



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

\* 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>	12-Aug-2011 17:36:52
<b>Announcement No.</b>	00174

## &gt;&gt; ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>For the Financial Period Ended *</b>	30-06-2011
<b>Description</b>	PLEASE SEE THE ATTACHMENTS:  (1) FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT.  (2) NEWS RELEASE.
<b>Attachments</b>	 HSELQ1FY2012.pdf  HiapSeng1QFY2012NR.pdf Total size = <b>81K</b> (2048K size limit recommended)

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

**FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

First-quarter financial statement on consolidated results for the period ended 30 June 2011  
These figures have not been audited.

**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**

	<b>Group</b>		
	<b>30-Jun-11</b>	<b>30-Jun-10</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	40,839	67,861	(39.8)
Cost of sales	(32,879)	(54,014)	(39.1)
<b>Gross profit</b>	7,960	13,847	(42.5)
Gross profit margin	19.5%	20.4%	
Other loss – net	(469)	(2)	NM
Administrative costs	(3,727)	(3,859)	(3.4)
Other operating costs	(88)	(14)	NM
<b>Profit from operations</b>	3,676	9,972	(63.1)
Finance costs	(27)	(8)	(237.7)
Share of loss of associated companies	(924)	(101)	NM
<b>Profit before tax</b>	2,725	9,863	(72.4)
Income tax expense	(359)	(1,665)	(78.5)
<b>Net profit after tax</b>	2,366	8,198	(71.1)
<b>Other comprehensive income</b>			
Foreign currency translation	12	6	NM
<b>Total comprehensive income for the period</b>	2,378	8,204	(71.0)
<b>Profit attributable to:</b>			
Owners of the parent	2,490	8,021	(69.0)
Minority interests	(124)	177	NM
	2,366	8,198	(71.1)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	2,502	8,027	(68.8)
Minority interests	(124)	177	NM
	2,378	8,204	(71.0)

NM: Denotes not meaningful

**Profit from operations included the following:**

	<b>Group</b>	
	<b>30-Jun-11</b>	<b>30-Jun-10</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>(a) Other loss – net</b>		
Other income including interest income	130	109
Profit on disposal of plant and equipment	125	-
Foreign exchange loss	(751)	(121)
<b>(b) Other operating costs</b>		
Writeback of allowance for doubtful trade debt	4	-
<b>(c) Depreciation of property, plant and equipment</b>	(585)	(649)

**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-2011 S\$'000	31-Mar-2011 S\$'000	30-Jun-2011 S\$'000	31-Mar-2011 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	57,470	44,298	45,413	29,233
Trade and other receivables	56,977	62,503	35,644	40,465
Contract work-in-progress	2,933	2,120	1,753	1,472
Other current assets	891	730	494	417
	118,271	109,651	83,304	71,587
<b>Non-current assets</b>				
Other receivables	244	250	-	-
Club memberships	363	363	298	298
Investments in associated companies	994	1,894	72	979
Investments in subsidiaries	-	-	8,335	8,255
Investment property	-	-	156	208
Property, plant and equipment	9,764	9,723	8,391	8,314
Deferred income tax assets	105	105	-	-
	11,470	12,335	17,252	18,054
<b>Total assets</b>	129,741	121,986	100,556	89,641
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	46,186	40,873	30,800	22,154
Current income tax liabilities	1,669	1,310	992	851
Borrowings	1,518	1,860	101	176
	49,373	44,043	31,893	23,181
<b>Non-current liabilities</b>				
Borrowings	106	57	-	-
Deferred income tax liabilities	755	757	698	698
	861	814	698	698
<b>Total liabilities</b>	50,234	44,857	32,591	23,879
<b>NET ASSETS</b>	79,507	77,129	67,965	65,762
<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	(110)	(122)	-	-
Retained earnings	41,765	39,275	31,787	29,584
<b>Total</b>	77,833	75,331	67,965	65,762
Minority interests	1,674	1,798	-	-
<b>Total equity</b>	79,507	77,129	67,965	65,762

