



SECOND QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

* Asterisks denote mandatory information

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
Date & Time of Broadcast	08-Nov-2011 17:15:15
Announcement No.	00057

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-09-2011
Description	PLEASE SEE THE FOLLOWING ATTACHMENTS: (1) SECOND QUARTER AND FIRST HALF FY2012 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (2) NEWS RELEASE.
Attachments	 HS_2QFY2012_NR.pdf  HSELQ2FY2012_announcement.pdf Total size = 91K (2048K size limit recommended)



NEWS RELEASE

HIAP SENG'S NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS INCREASES 70.3% TO S\$3.6 MILLION ON REVENUE OF S\$44.6 MILLION FOR 2QFY2012

- *Interim tax-exempt dividend of 1.0 cent per share*
- *Healthy balance sheet with cash and cash equivalents of S\$51.5 million*

Singapore, November 8, 2011 – Hiap Seng Engineering Ltd (“Hiap Seng” or the “Group”), a specialist integrated engineering group for the oil-and-gas, petrochemical and pharmaceutical industries, today reported a 70.3% rise in net profit attributable to shareholders to S\$3.6 million, notwithstanding lower revenue of S\$44.6 million for the three months ended September 30, 2011 (“2QFY2012”).

The increase in net profit attributable to shareholders, from S\$2.1 million in 2QFY2011 to S\$3.6 million in 2QFY2012 was mainly due to a higher gross profit margin as well as a foreign exchange gain of S\$1.3 million arising from the recovery of the US Dollar against the Singapore Dollar during the period under review.

Revenue for 2QFY2012, however, decreased 21.1% from S\$56.4 million in 2QFY2011 to S\$44.6 million in 2QFY2012, mainly due to lower recognition of project revenue in 2QFY2012.

For 1HFY2012, the Group's revenue decreased 31.3% from S\$124.3 million in 1HFY2011 to S\$85.4 million in 1HFY2012 and correspondingly, net profit attributable to shareholders decreased by 39.7% from S\$10.2 million to S\$6.1 million.

Mr Frankie Tan, Chairman and CEO of Hiap Seng said, “The outlook for the oil-and-gas and petrochemical industries continues to remain positive, buoyed by fast-growing Asian demand. Major market players continue to break ground on existing projects and are expanding their operations in the region, committing significant investments in new projects. We will continue to maintain a vigilant watch on our cost structure while capitalising on new growth opportunities.”

As at November 8, 2011 the Group’s order book stands at S\$205 million.

As at September 30, 2011, the Group had cash and cash equivalents of S\$51.5 million, as compared to S\$44.3 million as at March 31, 2011.

To reward its shareholders, the Group has declared an interim, one-tier tax-exempt dividend of 1.0 cent per ordinary share, which is expected to be paid on January 18, 2012.

Outlook

While the outlook for the oil-and-gas and petrochemical industries continues to remain positive, global economic uncertainties remain, together with 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.

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 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.
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107/11/007/HSEL

November 8, 2011

SECOND QUARTER AND FIRST HALF FY 2012 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the second quarter and the first half ended 30 September 2011

	Group			Group		
	2QFY12	2QFY11	Increase/ (Decrease)	1HFY12	1HFY11	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	44,554	56,435	(21.1)	85,393	124,296	(31.3)
Cost of sales	(36,610)	(50,125)	(27.0)	(69,489)	(104,139)	(33.3)
Gross profit	7,944	6,310	25.9	15,904	20,157	(21.1)
Gross profit margin	17.8%	11.2%		18.6%	16.2%	
Other gain/(loss) – net	1,417	(1,355)	NM	948	(1,357)	NM
Administrative costs	(4,790)	(2,505)	91.2	(8,517)	(6,364)	33.8
Other operating costs	15	(11)	NM	(73)	(25)	NM
Profit from operations	4,586	2,439	88.0	8,262	12,411	(33.4)
Finance costs	(26)	(3)	NM	(53)	(11)	NM
Share of profit/(loss) of associated companies	114	109	4.6	(810)	8	NM
Profit before tax	4,674	2,545	83.7	7,399	12,408	(40.4)
Income tax expense	(845)	(367)	NM	(1,204)	(2,032)	(40.7)
Net profit after tax	3,829	2,178	75.8	6,195	10,376	(40.3)
Other comprehensive income						
Foreign currency translation	50	(35)	NM	62	(29)	NM
Total comprehensive income for the period	3,879	2,143	81.0	6,257	10,347	(39.5)
Profit attributable to:						
Owner of the parent	3,631	2,132	70.3	6,121	10,153	(39.7)
Minority interests	198	46	NM	74	223	NM
	3,829	2,178	75.9	6,195	10,376	(40.3)
Total comprehensive income attributable to:						
Owner of the parent	3,681	2,097	75.5	6,183	10,124	(38.9)
Minority interests	198	46	NM	74	223	NM
	3,879	2,143	81.0	6,257	10,347	(39.5)

NM: Denotes not meaningful

Profit from operations included the following:

