b>				
Write back for doubtful trade debt	568	-	583	4
<b>(c) Depreciation of property, plant and equipment</b>	(587)	(634)	(1,347)	(1,219)

**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-Sep-2012</b>	<b>31-Mar-2012</b>	<b>30-Sep-2012</b>	<b>31-Mar-2012</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	30,893	30,239	16,652	24,458
Trade and other receivables	69,332	72,147	61,854	57,713
Contract work-in-progress	16,427	5,846	10,338	4,997
Other current assets	2,004	1,463	1,030	1,054
	<b>118,656</b>	<b>109,695</b>	<b>89,874</b>	<b>88,222</b>
<b>Non-current assets</b>				
Club memberships	363	363	298	298
Other receivables	246	-	-	-
Investments in associated companies	2,905	1,006	2,591	509
Investments in subsidiaries	-	-	14,942	8,562
Property, plant and equipment	20,400	8,896	6,999	7,689
Intangible assets	10,531	-	-	-
	<b>34,445</b>	<b>10,265</b>	<b>24,830</b>	<b>17,058</b>
<b>Total assets</b>	<b>153,101</b>	<b>119,960</b>	<b>114,704</b>	<b>105,280</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	64,252	41,020	46,782	35,909
Current income tax liabilities	1,070	1,204	390	754
Borrowings	1,693	1,723	-	-
	<b>67,015</b>	<b>43,947</b>	<b>47,172</b>	<b>36,663</b>
<b>Non-current liabilities</b>				
Borrowings	2,329	86	-	-
Deferred income tax liabilities	516	516	569	569
	<b>2,845</b>	<b>602</b>	<b>569</b>	<b>569</b>
<b>Total liabilities</b>	<b>69,860</b>	<b>44,549</b>	<b>47,741</b>	<b>37,232</b>
<b>NET ASSETS</b>	<b>83,241</b>	<b>75,411</b>	<b>66,963</b>	<b>68,048</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	207	(31)	-	-
Retained earnings	45,096	37,475	30,785	31,870
<b>Total</b>	<b>81,481</b>	<b>73,622</b>	<b>66,963</b>	<b>68,048</b>
Non-controlling interests	1,760	1,789	-	-
<b>Total equity</b>	<b>83,241</b>	<b>75,411</b>	<b>66,963</b>	<b>68,048</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,693	-	1,723	-

**Amount repayable after one year**

As at 30/09/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,329	-	86	-

**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	
	2Q FY 13 S\$'000	2Q FY 12 S\$'000	1H FY 13 S\$'000	1H FY 12 S\$'000
<b>Cash flow from operating activities:</b>				
Total profit	3,324	3,829	9,056	6,195
<b>Adjustment for :</b>				
Depreciation of property, plant and equipment	587	634	1,347	1,219
Net gain from disposal of plant and equipment	-	(1)	(283)	(126)
Share of loss/(profit) of associated companies	396	(114)	390	810
Gain on equity interest	-	-	(4,951)	-
Write back of provision for doubtful debts	(583)	-	(583)	-
Loss on disposal of interest in associated companies	-	-	191	-
Write back of provision for losses on associated company	-	-	(1,678)	-
Foreign exchange adjustments	478	66	664	61
Income tax expenses	577	845	779	1,204
Interest expense	(92)	25	190	52
Interest income	(20)	(134)	(49)	(264)
<b>Operating cash flow before working capital changes</b>	<b>4,667</b>	<b>5,150</b>	<b>5,073</b>	<b>9,151</b>
<b>Changes in operating assets and liabilities</b>				
Contract work-in-progress	(5,813)	31	(10,453)	(782)
Trade and other receivables	6,722	(1,427)	8,278	4,099
Other current assets	(8)	(927)	(449)	(1,088)
Trade and other payables	(3,463)	(4,251)	10,248	1,062
<b>Cash generated from/(used in) operations</b>	<b>2,105</b>	<b>(1,424)</b>	<b>12,697</b>	<b>12,442</b>
Income taxes paid	(905)	(783)	(914)	(783)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,200</b>	<b>(2,207)</b>	<b>11,783</b>	<b>11,659</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	295	1	660	126
Proceeds from disposal of associated companies	-	-	450	-
Purchases of property, plant and equipment	(1,787)	(480)	(2,927)	(1,122)



