

Financial Statements and Related Announcement::First Quarter Results



Issuer & Securities

Issuer/ Manager	HIAP SENG ENGINEERING LTD
Securities	HIAP SENG ENGINEERING LTD - SG1G69871497 - 510
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	11-Aug-2014 17:06:53
Status	New
Announcement Sub Title	First Quarter Results
Announcement Reference	SG140811OTHR0NJQ
Submitted By (Co./ Ind. Name)	Tan Hak Jin
Designation	Joint Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please see the attachments: A) Unaudited First-Quarter Financial Statement And Dividend Announcement. B) News Release.

Additional Details

For Financial Period Ended	30/06/2014
Attachments	<p> HSELQ1FY2015_results_announcement.pdf</p> <p> HSEL_NR_1QFY2015.pdf</p> <p>Total size =125K</p>

Like Tweet 



HIAP SENG ENGINEERING LTD

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



NEWS RELEASE

HIAP SENG REGISTERS NET PROFIT OF S\$1.1 MILLION ON REVENUE OF S\$76.0 MILLION IN 1QFY2015

Singapore, August 11, 2014 – 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 39.2% increase in revenue to S\$76.0 million for the three months ended June 30, 2014 (“1QFY2015”). Net profit attributable to shareholders however slid 60% to S\$1.1 million.

Revenue increased mainly as a result of higher recognition of projects and turnaround maintenance revenue in 1QFY2015. However, Hiap Seng’s gross profit decreased to S\$5.8 million in 1QFY2015 from S\$8.5 million in the previous corresponding period (“1QFY2014”), largely impacted by the higher operating costs associated with project execution as well as cost overruns in certain projects that the Group is engaged in. Consequently, the Group’s net profit attributable to shareholders decreased to S\$1.1 million in 1QFY2015 from S\$2.6 million in 1QFY2014.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “Our revenue has seen an increase during the quarter although cost pressures continue to impact our margins. Our order book stands at a healthy level of S\$184 million as at August 11, 2014 and we will continue to leverage on strategic alliances and rely on our core competencies in pursuing new business opportunities around the region.”

Outlook

Although the oil-and-gas and petrochemical industries which Hiap Seng serves still remain positive, the directors believe that the Group's performance for the current financial year ending March 31, 2015 will remain challenging.

In light of the keen competition coupled with escalating labour costs and other operating expenses, Hiap Seng remains focused on controlling costs and improving productivity. With an established track record, the Group aims to tap on this strength to continue securing projects with better margins 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 2.5 million sq ft and a workforce of over 3,000 well-trained and skilled employees.

Hiap Seng made its maiden appearance on Forbes' list of Top 200 Asia-Pacific firms with sales under US\$1 billion in September 2010. The list, called "Best Under A Billion," selects the top-performing firms with 12,000 publicly listed companies with sales of less than US\$1 billion. Selections were based on companies' profitability, growth, modest indebtedness and future prospects.

On December 13, 2010, Hiap Seng was conferred the coveted Business Superbrands Award in Singapore. The Business Superbrands status is awarded to some of the world's strongest examples of business to business brands.

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

For CDRi.MAGE

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

For Hiap Seng

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

066/14/002/HSEL

August 11, 2014

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

UNAUDITED FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

First-quarter financial statement on consolidated results for the period ended 30 June 2014

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	30-Jun-14	30-Jun-13	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	75,971	54,592	39.2
Cost of services rendered	(70,141)	(46,135)	52.0
Gross profit	5,830	8,457	(31.1)
Gross profit margin	7.7%	15.4%	
Other income	10	18	(44.4)
Administrative expenses	(4,431)	(5,004)	(11.5)
Other losses-net	(261)	(370)	(29.5)
Profit from operations	1,148	3,101	(63.0)
Finance expenses	(229)	(90)	NM
Share of profit of associated companies	343	24	NM
Profit before income tax	1,262	3,035	(58.4)
Income tax expense	(29)	(410)	(92.9)
Net profit	1,233	2,625	(53.0)
Other comprehensive income			
Foreign currency translation	(13)	300	NM
Total comprehensive income for the period	1,220	2,925	(58.3)
Profit attributable to:			
Owners of the parent	1,052	2,634	(60.1)
Minority interests	181	(9)	NM
	1,233	2,625	(53.0)
Total comprehensive income attributable to:			
Owners of the parent	1,065	2,934	(63.7)
Minority interests	155	(9)	NM
	1,220	2,925	(58.3)