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

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

As at 30/06/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,518	-	1,860	-

**Amount repayable after one year**

As at 30/06/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
106	-	57	-

**Details of any collateral**

The Group's borrowings are secured against certain properties, machinery and fixed deposits within 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-11 S\$'000	30-Jun-10 S\$'000
<b>Cash flow from operating activities:</b>		
Total profit	2,366	8,198
<b>Adjustment for :</b>		
Depreciation of property, plant and equipment	585	649
Net gain from disposal of plant and equipment	(125)	-
Share of loss of associated companies	924	101
Foreign exchange adjustments	(5)	(6)
Income tax expenses	359	1,665
Interest expense	27	8
Interest income	(130)	(109)
<b>Operating cash flow before working capital changes</b>	<b>4,001</b>	<b>10,506</b>
<b>Changes in operating assets and liabilities</b>		
Contract work-in-progress	(813)	14,268
Trade and other receivables	5,526	24,487
Other current assets	(161)	382
Trade and other payables	5,313	(14,590)
<b>Cash generated from operations</b>	<b>13,866</b>	<b>35,053</b>
Income taxes paid	-	(17)
<b>Net cash inflow from operating activities</b>	<b>13,866</b>	<b>35,036</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(642)	(77)
Proceeds from disposal of plant and equipment	125	-
Interest income received	130	109
<b>Net cash (outflow)/ inflow from investing activities</b>	<b>(387)</b>	<b>32</b>
<b>Cash flows from financing activities</b>		
Decrease in bank deposits pledged	24	993

Hire purchase creditors	(17)	(74)
Trust receipts creditors	138	-
Interest paid	(27)	(8)
<b>Net cash inflow from financing activities</b>	<b>118</b>	<b>911</b>
<b>Net increase in cash and cash equivalents held</b>	<b>13,597</b>	<b>35,979</b>
Cash and cash equivalents at beginning of the financial period	42,046	16,090
Effect of currency translation on cash and cash equivalents	13	(6)
<b>Cash and cash equivalents at end of the financial period</b>	<b>55,656</b>	<b>52,063</b>
<b>Cash and cash equivalents represented by:</b>		
Bank and cash balances	37,196	25,888
Fixed deposits with financial institutions	20,274	26,771
Less: Bank overdrafts	(1,251)	-
Less: Restricted bank deposits	(563)	(596)
	<b>55,656</b>	<b>52,063</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**

Attributable to owners of the parent

<b>Group</b>	Share Capital	Other Reserves	Retained Earnings	Total	Minority interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>1Q FY2012</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>At 30/6/11</b>	36,178	(110)	41,765	77,833	1,674	79,507
<b>1Q FY2011</b>						
As at 1/4/10	36,178	(35)	43,401	79,544	1,738	81,282
Total comprehensive income for the period	-	6	8,021	8,027	177	8,204
<b>As at 30/6/10</b>	36,178	(29)	51,422	87,571	1,915	89,486

<b>Company</b>	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>1Q FY2012</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>1Q FY2011</b>				
As at 1/4/10	36,178	-	34,316	70,494
Total comprehensive income for the period	-	-	6,346	6,346
<b>As at 30/6/10</b>	36,178	-	40,662	76,840

**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.**

	<b>FY 2012</b>	<b>FY 2011</b>
<b>Issued &amp; fully paid share capital</b>		
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 2011 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 FY2012, the Group and the Company adopted the FRS which are effective from 1 January 2011. The FY2011 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 FRS24- Related party disclosures

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-11	30-Jun-10
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	0.82	2.64
On fully diluted basis (cents)	0.82	2.64
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	2,490	8,021
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	2,490	8,021
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750

**Notes:**

(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-Jun-11	31-Mar-2011	30-Jun-11	31-Mar-2011
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	25.6	24.8	22.4	21.7

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2011 (31 March 2011: 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 (1QFY2012) Review**

The Group's revenue for 1QFY2012 ended 30 June 2011 decreased by 39.8% from S\$67.9 million to S\$40.8 million as compared to 1QFY2011 ended 30 June 2010 mainly due to lower recognition of project revenue in 1QFY2012. The share of loss of associated companies increased to S\$0.9 million from S\$0.1 million for the previous corresponding period mainly due to higher loss suffered by an associated company in Thailand.

