

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

UNAUDITED FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the first quarter ended 30 June 2016

	Group		
	30-Jun-16	30-Jun-15	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	39,381	33,011	19.3
Cost of services rendered	(32,331)	(26,457)	22.2
Gross profit	7,050	6,554	7.6
Gross profit margin	17.9%	19.9%	
Other income	10	7	42.9
Administrative expenses	(4,947)	(4,324)	14.4
Other gains/(losses)-net	5	(317)	NM
Profit from operations	2,118	1,920	10.3
Finance expenses	(22)	(46)	(52.2)
Share of profit of associated companies	13	16	(18.8)
Profit before income tax	2,109	1,890	11.6
Income tax expense	(88)	(68)	29.4
Net profit	2,021	1,822	10.9
Other comprehensive income			
Foreign currency translation	1,366	301	NM
Total comprehensive income for the period	3,387	2,123	59.5
Profit attributable to:			
Owners of the parent	2460	1,911	28.7
Minority interests	(439)	(89)	NM
	2,021	1,822	10.9
Total comprehensive income attributable to:			
Owners of the parent	3,826	2,237	71.0
Minority interests	(439)	(114)	NM
	3,387	2,123	59.5

NM: Denotes not meaningful

Profit from operations included the following:

	Group	
	30-Jun-16	30-Jun-15
	S\$'000	S\$'000
(a) Other income		
Interest income	10	7
(b) Other gains/(losses)-net		
Net gain/(loss) on disposal of property, plant and equipment	22	(5)
Currency exchange loss –net	(72)	(316)
(c) Administrative expenses		
(Allowance)/ write- back for impairment of trade receivables	(575)	278
(d) Depreciation of property, plant and equipment	(857)	(905)
(e) Amortisation	(79)	(30)

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-2016 S\$'000	31-Mar-2016 S\$'000	30-Jun-2016 S\$'000	31-Mar-2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,001	13,457	8,106	9,714
Trade and other receivables	58,249	61,752	70,570	70,421
Contract work-in-progress	9,946	6,699	8,796	6,021
Other current assets	1,811	2,760	1,268	1,773
	82,007	84,668	88,740	87,929
Non-current assets				
Club memberships	386	386	321	321
Investments in associated companies	361	372	109	109
Investments in subsidiaries	-	-	14,620	14,775
Property, plant and equipment	21,443	21,687	6,870	6,770
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	108	60	-	-
Intangible assets	6,304	6,383	-	-
	31,084	31,370	24,402	24,457
Total assets	113,091	116,038	113,142	112,386
LIABILITIES				
Current liabilities				
Trade and other payables	42,028	44,777	39,731	42,500
Current income tax liabilities	25	265	5	2
Borrowings	1,725	4,998	621	769
	43,778	50,040	40,357	43,271
Non-current liabilities				
Borrowings	167	218	43	102
Deferred income tax liabilities	1,305	1,327	362	362
	1,472	1,545	405	464
Total liabilities	45,250	51,585	40,762	43,735
NET ASSETS	67,841	64,453	72,380	68,651
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	1,287	(79)	-	-
Retained earnings	29,306	26,845	36,202	32,473
Total	66,771	62,944	72,380	68,651
Minority interests	1,070	1,509	-	-
Total equity	67,841	64,453	72,380	68,651

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

	30-Jun-2016		31-Mar-2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,725	-	4,998	-
Amount repayable after one year	167	-	218	-

Details of any collaterals;

The Group's borrowings are secured against certain properties, machineries and fixed deposits of 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	
	30-Jun-16 S\$'000	30-Jun-15 S\$'000
Cash flow from operating activities:		
Total profit	2,021	1,822
Adjustment for :		
Depreciation of property, plant and equipment	857	905
Amortisation of intangible assets	79	30
Net (gain)/loss from disposal of plant and equipment	(22)	5
Share of profit of associated companies	(13)	(16)
Provision/ (write-back) of impairment of trade and other receivables	575	(278)
Foreign exchange adjustments	1,438	808
Income tax expenses	88	68
Interest expense	22	46
Interest income	(10)	(7)
Operating cash flow before working capital changes	5,035	3,383
Changes in operating assets and liabilities, net of effects from acquisition of subsidiary		
Contract work-in-progress	(3,247)	(632)
Trade and other receivables	2,928	13,867
Other current assets	949	(1,026)
Trade and other payables	(2,749)	(6,704)
Cash generated from operations	2,916	8,888
Income taxes paid	(403)	(17)
Net cash inflow from operating activities	2,513	8,871
Cash flows from investing activities		
Purchases of property, plant and equipment	(595)	(545)
Proceeds from disposal of plant and equipment	24	(4)
Interest income received	10	7
Net cash outflow from investing activities	(561)	(542)
Cash flows from financing activities		
Decrease in bank deposits pledged	-	26
Hire purchase creditors	(218)	(208)
Trust receipts creditors	1,086	37
Repayment to bank borrowing	(4,508)	(4,144)
Interest paid	(22)	(46)
Net cash outflow from financing activities	(3,662)	(4,335)
Net increase in cash and cash equivalents held	(1,710)	3,994
Cash and cash equivalents at beginning of the financial period	12,286	16,763
Effect of currency translation on cash and cash equivalents	(21)	207
Cash and cash equivalents at end of the financial period	10,555	20,964
Cash and cash equivalents represented by:		
Bank and cash balances	10,821	21,028
Fixed deposits with financial institutions	1,180	1,167
Less: Bank overdrafts	(1,160)	(75)
Less: Restricted bank deposits	(286)	(1,156)
	10,555	20,964

