

THIRD QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT



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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
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2012
Description	PLEASE SEE THE ATTACHMENTS: (A) UNAUDITED THIRD QUARTER AND NINE MONTHS FY2013 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (B) NEWS RELEASE.
Attachments	 HS_Q3FY2013_results_announcement.pdf  HS_3Q2013_Results_NR.pdf Total size = 96K (2048K size limit recommended)



協成工程有限公司
HIAP SENG ENGINEERING LTD



NEWS RELEASE

HIAP SENG REPORTS INCREASES IN REVENUE AND NET PROFIT FOR 3QFY2013 AND 9MFY2013

Singapore, February 7, 2013 – 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 that its net profit for the three months ended December 31, 2012 (“3QFY2013”) has increased over 7 times to S\$2.9 million, compared to S\$0.4 million in the previous corresponding period (“3QFY2012”). This was achieved on the back of a 60.4% increase in revenue to S\$68.6 million for 3QFY2013, from S\$42.8 million in 3QFY2012.

The growth in Group revenue for 3QFY2013 was mainly due to higher recognition of project revenue and contributions by the two new subsidiaries in Thailand and Malaysia. Correspondingly, gross profit increased 133.2% to S\$8.5 million, from S\$3.6 million in 3QFY2012. Gross margin improved 3.9 percentage points from 8.5% to 12.4% year-on-year mainly due to better project cost management. Some impact on bottomline was experienced with an 81.7% increase in administrative costs to S\$5.6 million due to the consolidation of costs incurred by the new subsidiaries in Thailand and Malaysia. Additionally, the foreign exchange loss of S\$0.3 million for 3QFY2013, as compared to a gain of S\$0.1 million for 3QFY2012 was primarily due to the weakening of the US dollar against the Singapore dollar.

As a result, net profit attributable to shareholders increased over seven times to \$2.9 million in 3QFY2013, from S\$0.4 million in 3QFY2012.

For the nine months ended December 31, 2012 (“9MFY2013”), the Group’s revenue rose 48.7% to S\$190.5 million, from S\$128.2 million in the previous corresponding period (“9MFY2012”). Gross profit was correspondingly up 13.2% to S\$22.1 million, from S\$19.6 million over the same period. However, gross margin was affected by cost increases in labour and materials, declining 3.7 percentage points year-on-year to 11.6%.

Overall, net profit attributable to shareholders increased by 85.6% to S\$12.1 million in 9MFY2013, from S\$6.5 million in 9MFY2012. This was mainly due to higher revenue and 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 December 31, 2012, the Group’s balance sheet remained healthy with cash and cash equivalents of S\$26.2 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\$183 million.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng, said: “Our new subsidiaries in Thailand and Malaysia continue to contribute to topline growth, buoyed by the positive momentum of the regional oil and gas industry. In Thailand, our subsidiary, Nasco-Hiap Seng, recently secured a contract worth approximately S\$26 million for the provision of structural steel fabrication for an LNG terminal project in Australia, scheduled for completion by May 2014.

“In Malaysia, we also see opportunities given that annual offshore oil and gas capex in the country is projected to increase 46% to US\$5.7 billion in 2013¹ in the more immediate term. As Malaysia’s national oil company, Petronas is driving much of this offshore oil and gas uptrend, having expanded its capex plan to RM300 billion for 2011 to 2015.”

¹ “Singapore Strategy – Clearer Skies Ahead,” UOB Kay Hian, January 2013

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 take steps to improve productivity.

With a healthy order book, 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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012/13/001/HSEL

February 7, 2013

**UNAUDITED THIRD QUARTER AND NINE MONTHS FY 2013 FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT**

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the third quarter and nine months ended 31 December 2012