The Group's foreign exchange loss of S\$0.8 million which included unrealized loss of S\$0.6 million for 1QFY2012 as compared to S\$0.1 million loss for 1QFY2011 was primarily due to the weakening of the US Dollar against the Sing Dollar during the financial period under review.

The Group's net profit attributable to shareholders for 1QFY2012 decreased by 69.0% from S\$8.0 million to S\$2.5 million as compared to 1QFY2011 mainly due to the decrease in the Group's revenue as well as the increase in share of loss of associated companies and the foreign exchange loss.

#### Statement of Financial Position Review

The decrease of S\$5.5 million in trade and other receivables as at 30 June 2011 as compared to 31 March 2011 was due to the final settlement of a major contract in 1QFY2012. The increase of S\$5.3 million in trade and other payables as at 30 June 2011 as compared to 31 March 2011 was due to the start-up of new projects.

As at 30 June 2011, the Group's cash and cash equivalents stood at S\$57.5 million (S\$44.3 million as at 31 March 2011). The increase of S\$13.2 million was mainly due to the decrease in trade and other receivables and the increase in trade and other payables in 1QFY2012.

#### **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**

As the outlook for the process industry serving the oil-and-gas and petrochemical segments continues to see keen competition and rising costs, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2012.

The Group will continue to control costs, improve productivity and explore new business opportunities to enhance shareholder value.

As at the date of this announcement, the Group's outstanding order book stands at S\$201 million (S\$195 million as at 25 May 2011).

#### **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 2011.



**13. 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 2011 presented in this announcement to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD**

**TAN HAK JIN**  
**JOINT COMPANY SECRETARY**  
**12 August 2011**



協成工程有限公司  
**HIAP SENG ENGINEERING LTD**

Registration No: 197100300Z



## NEWS RELEASE

### **HIAP SENG RECORDS NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF S\$2.5 MILLION ON REVENUE OF S\$40.8 MILLION FOR 1QFY2012**

**Singapore, August 12, 2011** – Hiap Seng Engineering Limited (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today announced a net profit attributable to shareholders of S\$2.5 million on revenue of S\$40.8 million for the three months ended June 30, 2011 (“1QFY2012”).

The Group’s revenue for 1QFY2012 decreased 39.8% to S\$40.8 million from S\$67.9 million in 1QFY2011 due to lower revenue recognition of project revenue. Net profit attributable to shareholders for 1QFY2012 decreased by 69.0% to S\$2.5 million mainly due to the decrease in the Group’s revenue, increase in the share of loss of associated companies and higher foreign exchange loss. The Group’s foreign exchange loss of S\$0.8 million for 1QFY2012, compared to S\$0.1 million loss for 1QFY2011, included an unrealised loss of S\$0.6 million, and was primarily due to the weakening of the US Dollar against the Singapore Dollar during the financial period under review.

Said Mr. Frankie Tan, Chairman and CEO of Hiap Seng, “Against the backdrop of stiff competition and rising costs, we are encouraged by our recent contract wins comprising a S\$19.0 million contract from Shell Eastern Petroleum (Pte) Ltd, a S\$31.2 million contract for the Singapore LNG Terminal Project, a US\$8.4 million contract for Vietnam’s Dung Quat Refinery and a contract from Lanxess Butyl Pte

Ltd for piping and mechanical works for its new butyl rubber production facility on Jurong Island. These contract wins reflect good momentum in the oil and gas segment and our customers' confidence in the Group's strong fundamentals and engineering expertise."

As at June 30, 2011, the Group was in a net cash position with cash and cash equivalents of S\$57.5 million, as compared to S\$44.3 million as at March 31, 2011.

The Group's order book stands at S\$201 million as at August 12, 2011.

### **Outlook**

As the outlook for the process industry serving the oil-and-gas and petrochemical segments continues to see keen competition and rising costs, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending March 31, 2012, which has got off to a good start with the contract wins secured in 1QFY2012.

The Group will continue to rationalise its operational processes in order to maximise cost efficiencies and improve productivity. Leveraging on its established track record, the Group will 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 almost three million sq ft and a workforce of over 2,500 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 13 December 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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August 12, 2011