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	Share Capital	Other Reserves	Retained Earnings	Total	Minority interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1QFY2017						
As at 1 Apr 2016	36,178	(79)	26,846	62,945	1,509	64,454
Total comprehensive income for the period	-	1,366	2,460	3,826	(439)	3,387
As at 30 Jun 2016	36,178	1,287	29,306	66,771	1,070	67,841
1QFY2016						
As at 1 Apr 2015	36,178	707	22,319	59,204	1,992	61,196
Total comprehensive income for the period	-	326	1,911	2,237	(114)	2,123
As at 30 Jun 2015	36,178	1,033	24,230	61,441	1,878	63,319

Company	Share Capital	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000
1QFY2017			
As at 1 Apr 2016	36,178	32,473	68,651
Total comprehensive income for the period	-	3,729	3,729
As at 30 Jun 2016	36,178	36,202	72,380
1QFY2016			
As at 1 Apr 2015	36,178	31,063	67,241
Total comprehensive income for the period	-	(815)	(815)
As at 30 Jun 2015	36,178	30,248	66,426

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 immediately preceding year.

	FY2017	FY2016
Issued & fully paid share capital		
Number of shares as at 30 June and 1 April	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 2016 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

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2016 and which the Group has not early adopted:

FRS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016). The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. This amendment is not expected to have any significant impact on the financial statements of the Group.

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-16	30-Jun-15
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	0.81	0.63
Based on fully diluted basis (cents)	0.81	0.63
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	2,460	1,911
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	2,460	1,911
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750

Note:

(a) The profit 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 profit per share are the same as basic profit 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 the 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-16	31-Mar-16	30-Jun-16	31-Mar-16
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	22.0	20.7	23.8	22.6

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2016 (31 March 2016: 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 (1QFY2017) Review

The Group's revenue for 1QFY2017 increased by 19.3% from S\$33.0 million to S\$39.4 million as compared to 1QFY2016 mainly due to higher recognition of plant construction and maintenance revenue in 1QFY2017. The gross profit increased by 7.6 % from S\$6.6 million to S\$7.1 million mainly due to the higher revenue.

The Group's net profit attributable to shareholders for 1QFY2017 increased by 28.7% from S\$1.9 million to S\$2.5 million as compared to 1QFY2016 mainly due to the factors mentioned above.

Statement of Financial Position Review

The decrease of S\$3.5 million in trade and other receivables as at 30 June 2016 as compared to 31 March 2016 is mainly due to higher collections in 1QFY2017.

The decrease of S\$2.7 million in trade and other payables as at 30 June 2016 as compared to 31 March 2016 is in line with the Group's business activities.

The total borrowings of S\$1.9 million as at 30 June 2016 had decreased by S\$3.3 million compared to S\$5.2 million as at 31 March 2016 due to repayment of loans.

As at 30 June 2016, the Group's cash and cash equivalents stood at S\$12.0 million as compared to S\$13.5 million as at 31 March 2016.

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**

Barring unforeseen circumstances, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2017 in spite of the uncertain market conditions of the oil-and-gas industry. The Group will continue to control costs and take steps to improve productivity and look for other business opportunities.

As at the date of this announcement, the Group's outstanding order book stands at S\$110 million.

11. If a decision regarding dividend has been made:

(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? No.

(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/recommended, a statement to that effect

No interim dividend has been recommended for the period ended 30 June 2016.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPs”), 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 2016 presented in this announcement to be false or misleading in any material aspects.

15. Confirmation of Undertakings from Directors and Executive Officers

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

By order of the board

TAN HAK JIN
Joint Company Secretary
10 August 2016



HIAP SENG ENGINEERING LTD

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

NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 1QFY2017

Singapore, August 10, 2016 – 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 28.7% rise in net profit attributable to shareholders to S\$2.5 million on the back of a 19.3% increase in revenue to S\$39.4 million for the first quarter ended June 30, 2016 (“1QFY2017”).

The topline growth in 1QFY2017, up from S\$33.0 million in the previous corresponding quarter (“1QFY2016”) was achieved largely due to a higher recognition of plant construction and maintenance revenue. In tandem with the improved revenue, gross profit rose by 7.6% to S\$7.1 million during the quarter.

Correspondingly, the Group registered an increase in net profit attributable to shareholders to S\$2.5 million in 1QFY2017 from S\$1.9 million in 1QFY2016.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We are glad to have attained an improved performance this quarter, following our efforts to control costs amidst the overall challenging environment, particularly in the oil-and-gas sector.”

As at June 30, 2016, the Group's cash and cash equivalents stood at S\$12.0 million while its net cash position was S\$10.1 million, an improvement from S\$8.2 million as at March 31, 2016.

Hiap Seng has an outstanding order book of S\$110 million as at August 10, 2016.

Outlook

Despite macro-economic and market conditions being uncertain, the Directors of the Group continue to be cautiously optimistic on Hiap Seng's performance for the financial year ending March 31, 2017, barring any unforeseen circumstances.

Mr. Frankie Tan added, "While we anticipate potential near-term pressures in the oil-and-gas industry, we will continue to manage our operations prudently, seek ways to improve productivity and capitalise on business opportunities in Singapore and overseas."

Corporate Profile

Established in 1971 and a Mainboard-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 five well-equipped fabrication yards in Singapore and Thailand with a total land area of about 2.2 million sq ft and a workforce of about 1,500 well-trained and skilled employees.

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August 10, 2016