



THIRD 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	09-Feb-2012 17:12:58
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2011
Description	PLEASE SEE THE FOLLOWING ATTACHMENTS: (A) UNAUDITED THIRD QUARTER AND NINE MONTHS FY 2012 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (B) NEWS RELEASE.
Attachments	 HSELQ3FY2012_announcement.pdf  3QFY2012_Results_NR.pdf Total size = 89K (2048K size limit recommended)

**UNAUDITED THIRD QUARTER AND NINE MONTHS FY 2012 FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT**

1(a). A statement of comprehensive income (for the group) together with a comparative statement for the third quarter and nine months ended 31 December 2011

	Group			Group		
	3QFY12	3QFY11	Increase/ (Decrease)	9MFY12	9MFY11	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	42,768	31,691	35.0	128,161	155,987	(17.8)
Cost of sales	(39,120)	(31,001)	26.2	(108,609)	(135,140)	(19.6)
Gross profit	3,648	690	429.0	19,552	20,847	(6.2)
Gross profit margin	8.5%	2.2%		15.3%	13.4%	
Other gain/(loss) – net	258	(502)	NM	1,206	(1,859)	NM
Administrative costs	(3,060)	(3,609)	(15.2)	(11,577)	(9,973)	16.1
Other operating costs	(13)	17	NM	(86)	(8)	NM
Profit/(loss) from operations	833	(3,404)	NM	9,095	9,007	1.0
Finance costs	(19)	(44)	(57.0)	(72)	(55)	30.6
Share of loss of associated companies	(326)	(43)	NM	(1,136)	(35)	NM
Profit/(loss) before tax	488	(3,491)	NM	7,887	8,917	(11.6)
Income tax (expense)/credit	(98)	569	NM	(1,302)	(1,463)	(11.0)
Net profit/(loss) after tax	390	(2,922)	NM	6,585	7,454	(11.7)
Other comprehensive income/(loss)						
Foreign currency translation	21	(26)	NM	83	(55)	NM
Total comprehensive income/(loss) for the period	411	(2,948)	NM	6,668	7,399	(9.9)
Profit/(loss) attributable to:						
Owner of the parent	379	(2,842)	NM	6,500	7,311	(11.1)
Minority interests	11	(80)	NM	85	143	NM
	390	(2,922)	NM	6,585	7,454	(11.7)
Total comprehensive income/(loss) attributable to:						
Owner of the parent	400	(2,867)	NM	6,583	7,257	(9.3)
Minority interests	11	(81)	NM	85	142	NM
	411	(2,948)	NM	6,668	7,399	(9.9)

NM: Denotes not meaningful

Profit/(loss) from operations included the following:

	Group	
	3QFY12	3QFY 11
	S\$'000	S\$'000
(a) Other gain/(loss) - net		
Other income including interest income	132	163
Profit/(loss) on disposal of property, plant and equipment	(1)	-
Foreign exchange gain/(loss)	109	(708)
(b) Other operating costs		
(Provision)/Write back for doubtful trade debt	-	23
(c) Finance costs		
Interest on borrowings	(23)	-
(d) Depreciation of property, plant and equipment	(652)	(682)

	Group	
	9MFY12	9MFY11
	S\$'000	S\$'000
	396	391
	125	5
	627	(2,326)
	(4)	13
	(70)	-
	(1,871)	(1,986)

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	
	31-Dec-2011	31-Mar-2011	31-Dec-2011	31-Mar-2011
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	44,076	44,298	34,318	29,233
Trade and other receivables	65,170	62,503	49,939	40,465
Contract work-in-progress	5,398	2,120	4,550	1,472
Other current assets	1,373	730	1,178	417
	116,017	109,651	89,985	71,587
Non-current assets				
Other receivables	245	250	-	-
Club memberships	363	363	298	298
Investments in associated companies	769	1,894	509	979
Investments in subsidiaries	-	-	8,352	8,255
Investment property	-	-	52	208
Property, plant and equipment	9,291	9,723	8,001	8,314
Deferred income tax assets	105	105	-	-
	10,773	12,335	17,212	18,054
Total assets	126,790	121,986	107,197	89,641
LIABILITIES				
Current liabilities				
Trade and other payables	42,492	40,873	39,762	22,154
Current income tax liabilities	1,134	1,310	488	851
Borrowings	1,555	1,860	-	176
	45,181	44,043	40,250	23,181
Non-current liabilities				
Borrowings	93	57	-	-
Deferred income tax liabilities	757	757	698	698
	850	814	698	698
Total liabilities	46,031	44,857	40,948	23,879
NET ASSETS	80,759	77,129	66,249	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	(37)	(122)	-	-
Retained earnings	42,737	39,275	30,071	29,584
Total	78,878	75,331	66,249	65,762
Minority interests	1,881	1,798	-	-
Total equity	80,759	77,129	66,249	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 31/12/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,555	-	1,860	-