NM: Denotes not meaningful

Profit from operations included the following:

	Group	
	30-Jun-14	30-Jun-13
	S\$'000	S\$'000
(a) Other income		
Interest income	10	18
(b) Other losses-net		
Net gain on disposal of property, plant and equipment	183	26
Currency exchange loss -net	(447)	(394)
(c) Depreciation of property, plant and equipment	(1,007)	(904)

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	
	30-Jun-2014	31-Mar-2014	30-Jun-2014	31-Mar-2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	14,115	7,812	8,453	3,156
Income tax recoverable	824	1,061	711	781
Trade and other receivables	116,581	108,921	117,256	110,829
Contract work-in-progress	40,796	52,319	16,446	15,047
Other current assets	3,024	2,222	2,625	1,767
	175,340	172,335	145,491	131,580
Non-current assets				
Club memberships	363	363	298	298
Investments in associated companies	1,426	1,078	109	109
Investments in subsidiaries	-	-	14,858	14,858
Property, plant and equipment	25,837	26,049	8,554	8,913
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	294	294	-	-
Intangible assets	6,593	6,657	-	-
	36,995	36,923	26,301	26,660
Total assets	212,335	209,258	171,792	158,240
LIABILITIES				
Current liabilities				
Trade and other payables	92,873	96,924	66,605	62,670
Current income tax liabilities	11	1	-	-
Borrowings	42,652	36,553	34,518	28,487
	135,536	133,478	101,123	91,157
Non-current liabilities				
Borrowings	671	834	342	342
Deferred income tax liabilities	1,524	1,536	458	458
	2,195	2,370	800	800
Total liabilities	137,731	135,848	101,923	91,957
NET ASSETS	74,604	73,410	69,869	66,283
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	(88)	(75)	-	-
Retained earnings	36,534	35,482	33,691	30,105
Total	72,624	71,585	69,869	66,283
Minority interests	1,980	1,825	-	-
Total equity	74,604	73,410	69,869	66,283

1(b)(ii). Aggregate amount group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30/06/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
42,652	-	36,553	-

Amount repayable after one year

As at 30/06/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
671	-	834	-

Details of any collateral

The Group's borrowings are secured against certain properties, machinery 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	
	30-Jun-14 S\$'000	30-Jun-13 S\$'000
Cash flow from operating activities:		
Total profit	1,233	2,625
Adjustment for :		
Depreciation of property, plant and equipment	1,007	904
Net gain from disposal of plant and equipment	(183)	(26)
Share of profit of associated companies	(343)	(24)
Amortisation of intangible assets	64	-
Foreign exchange adjustments	24	457
Income tax expenses	29	410
Interest expense	229	90
Interest income	(10)	(18)
Operating cash flow before working capital changes	2,050	4,418
Changes in operating assets and liabilities, net of effects from acquisition of subsidiary		
Contract work-in-progress and inventories	11,523	(20,843)
Trade and other receivables	(7,660)	(9,227)
Other current assets	(802)	(1,607)
Trade and other payables	(4,051)	14,182
Cash generated from/(used in) operations	1,060	(13,077)
Income taxes refund/ (paid)	206	(113)
Net cash inflow/(outflow) from operating activities	1,266	(13,190)
Cash flows from investing activities		
Purchases of property, plant and equipment	(980)	(959)
Proceeds from disposal of plant and equipment	210	97
Interest income received	10	18
Net cash outflow from investing activities	(760)	(844)