	Group		Group	
	2QFY12	2QFY 11	1HFY12	1HFY11
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Other gain/(loss) - net				
Other income including interest income	134	119	264	228
Profit on disposal of property, plant and equipment	1	5	126	5
Foreign exchange gain/(loss)	1,269	(1,497)	518	(1,618)
(b) Other operating costs				
(Provision)/writeback for doubtful trade debt	-	(10)	4	(10)
(c) Finance costs				
Interest on borrowings	(47)	-	(47)	-
(d) Depreciation of property, plant and equipment	(634)	(655)	(1,219)	(1,304)

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-Sep-2011	31-Mar-2011	30-Sep-2011	31-Mar-2011
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	51,489	44,298	38,966	29,233
Trade and other receivables	58,404	62,503	42,856	40,465
Contract work-in-progress	2,902	2,120	2,178	1,472
Other current assets	1,818	730	1,591	417
	114,613	109,651	85,591	71,587
Non-current assets				
Other receivables	244	250	-	-
Club memberships	363	363	298	298
Investments in associated companies	1,093	1,894	140	979
Investments in subsidiaries	-	-	8,246	8,255
Investment property	-	-	104	208
Property, plant and equipment	9,608	9,723	8,217	8,314
Deferred income tax assets	105	105	-	-
	11,413	12,335	17,005	18,054
Total assets	126,026	121,986	102,596	89,641
LIABILITIES				
Current liabilities				
Trade and other payables	41,935	40,873	35,360	22,154
Current income tax liabilities	1,731	1,310	950	851
Borrowings	1,156	1,860	25	176
	44,822	44,043	36,335	23,181
Non-current liabilities				
Borrowings	99	57	-	-
Deferred income tax liabilities	757	757	698	698
	856	814	698	698
Total liabilities	45,678	44,857	37,033	23,879
NET ASSETS	80,348	77,129	65,563	65,762
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	(60)	(122)	-	-
Retained earnings	42,358	39,275	29,385	29,584
Total	78,476	75,331	65,563	65,762
Minority interests	1,872	1,798	-	-
Total equity	80,348	77,129	65,563	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 30/09/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,156	-	1,860	-

Amount repayable after one year

As at 30/09/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
99	-	57	-

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	
	2Q FY 12 S\$'000	2Q FY 11 S\$'000	1H FY 12 S\$'000	1H FY 11 S\$'000
Cash flow from operating activities:				
Total profit	3,829	2,178	6,195	10,376
Adjustment for :				
Depreciation of property, plant and equipment	634	655	1,219	1,304
Net gain from disposal of plant and equipment	(1)	(5)	(126)	(5)
Share of (profit) /loss of associated companies	(114)	(109)	810	(8)
Foreign exchange adjustments	66	(40)	61	(46)
Income tax expenses	845	367	1,204	2,032
Interest expense	25	3	52	11
Interest income	(134)	(119)	(264)	(228)
Operating cash flow before working capital changes	5,150	2,930	9,151	13,436
Changes in operating assets and liabilities				
Contract work-in-progress	31	(574)	(782)	13,694
Trade and other receivables	(1,427)	4,000	4,099	28,487
Other current assets	(927)	(22)	(1,088)	360
Trade and other payables	(4,251)	5,878	1,062	(8,712)
Cash (used in)/ generated from operations	(1,424)	12,212	12,442	47,265
Income taxes paid	(783)	(2,908)	(783)	(2,925)
Net cash (outflow)/ inflow from operating activities	(2,207)	9,304	11,659	44,340
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	1	5	126	5
Purchases of property, plant and equipment	(480)	(135)	(1,122)	(212)
Interest income received	134	119	264	228
Net cash (outflow)/inflow from investing activities	(345)	(11)	(732)	21
Cash flows from financing activities				
Dividend paid	(3,038)	(9,113)	(3,038)	(9,113)
Decrease/(Increase) in bank deposits pledged	(4)	(39)	20	954

Hire purchase creditors	(82)	(75)	(99)	(149)
Trust receipts creditors	(87)	-	51	-
Interest paid	(25)	(3)	(52)	(11)
Net cash outflow from financing activities	(3,236)	(9,230)	(3,118)	(8,319)
Net (decrease)/ increase in cash and cash equivalents held	(5,788)	63	7,809	36,042
Effect of exchange rate change on cash and cash equivalents	2	11	15	5
Cash and cash equivalents at beginning of the financial period	55,656	52,063	42,046	16,090
Cash and cash equivalents at end of the financial period	49,870	52,137	49,870	52,137
Cash and cash equivalents represented by:				
Bank and cash balances	31,169	39,491	31,169	39,491
Fixed deposits with financial institutions	20,320	13,391	20,320	13,391
Less: Bank overdrafts	(1,052)	(111)	(1,052)	(111)
Less: Restricted bank deposits	(567)	(634)	(567)	(634)
	49,870	52,137	49,870	52,137