	Group			Group		
	3QFY13	3QFY12	Increase/ (Decrease)	9MFY13	9MFY12	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	68,621	42,768	60.4	190,534	128,161	48.7
Cost of sales	(60,115)	(39,120)	53.7	(168,398)	(108,609)	55.0
Gross profit	8,506	3,648	133.2	22,136	19,552	13.2
Gross profit margin	12.4%	8.5%		11.6%	15.3%	
Other (loss)/gain – net	(245)	258	NM	6,117	1,206	NM
Administrative costs	(5,559)	(3,060)	81.7	(15,550)	(11,577)	34.3
Other operating costs	(11)	(13)	NM	402	(86)	NM
Profit from operations	2,691	833	223.0	13,105	9,095	44.1
Finance costs	(83)	(19)	336.8	(273)	(72)	279.2
Share of loss of associated companies	(13)	(326)	NM	(403)	(1,136)	NM
Profit before tax	2,595	488	431.8	12,429	7,887	57.6
Income tax credit/(expense)	323	(98)	NM	(456)	(1,302)	(65.0)
Net profit after tax	2,918	390	648.2	11,973	6,585	81.8
Other comprehensive income						
Foreign currency translation	561	21	NM	800	83	NM
Total comprehensive income for the period	3,479	411	746.7	12,773	6,668	91.6
Profit attributable to:						
Owner of the parent	2,924	379	671.5	12,064	6,500	85.6
Non-controlling interests	(6)	11	NM	(91)	85	NM
	2,918	390	648.2	11,973	6,585	81.8
Total comprehensive income attributable to:						
Owner of the parent	3,485	400	771.5	12,864	6,583	95.4
Non-controlling interests	(6)	11	NM	(91)	85	NM
	3,479	411	746.7	12,773	6,668	91.6

NM: Denotes not meaningful

Profit/(loss) from operations included the following:

	Group	
	3QFY13	3QFY 12
	S\$'000	S\$'000
(a) Other (loss)/ gain - net		
Other income including interest income	30	132
Profit/(loss) on disposal of property, plant and equipment	4	(1)
Loss on disposal of interest in associated companies	-	-
Foreign exchange (loss)/gain	(347)	109
Gain on equity interest	-	-
Write back of provision for losses on associated company	-	-
(b) Other operating costs		
Write back/(provision) for doubtful trade debt	-	-
(c) Depreciation of property, plant and equipment	(1,100)	(653)

	Group	
	9MFY13	9MFY12
	S\$'000	S\$'000
	79	396
	287	125
	(191)	-
	(909)	627
	4,951	-
	1,678	-
	583	(4)
	(2,447)	(1,872)

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-Dec-2012 S\$'000	31-Mar-2012 S\$'000	31-Dec-2012 S\$'000	31-Mar-2012 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	26,179	30,239	6,151	24,458
Trade and other receivables	84,176	72,147	74,309	57,713
Contract work-in-progress	19,129	5,846	14,796	4,997
Inventories	508	-	-	-
Other current assets	2,303	1,463	887	1,054
	132,295	109,695	96,143	88,222
Non-current assets				
Club memberships	363	363	298	298
Other receivables	240	-	-	-
Investments in associated companies	2,924	1,006	2,591	509
Investments in subsidiaries	-	-	14,857	8,562
Property, plant and equipment	20,937	8,896	7,097	7,689
Intangible assets	10,531	-	-	-
	34,995	10,265	24,843	17,058
Total assets	167,290	119,960	120,986	105,280
LIABILITIES				
Current liabilities				
Trade and other payables	75,492	41,020	50,505	35,909
Current income tax liabilities	378	1,204	-	754
Borrowings	2,051	1,723	-	-
	77,921	43,947	50,505	36,663
Non-current liabilities				
Borrowings	2,160	86	-	-
Deferred income tax liabilities	516	516	569	569
	2,676	602	569	569
Total liabilities	80,597	44,549	51,074	37,232
NET ASSETS	86,693	75,411	69,912	68,048
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	768	(31)	-	-
Retained earnings	48,020	37,475	33,734	31,870
Total	84,966	73,622	69,912	68,048
Non-controlling interests	1,727	1,789	-	-
Total equity	86,693	75,411	69,912	68,048