Net cash outflow on acquisition of investment in a subsidiary	-	-	(3,816)	-
Payment for investment	(440)	-	(2,921)	-
Interest income received	20	134	49	264
<b>Net cash outflow from investing activities</b>	<b>(1,912)</b>	<b>(345)</b>	<b>(8,505)</b>	<b>(732)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,520)	(3,038)	(1,520)	(3,038)
Decrease/(Increase) in bank deposits pledged	37	(4)	45	20
Hire purchase creditors	(114)	(82)	52	(99)
Trust receipts creditors	-	(87)	-	51
Repayment of bank loans	(654)	-	(910)	-
Interest paid	92	(25)	(190)	(52)
<b>Net cash outflow from financing activities</b>	<b>(2,159)</b>	<b>(3,236)</b>	<b>(2,523)</b>	<b>(3,118)</b>
<b>Net (decrease)/ increase in cash and cash equivalents held</b>	<b>(2,871)</b>	<b>(5,788)</b>	<b>755</b>	<b>7,809</b>
Effect of exchange rate change on cash and cash equivalents	1	2	(27)	15
Cash and cash equivalents at beginning of the financial period	31,508	55,656	27,910	42,046
<b>Cash and cash equivalents at end of the financial period</b>	<b>28,638</b>	<b>49,870</b>	<b>28,638</b>	<b>49,870</b>
<b>Cash and cash equivalents represented by:</b>				
Bank and cash balances	30,304	31,169	30,304	31,169
Fixed deposits with financial institutions	589	20,320	589	20,320
Less: Bank overdrafts	(1,666)	(1,052)	(1,666)	(1,052)
Less: Restricted bank deposits	(589)	(567)	(589)	(567)
	<b>28,638</b>	<b>49,870</b>	<b>28,638</b>	<b>49,870</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**

Group	Attributable to owners of the parent					
	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>10FY2013</u></b>						
As at 1/4/12	36,178	(31)	37,475	73,622	1,789	75,411
Total comprehensive income for the period	-	152	5,662	5,814	70	5,884
Contribution from NCI	-	-	-	-	(266)	(266)
<b>As at 30/6/12</b>	<b>36,178</b>	<b>121</b>	<b>43,137</b>	<b>79,436</b>	<b>1,593</b>	<b>81,029</b>
<b><u>20FY2013</u></b>						
Total comprehensive income for the period	-	86	3,479	3,565	(155)	3,410
Dividend on ordinary share	-	-	(1,520)	(1,520)	-	(1,520)
Contribution to NCI	-	-	-	-	322	322
<b>As at 30/9/12</b>	<b>36,178</b>	<b>207</b>	<b>45,096</b>	<b>81,481</b>	<b>1,760</b>	<b>83,241</b>
<b><u>10FY2012</u></b>						
As at 1/4/11	36,178	(122)	39,275	75,331	1,798	77,129
Total comprehensive income for the period	-	12	2,490	2,502	(124)	2,378

<b>As at 30/6/11</b>	36,178	(110)	41,765	77,833	1,674	79,507
<b><u>2QFY2012</u></b>						
Total comprehensive income for the period	-	50	3,631	3,681	198	3,879
Dividend on ordinary share	-	-	(3,038)	(3,038)	-	(3,038)
<b>As at 30/9/11</b>	36,178	(60)	42,358	78,476	1,872	80,348

<b>Company</b>	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>1QFY2013</u></b>				
As at 1/4/12	36,178	-	31,870	68,048
Total comprehensive income for the period	-	-	565	565
<b>As at 30/6/12</b>	36,178	-	32,435	68,613
<b><u>2QFY2013</u></b>				
Total comprehensive income for the period	-	-	(130)	(130)
Dividend on ordinary share	-	-	(1,520)	(1,520)
<b>As at 30/9/12</b>	36,178	-	30,785	66,963
<b><u>1QFY2012</u></b>				
As at 1/4/11	36,178	-	29,584	65,762
Total comprehensive income for the period	-	-	2,203	2,203
<b>As at 30/6/11</b>	36,178	-	31,787	67,965
<b><u>2QFY2012</u></b>				
Total comprehensive income for the period	-	-	636	636
Dividend on ordinary share	-	-	(3,038)	(3,038)
<b>As at 30/9/11</b>	36,178	-	29,385	65,563

**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 13	FY 12
<b>Issued &amp; fully paid share capital</b>		
Number of shares as at 1 April and 30 September	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 2012 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 FY2013, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 January 2012. The FY2012 comparatives have been amended where as required, in accordance with the relevant transitional provisions in the respective FRS:

The FRS applicable to the Group is as follows:

Amendments to FRS 1- Presentation of Financial Statements

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	
	2Q FY13	2Q FY12	1H FY13	1H FY12
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	1.15	1.20	3.01	2.01
On fully diluted basis (cents)	1.15	1.20	3.01	2.01
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	3,479	3,631	9,141	6,121
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	3,479	3,631	9,141	6,121
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	
	30-Sep-12	31-Mar-2012	30-Sep-12	31-Mar-2012
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	26.8	24.2	22.0	22.4

