



**HIAP SENG ENGINEERING LIMITED**  
**(JUDICIAL MANAGERS APPOINTED)**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 197100300Z)

**MATERIAL DIFFERENCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

Hiap Seng Engineering Limited (the “Company” and together with its subsidiaries, the “Group”) refers to its unaudited full year financial results announcement for the financial year ended 31 March 2023 (“FY2023”) released on 31 May 2023 (the “Unaudited Financial Statements”).

Pursuant to Rule 704(6) of the Listing Manual of Singapore Exchange Trading Limited, the Company wishes to highlight and clarify the material differences between the Unaudited Financial Statements and the audited financial statements for FY2023 contained in the Annual Report (the “Audited Financial Statements”) following the finalisation of the audit.

A summary of the differences between the Unaudited Financial Statements and Audited Financial Statements with the relevant explanatory notes are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income as at 31 March 2023

		Group			
	<b>Note</b>	Audited Financial Statements S\$'000	Unaudited Financial Statements S\$'000	Difference S\$'000	Increase / (Decrease) %
Revenue	PL-1	18,601	18,072	529	2.9
Cost of services rendered	PL-2	(15,525)	(14,987)	(538)	3.6
Gross profit		3,076	3,085	(9)	(0.3)
Other income	PL-2	1,401	863	538	62.3
Other losses – net					
-Allowance for impairment of financial assets		(133)	(133)	-	-
-Others	PL-3	(1,001)	(689)	(312)	45.3
Expenses					
- Administrative	PL-4	(5,404)	(5,736)	332	(5.8)
- Finance		(497)	(497)	-	-
Share of profit of associated companies		8	8	-	-
Loss before income tax		(2,550)	(3,099)	549	(17.7)
Income tax expense		-	-	-	-
<b>Total loss</b>		<b>(2,550)</b>	<b>(3,099)</b>	<b>549</b>	<b>(17.7)</b>

Explanatory Notes

<b>PL1 – Revenue</b>		<b>S\$'000</b>	
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>18,072</b>	
a	Reversal of over accrual of prior year revenue previously recorded in the current financial year is now corrected with reinstatement of the financial statements for the prior financial year	596	529
b	Over recognition of revenue for current financial year	(67)	
<b>As per audited</b>		<b>18,601</b>	

<b>PL2- Cost of services rendered</b>		<b>S\$'000</b>	
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>(14,987)</b>	
a	Reclassification of grant income to Other Income	(538)	
<b>As per audited</b>		<b>(15,525)</b>	

<b>PL2- Other income</b>		<b>S\$'000</b>	
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>863</b>	
a	Reclassification of grant income from cost of services rendered	538	
<b>As per audited</b>		<b>1,401</b>	

<b>PL3 – Other losses-net</b>		<b>S\$'000</b>	
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>(689)</b>	
a	Exchange gain arising from the revaluation of borrowings in USD	24	(312)
b	Impairment of equipment due to wear and tear	(336)	
<b>As per audited</b>		<b>(1,001)</b>	

<b>PL4 – Administrative</b>		<b>S\$'000</b>	
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>(5,736)</b>	
a	Accrual for employees benefits previously recorded in the current financial year is now corrected with reinstatement of the financial statement for the prior financial year as these expenses are relating to period prior to 15 September 2020	398	332
b	Under accrual for professional fees in relation to the cost and expenses of judicial management and restructuring exercise	(66)	
<b>As per audited</b>		<b>(5,404)</b>	

Consolidated Statement of Financial Position as at 31 March 2023

		Group			
	<b>Note</b>	Audited Financial Statements S\$'000	Unaudited Financial Statements S\$'000	Difference S\$'000	Increase / (Decrease) %
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalent		18,744	18,744	-	-
Trade and other receivables	BS-1	7,518	7,651	(133)	(1.7)
Other current assets		746	746	-	-
		<b>27,008</b>	<b>27,141</b>	<b>(133)</b>	<b>(0.5)</b>
<b>Non-current assets</b>					
Investments in associated companies		270	270	-	-
Property, plant and equipment	BS-2	3,887	4,223	(336)	(8.0)
Financial assets, at FVOCI	BS-3	907	813	94	11.6
		<b>5,064</b>	<b>5,306</b>	<b>(242)</b>	<b>(4.6)</b>
<b>Total assets</b>		<b>32,072</b>	<b>32,447</b>	<b>(375)</b>	<b>(1.2)</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		33,711	33,645	66	0.2
Contract liabilities		7	7	-	-
Borrowings		14,696	14,720	(24)	(0.2)
Lease liabilities	BS-4	862	222	640	N.M.
		<b>49,276</b>	<b>48,594</b>	<b>682</b>	<b>1.4</b>
<b>Non-current liabilities</b>					
Lease liabilities	BS-4	148	788	(640)	(81.2)
		<b>148</b>	<b>788</b>	<b>(640)</b>	<b>(81.2)</b>
<b>Total liabilities</b>		<b>49,424</b>	<b>49,382</b>	<b>42</b>	<b>0.1</b>
<b>NET LIABILITIES</b>		<b>(17,352)</b>	<b>(16,935)</b>	<b>(417)</b>	<b>2.5</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		36,178	36,178	-	-
Other reserves	BS-3	1,565	1,471	94	6.4
Accumulated losses	BS-5	(55,095)	(54,584)	(511)	0.9
<b>Total equity</b>		<b>(17,352)</b>	<b>(16,935)</b>	<b>(417)</b>	<b>2.5</b>