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

Amount repayable in one year or less, or on demand

As at 31/12/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,051	-	1,723	-

Amount repayable after one year

As at 31/12/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,160	-	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	
	3Q FY 13 S\$'000	3Q FY 12 S\$'000	9M FY 13 S\$'000	9M FY 12 S\$'000
Cash flow from operating activities:				
Total profit	2,918	390	11,973	6,585
Adjustment for :				
Depreciation of property, plant and equipment	1,100	653	2,447	1,872
Net (gain)/loss from disposal of plant and equipment	(4)	1	(287)	(125)
Share of loss of associated companies	13	326	403	1,136
Gain on equity interest	-	-	(4,951)	-
Write back of provision for doubtful debts	-	-	(583)	-
Loss on disposal of interest in associated companies	-	-	191	-
Write back of provision for losses on associated company	-	-	(1,678)	-
Foreign exchange adjustments	564	17	1,228	77
Income tax (credit)/expenses	(323)	98	456	1,302
Interest expense	83	19	273	72
Interest income	(30)	(132)	(79)	(396)
Operating cash flow before working capital changes	4,321	1,372	9,393	10,523
Changes in operating assets and liabilities				
Contract work-in-progress	(3,211)	(2,496)	(13,664)	(3,278)
Trade and other receivables	(15,083)	(6,766)	(6,805)	(2,667)
Other current assets	(299)	445	(748)	(643)
Trade and other payables	11,234	557	21,482	1,619
Cash (used in)/ generated from operations	(3,038)	(6,888)	9,658	5,554
Income taxes paid	(369)	(693)	(1,283)	(1,476)
Net cash (outflow)/ inflow from operating activities	(3,407)	(7,581)	8,375	4,078
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	12	5	672	131
Proceeds from disposal of associated companies	-	-	450	-

Purchases of property, plant and equipment	(1,758)	(337)	(4,685)	(1,459)
Net cash outflow on acquisition of investment in a subsidiary	-	-	(3,816)	-
Payment for investment	(33)	-	(2,954)	-
Interest income received	30	132	79	396
Net cash outflow from investing activities	(1,749)	(200)	(10,254)	(932)
Cash flows from financing activities				
Dividend paid	-	-	(1,520)	(3,038)
(Increase)/decrease in bank deposits pledged	(4)	(60)	41	(40)
Hire purchase creditors	(10)	(32)	43	(131)
Trust receipts creditors	19	87	19	138
Repayment of bank loans	179	-	(731)	-
Interest paid	(83)	(20)	(273)	(72)
Net cash inflow/(outflow) from financing activities	101	(25)	(2,421)	(3,143)
Net (decrease)/ increase in cash and cash equivalents held	(5,055)	(7,806)	(4,300)	3
Effect of exchange rate change on cash and cash equivalents	(1)	(4)	(28)	11
Cash and cash equivalents at beginning of the financial period	28,638	49,870	27,910	42,046
Cash and cash equivalents at end of the financial period	23,582	42,060	23,582	42,060
Cash and cash equivalents represented by:				
Bank and cash balances	25,586	25,448	25,586	25,448
Fixed deposits with financial institutions	593	18,628	593	18,628
Less: Bank overdrafts	(2,004)	(1,388)	(2,004)	(1,388)
Less: Restricted bank deposits	(593)	(628)	(593)	(628)
	23,582	42,060	23,582	42,060

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
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
<u>1HFY2013</u>						
As at 1/4/12	36,178	(31)	37,475	73,622	1,789	75,411
Total comprehensive income for the period	-	238	9,141	9,379	(85)	9,294
Contribution from NCI	-	-	-	-	56	56
Dividend paid	-	-	(1,520)	(1,520)	-	(1,520)
At 30/9/12	36,178	207	45,096	81,481	1,760	83,241
<u>3QFY2013</u>						
Total comprehensive income for the period	-	561	2,924	3,485	(6)	3,479
Contribution from NCI	-	-	-	-	(27)	(27)
At 31/12/12	36,178	768	48,020	84,966	1,727	86,693

<u>1HFY2012</u>						
As at 1/4/11	36,178	(122)	39,275	75,331	1,798	77,129
Total comprehensive income for the period	-	62	6,121	6,183	74	6,257
Contribution to NCI	-	-	-	-	-	-
Dividend paid	-	-	(3,038)	(3,038)	-	(3,038)
At 30/9/11	36,178	(60)	42,358	78,476	1,872	80,348
<u>3QFY2012</u>						
Total comprehensive income for the period	-	21	379	400	11	411
At 31/12/11	36,178	(39)	42,737	78,876	1,883	80,759