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
<u>10FY2012</u>						
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
At 30/6/11	36,178	(110)	41,765	77,833	1,674	79,507
<u>20FY2012</u>						
Total comprehensive income for the period	-	50	3,631	3,681	198	3,879
Dividend on ordinary share			(3,038)	(3,038)		(3,038)
At 30/9/11	36,178	(60)	42,358	78,476	1,872	80,348
<u>10FY2011</u>						
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
As at 30/6/10	36,178	(29)	51,422	87,571	1,915	89,486
<u>20FY2011</u>						
Total comprehensive income for the period	-	(35)	2,132	2,097	46	2,143
Dividend on ordinary share			(9,113)	(9,113)		(9,113)
As at 30/9/10	36,178	(64)	44,441	80,555	1,961	82,516

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>1Q FY2012</u>				
As at 1/4/11	36,178	-	29,584	65,762
Total comprehensive income for the period	-	-	2,203	2,203
As at 30/6/11	36,178	-	31,787	67,965
<u>2Q FY2012</u>				
Total comprehensive income for the period	-	-	636	636
Dividend on ordinary share			(3,038)	(3,038)
As at 30/9/11	36,178	-	29,385	65,563
<u>1Q FY2011</u>				
As at 1/4/10	36,178	-	34,316	70,494
Total comprehensive income for the period	-	-	6,346	6,346
As at 30/6/10	36,178	-	40,662	76,840
<u>2Q FY2011</u>				
Total comprehensive income for the period	-	-	1,255	1,255
Dividend on ordinary share			(9,113)	(9,113)
As at 30/9/10	36,178	-	32,804	68,982

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 12	FY 11
Issued & fully paid share capital		
Number of shares as at 1 April and 30 September	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		Group	
	2Q FY12	2Q FY11	1H FY12	1H FY11
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	1.20	0.70	2.01	3.34
On fully diluted basis (cents)	1.20	0.70	2.01	3.34
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	3,631	2,132	6,121	10,153
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	3,631	2,132	6,121	10,153
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.

(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-Sep-11	31-Mar-2011	30-Sep-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	25.8	24.8	21.6	21.7

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 September 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

Second Quarter (2QFY12) Review

The Group's revenue for 2QFY2012 ended 30 September 2011 decreased by 21.1% from S\$56.4 million to S\$44.6 million as compared to 2QFY2011 ended 30 September 2010 mainly due to lower recognition of project revenue in 2QFY2012. However, the gross profit margin for the same period increased to 17.8% from 11.2% for the previous corresponding period mainly due to the Group's continued efforts in cost controls.

The Group's administration costs for 2QFY2012 increased by 91.2% from S\$2.5 million to S\$4.8 million as compared to 2QFY2011 mainly due to higher start-up costs in executing new projects.

The foreign exchange gain of S\$1.3 million which included unrealized gain of S\$0.6 million for 2QFY2012 as compared to S\$1.5 million loss for 2QFY2011 was primarily due to the recovering of the US Dollar against the Sing Dollar during the period under review.

The Group's net profit attributable to shareholders for 2QFY2012 increased by 70.3% from S\$2.1 million to S\$3.6 million as compared to 2QFY2011 mainly due to the higher gross profit margins and exchange gain as mentioned above.

First Half (1HFY12) Review

The Group's revenue for 1HFY2012 ended 30 September 2011 decreased by 31.3% from S\$124.3 million to S\$85.4 million as compared to 1HFY2011 ended 30 September 2010 mainly due to lower recognition of project revenue in 1HFY2012. However, the gross profit margin for the same period increased to 18.6% from 16.2% for the previous corresponding period mainly due to the same reasons as mentioned above for 2QFY2012.

The Group's net profit attributable to shareholders for 1HFY2012 decreased by 39.7% from S\$10.2 million to S\$6.1 million as compared to 1HFY2011 mainly due to the lower revenue recognition in 1HFY2012.

As at 30 September 2011, the Group's cash and cash equivalents stood at S\$51.5 million (S\$44.3 million as at 31 March 2011). The increase of S\$7.2 million was mainly due to the operating profit and the decreases in trade and other receivables.

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 remains positive. However, the process segment serving these industries continues to experience keen competition and rising costs coupled with the uncertainty in the global economic outlook, 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\$205 million (S\$201 million as at 12 August 2011).

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend rate	1.0 cent per ordinary share
Tax rate	One –tier tax exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend rate	1.0 cent per ordinary share
Tax rate	One –tier tax exempt

(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)

Refer to 11(a) and 11(b).

(d) Date payable

The above-mentioned interim cash dividend is expected to be paid on 18 January 2012.

(e) Books closure date

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 5 January 2012 to 6 January 2012 (both dates inclusive) to determine shareholders' entitlement to the interim one-tier tax exempt dividend of one cent per ordinary share for the financial year ending 31 March 2012.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5:00 p.m. on 4 January 2012 will be registered to determine shareholders' entitlement to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 4 January 2012 will be entitled to the proposed dividend.

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

Not applicable.

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 second quarter and first half ended 30 September 2011 presented in this announcement to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

TAN HAK JIN
JOINT COMPANY SECRETARY
8 November 2011