N.M. - Not Meaningful

Explanatory Notes

<b>BS 1-Trade and other receivables</b>		<b>S\$'000</b>
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>7,651</b>
i.	Over recognition of revenue for prior year	(66)
PL note(1b)	Over recognition of revenue for current financial year	(67)
<b>As per audited</b>		<b>7,518</b>

<b>BS 2 Property, plant and equipment</b>		<b>S\$'000</b>
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>4,223</b>
PL note(3b)	Impairment of equipment due to wear and tear	(336)
<b>As per audited</b>		<b>3,887</b>

<b>BS 3 Financial assets, at FVOCI &amp; Other reserves</b>		<b>S\$'000</b>
Adjustment to reflect the estimated fair value of the unlisted equity securities of an investee company held in Vietnam		94

**BS 4 – Lease liabilities**

A reclassification between the current portion and the non-current portion based on contractual payment due dates. The total lease liabilities remain.

<b>BS 5 – Accumulated losses</b>		<b>S\$'000</b>
<b>As per unaudited (Announcement on 31 May 2023)</b>		<b>(54,584)</b>
<b><u>Prior Year Adjustments</u></b>		
i.	Over recognition of revenue for prior year	(66)
PL note (1a)	Reversal of over accrual of prior year revenue previously recorded in the current financial year is now corrected with reinstatement of the financial statements for the prior financial year.	(596)
PL note (4a)	Accrual for employees benefits previously recorded in the current financial year is now corrected with reinstatement of the financial statement for the prior financial year as these expenses are relating to period prior to 15 September 2020	(398)
<b><u>Current year adjustments</u></b>		
ii.	Current year adjustments as per PL note 1 to 4	549
<b>As per audited</b>		<b>(55,095)</b>

**Consolidated Condensed Statement of Cash Flows as at 31 March 2023**

		Audited Financial Statements S\$'000	Group Unaudited Financial Statements S\$'000	Difference S\$'000	Increase / (Decrease) %
	<u>Note</u>				
<b>Cash flow from operating activities:</b>					
Total loss after tax	PL 1 to 4	(2,550)	(3,099)	549	(17.7)
<b>Adjustment for</b>					
Income tax expense		-	-	-	-
Allowance for impairment of financial assets		133	133	-	-
Depreciation of property, plant and equipment		1,791	1,791	-	-
Net gain on disposal of property, plant and equipment		(50)	(50)	-	-
Unrealised currency translation losses	PL note (3a)	683	707	(24)	(3.4)
Property, plant and equipment written off	PL note (3b)	378	42	336	N.M.
Interest expense		497	497	-	-
Interest income		(111)	(111)	-	-
Share of profit of associated companies		(8)	(8)	-	-
<b>Operating profit before working capital changes</b>		<b>763</b>	<b>(98)</b>	<b>861</b>	<b>N.M.</b>
<b>Changes in working capital:</b>					
Contract assets		964	964	-	-
Trade and other receivables	PL 1	1,993	2,522	(529)	(21.0)
Other currents assets		122	122	-	-
Contract liabilities		(106)	(106)	-	-
Trade and other payables and provision	PL 4	684	1,016	(332)	(32.7)
<b>Cash generated from operations</b>		<b>4,420</b>	<b>4,420</b>	<b>-</b>	<b>-</b>
Income tax paid		-	-	-	-
<b>Net cash generated from operating activities</b>		<b>4,420</b>	<b>4,420</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from investing activities</b>		<b>108</b>	<b>108</b>	<b>-</b>	<b>-</b>
<b>Net cash generated from financing activities</b>		<b>(859)</b>	<b>(860)</b>	<b>1</b>	<b>*</b>
<b>Net increase in cash and cash equivalent</b>		<b>3,669</b>	<b>3,668</b>	<b>1</b>	<b>*</b>
<b>Effect of currency translation on cash and cash equivalent</b>		<b>(45)</b>	<b>(44)</b>	<b>(1)</b>	<b>*</b>
<b>Beginning of the financial year</b>		<b>15,120</b>	<b>15,120</b>	<b>-</b>	<b>-</b>
<b>End of the financial year</b>		<b>18,744</b>	<b>18,744</b>	<b>-</b>	<b>-</b>

N.M. - Not Meaningful

\* due to rounding

Onn Su Sun and Lin Yueh Hung  
Joint and Several Judicial Managers

16 August 2023

The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.