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>1HFY2013</u>				
As at 1/4/12	36,178	-	31,870	68,048
Total comprehensive income for the period	-	-	435	435
Dividend paid	-	-	(1,520)	(1,520)
As at 30/9/12	36,178	-	30,785	66,963
<u>3QFY2013</u>				
Total comprehensive income for the period	-	-	2,949	2,949
As at 31/12/12	36,178	-	33,734	69,912
<u>1HFY2012</u>				
As at 1/4/11	36,178	-	29,584	65,762
Total comprehensive income for the period	-	-	2,838	2,838
Dividend paid	-	-	(3,038)	(3,038)
As at 30/9/11	36,178	-	29,384	65,562
<u>3QFY2012</u>				
Total comprehensive income for the period	-	-	686	686
As at 31/12/11	36,178	-	30,070	66,248

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
Issued & fully paid share capital		
Number of shares as at 1 April and 31 December	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	
	3Q FY13	3Q FY12	9M FY13	9M FY12
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	0.96	0.12	3.97	2.14
On fully diluted basis (cents)	0.96	0.12	3.97	2.14
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	2,924	379	12,064	6,500
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	2,924	379	12,064	6,500
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. Diluted earnings per share are the same as basic earnings 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 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-Dec-2012	31-Mar-2012	31-Dec-2012	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	28.0	24.2	23.0	22.4

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

Third Quarter (3QFY13) Review

The Group's revenue for 3QFY2013 ended 31 December 2012 increased by 60.4% from S\$42.8 million to S\$68.6 million as compared to 3QFY2012 ended 31 December 2011 mainly due to higher recognition of project revenue in 3QFY2013 as well as contributions by the two new subsidiaries in Thailand and Malaysia. The gross profit increased from S\$3.6 million to S\$8.5 million and the gross profit margin for the same period increased from 8.5% to 12.4% for the previous corresponding period mainly due to better project cost management.

The Group's administration costs for 3QFY2013 increased by 81.7% from S\$3.1 million to S\$5.6 million as compared to 3QFY2012 mainly due to the consolidation of costs incurred by the two new subsidiaries in Thailand and Malaysia.

The foreign exchange loss of S\$0.3 million for 3QFY2013 as compared to S\$0.1 million gain for 3QFY2012 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 3QFY2013 increased over 7 times from S\$0.4 million to S\$2.9 million as compared to 3QFY2012 mainly due to reasons as mentioned above.

Nine Months (9MFY13) Review

The Group's revenue for 9MFY2013 ended 31 December 2012 increased by 48.7% from S\$128.2 million to S\$190.5 million as compared to 9MFY2012 ended 31 December 2011 mainly due to higher recognition of project revenue in 9MFY2013 as well as contributions by the two new subsidiaries in Thailand and Malaysia. The gross profit increased from S\$19.6 million to S\$22.1 million. However, the gross profit margin for the same period decreased from 15.3% to 11.6% for the previous corresponding period mainly due to cost increases in labour and materials.

The Group's administration costs for 9MFY2013 increased by 34.3% from S\$11.6 million to S\$15.6 million as compared to 9MFY2012 mainly due to the consolidation of costs incurred by the two new subsidiaries in Thailand and Malaysia.

The foreign exchange loss of S\$0.9 million for 9MFY2013 as compared to S\$0.6 million gain for 9MFY2012 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 9MFY2013 increased by 85.6% from S\$6.5 million to S\$12.1 million as compared to 9MFY2012 was mainly due to higher revenue in 9MFY2013 and 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\$34.5 million in trade and other payables as at 31 December 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 increases of S\$12.0 million and S\$13.3 million in trade and other receivables and contract work-in-progress respectively as at 31 December 2012 as compared to 31 March 2012 are mainly due to increased project activities as well as the inclusion of two new subsidiaries in Thailand and Malaysia.

The increase of S\$12.0 million in property, plant and equipment as at 31 December 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 31 December 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 31 December 2012, the Group's cash and cash equivalents stood at S\$26.2 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 take steps to 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\$183 million.

11. Dividend

(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? Nil.

- (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/recommendeded, a statement to that effect

No dividend has been declared or recommended for the third quarter and nine months ended 31 December 2012.

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 third quarter and nine months ended 31 December 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
7 February 2013