Cash flows from financing activities		
Decrease in bank deposits pledged	-	(133)
Hire purchase creditors	1,679	(40)
Trust receipts creditors	(3,441)	2,387
Proceeds from bank borrowing	7,917	8,408
Interest paid	(229)	(75)
Net cash inflow from financing activities	5,926	10,547
Net increase/(decrease) in cash and cash equivalents held	6,432	(3,487)
Cash and cash equivalents at beginning of the financial period	4,493	15,988
Effect of currency translation on cash and cash equivalents	(2)	20
Cash and cash equivalents at end of the financial period	10,923	12,521
Cash and cash equivalents represented by:		
Bank and cash balances	12,211	14,081
Fixed deposits with financial institutions	1,904	1,352
Less: Bank overdrafts	(1,289)	(2,144)
Less: Restricted bank deposits	(1,903)	(768)
	10,923	12,521

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
1QFY2015						
As at 1 Apr 2014	36,178	(75)	35,482	71,585	1,825	73,410
Total comprehensive income for the period	-	(13)	1,052	1,039	155	1,194
As at 30 Jun 2014	36,178	(88)	36,534	72,624	1,980	74,604
1QFY2014						
As at 1 Apr 2013	36,178	(70)	41,963	78,071	1,621	79,692
Total comprehensive income for the period	-	300	2,634	2,934	(9)	2,925
Contribution from NCI	-	-	-	-	(265)	(265)
As at 30 Jun 2013	36,178	230	44,597	81,005	1,347	82,352

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
1QFY2015			
As at 1 Apr 2014	36,178	30,105	66,283
Total comprehensive income for the period	-	3,586	3,586
As at 30 Jun 2014	36,178	33,691	69,869
1QFY2014			
As at 1 Apr 2013	36,178	34,673	70,851
Total comprehensive income for the period	-	890	890
As at 30 Jun 2013	36,178	35,563	71,741

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 2015	FY 2014
Issued & fully paid share capital		
Number of shares as at 1 April and 30 June	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 2014 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 changes:

In FY2015, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 April 2014.

The FRS applicable to the Group is as follows:
FRS 110 Consolidated Financial Statements
FRS 112 Disclosure of interests in Other Entities

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend

	Group	
	30-Jun-14	30-Jun-13
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	0.35	0.87
Based on fully diluted basis (cents)	0.35	0.87
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	1,052	2,634
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	1,052	2,634
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750

Note:

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.

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-Jun-14	31-Mar-2014	30-Jun-14	31-Mar-2014
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	24.6	24.2	23.0	21.8

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2014 (31 March 2014: 303,750,000). There was no material impact on prior period net asset value per share on adoption of the revised FRS as discussed in paragraph 5.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on

First Quarter (1QFY2015) Review

The Group's revenue for 1QFY2015 increased by 39.2% from S\$54.6million to S\$76.0 million as compared to 1QFY2014 mainly due to higher recognition of project as well as turnaround maintenance revenue in 1QFY2015. However, the gross profit decreased by 31.1% from S\$8.5 million to S\$5.8 million mainly due to higher operating costs and cost overruns in certain projects.

The Group's net profit attributable to shareholders for 1QFY2015 decreased from S\$2.6 million to S\$1.1 million as compared to 1QFY2014 mainly due to the lower gross profit as mentioned above.

Statement of Financial Position Review

The increase of S\$7.7 million in trade and other receivables as at 30 June 2014 as compared to 31 March 2014 is mainly due to increased project billings. The decrease of S\$11.5 million in contract work-in-progress as at 30 June 2014 as compared to 31 March 2014 was in line with the project schedules.

The increase of S\$5.9 million in borrowings as at 30 June 2014 as compared to 31 March 2014 is mainly used for working capital.

As at 30 June 2014, the Group's cash and cash equivalents stood at S\$14.1 million as compared to S\$7.8 million as at 31 March 2014.

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, the Directors of the Company believe that the Group's performance for the current financial year ending 31 March 2015 will remain challenging in view of keen competition, escalating labour costs and other operating expenses. The Group will continue to control costs and take steps to improve productivity.

As at the date of this announcement, the Group's outstanding order book stands at S\$184 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

Nil.

(e) Books closure date

Not applicable.

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

No interim dividend has been recommended for the period ended 30 June 2014.

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 first quarter ended 30 June 2014 presented in this announcement to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

TAN HAK JIN
JOINT COMPANY SECRETARY
11 August 2014