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 September 2012 (31 March 2012: 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**

Second Quarter (2QFY13) Review

The Group's revenue for 2QFY2013 ended 30 September 2012 increased by 35.1% from S\$44.6 million to S\$60.2 million as compared to 2QFY2012 ended 30 September 2011 mainly due to higher recognition of project revenue in 2QFY2013 as well as contributions by the two new subsidiaries in Thailand and Malaysia. The gross profit increased from S\$7.9 million to S\$9.0 million. However, the gross profit margin for the same period decreased from 17.8% to 14.9% for the previous corresponding period mainly due to cost increases in labour and materials.

The foreign exchange loss of S\$0.6 million for 2QFY2013 as compared to S\$1.3 million gain for 2QFY2012 was primarily due to the weakening of the US Dollar against the Sing Dollar during the period under review.

The Group's net profit attributable to shareholders for 2QFY2013 decreased marginally by 4.2% from S\$3.6 million to S\$3.5 million as compared to 2QFY2012 mainly due to reasons as mentioned above.

First Half (1HFY13) Review

The Group's revenue for 1HFY2013 ended 30 September 2012 increased by 42.8% from S\$85.4 million to S\$121.9 million as compared to 1HFY2012 ended 30 September 2011 mainly due to higher recognition of project revenue in 1HFY2013 as well as contributions by the two new subsidiaries in Thailand and Malaysia. The gross profit, however, decreased from S\$15.9 million to S\$13.6 million mainly due to cost overruns on certain projects owing to unexpected downtime for bad weather as mentioned in the 1QFY2013 results announcement and cost increases in labour and materials. The gross profit margin for the same period decreased from 18.6% to 11.2% for the previous corresponding period mainly due to the same reasons as mentioned above.

The foreign exchange loss of S\$0.6 million for 1HFY2013 as compared to S\$0.5 million gain for 1HFY2012 was primarily due to the weakening of the US Dollar against the Sing Dollar during the period under review.

The Group's net profit attributable to shareholders for 1HFY2013 increased by 49.3% from S\$6.1 million to S\$9.1 million as compared to 1HFY2012 was mainly due to the write-back of provision for

losses and one-time gain on equity interest as mentioned in the 1QFY2013's results announcement made on 13 August 2012.

#### Statement of Financial Position Review

The increase of S\$23.2 million in trade and other payables as at 30 September 2012 as compared to 31 March 2012 is mainly due to increased project activities as well as the inclusion of two new subsidiaries in Thailand and Malaysia.

The increase of S\$11.5 million in property, plant and equipment as at 30 September 2012 as compared to 31 March 2012 is mainly due to the inclusion of the new subsidiary in Thailand.

The intangible assets amounting to S\$10.5 million as at 30 September 2012 represents goodwill arising from consolidation on the step acquisition of the Thai subsidiary on 3 May 2012 as mentioned in the 1QFY2013 results announcement. The fair value of the acquired goodwill is provisional pending completion of the final valuation for the intangible asset. In accordance with FRS 103, the process of finalising the purchase price allocation during a 12 month period from the date of acquisition is allowed. The Group will revisit certain aspects of the purchase price allocation to reflect the finalisation of the allocation process within one year from the acquisition date.

As at 30 September 2012, the Group's cash and cash equivalents stood at S\$30.9 million as compared to S\$30.2 million as at 31 March 2012.

#### **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 and the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2013. However, in view of keen competition and rising costs, 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.

As at the date of this announcement, the Group's outstanding order book stands at S\$209 million.

#### **11. Dividend**

##### **(a) Current financial period reported on**

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

Name of dividend	Interim
Dividend type	Cash
Dividend rate	0.5 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	Interim
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Dividend type	Cash
Dividend rate	1.0 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) and 11(b).

- (d) **Date payable**

The above-mentioned interim cash dividend is expected to be paid on 18 January 2013.

- (e) **Books closure date**

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 7 January 2013 to 8 January 2013 (both dates inclusive) to determine shareholders' entitlement to the interim one-tier tax exempt dividend of half cent per ordinary share for the financial year ending 31 March 2013.

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 4 January 2013 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 4 January 2013 will be entitled to the proposed dividend.

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

Not applicable.

**13. 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.

**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 second quarter and first half ended 30 September 2012 presented in this announcement to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**TAN HAK JIN**  
**JOINT COMPANY SECRETARY**  
**8 November 2012**