Amount repayable after one year

As at 31/12/2011		As at 31/03/2011	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
93	-	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	
	3Q FY 12 S\$'000	3Q FY 11 S\$'000	9M FY 12 S\$'000	9M FY 11 S\$'000
Cash flow from operating activities:				
Total profit/(loss)	390	(2,922)	6,585	7,454
Adjustment for :				
Depreciation of property, plant and equipment	653	682	1,872	1,986
Net gain from disposal of plant and equipment	1	-	(125)	(5)
Share of loss of associated companies	326	43	1,136	35
Foreign exchange adjustments	16	(13)	77	(59)
Income tax expenses/(credit)	98	(569)	1,302	1,463
Interest expense	20	44	72	55
Interest income	(132)	(163)	(396)	(391)
Operating cash flow before working capital changes	1,372	(2,898)	10,523	10,538
Changes in operating assets and liabilities				
Contract work-in-progress	(2,496)	3,053	(3,278)	16,747
Trade and other receivables	(6,766)	3,366	(2,667)	31,853
Other current assets	445	(929)	(643)	(569)
Trade and other payables	557	(4,099)	1,619	(12,811)
Cash (used in)/ generated from operations	(6,888)	(1,507)	5,554	45,758
Income taxes paid	(693)	(2,892)	(1,476)	(5,817)
Net cash (outflow)/ inflow from operating activities	(7,581)	(4,399)	4,078	39,941
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	5	-	131	5
Purchases of club membership	-	(49)	-	(49)
Purchases of property, plant and equipment	(337)	(275)	(1,459)	(487)
Interest income received	132	163	396	391
Net cash (outflow)/inflow from investing activities	(200)	(161)	(932)	(140)
Cash flows from financing activities				
Dividend paid	-	-	(3,038)	(9,113)

Decrease/(Increase) in bank deposits pledged	(60)	17	(40)	971
Hire purchase creditors	(32)	(18)	(131)	(167)
Trust receipts creditors	87	-	138	-
Interest paid	(20)	(44)	(72)	(55)
Net cash outflow from financing activities	(25)	(45)	(3,143)	(8,364)
Net (decrease)/ increase in cash and cash equivalents held	(7,806)	(4,605)	3	31,437
Effect of exchange rate change on cash and cash equivalents	(4)	20	11	25
Cash and cash equivalents at beginning of the financial period	49,870	52,137	42,046	16,090
Cash and cash equivalents at end of the financial period	42,060	47,552	42,060	47,552
Cash and cash equivalents represented by:				
Bank and cash balances	25,448	38,436	25,448	38,436
Fixed deposits with financial institutions	18,628	10,360	18,628	10,360
Less: Bank overdrafts	(1,388)	(625)	(1,388)	(625)
Less: Restricted bank deposits	(628)	(619)	(628)	(619)
	42,060	47,552	42,060	47,552

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>1HFY2012</u>						
As at 1/4/11	36,178	(122)	39,275	75,331	1,798	77,129
Total comprehensive income for the period	-	62	6,121	6,183	74	6,257
Dividend paid	-	-	(3,038)	(3,038)	-	(3,038)
At 30/9/11	36,178	(60)	42,358	78,476	1,872	80,348
<u>3OFY2012</u>						
Total comprehensive income for the period	-	21	379	400	11	411
At 31/12/11	36,178	(39)	42,737	78,876	1,883	80,759
<u>1HFY2011</u>						
As at 1/4/10	36,178	(35)	43,401	79,544	1,738	81,282
Total comprehensive income for the period	-	(29)	10,153	10,124	223	10,347
Dividend paid	-	-	(9,113)	(9,113)	-	(9,113)
As at 30/9/10	36,178	(64)	44,441	80,555	1,961	82,516
<u>3OFY2011</u>						
Total comprehensive income for the period	-	(25)	(2,842)	(2,867)	(80)	(2,947)
As at 31/12/10	36,178	(89)	41,599	77,688	1,881	79,569

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>1HFY2012</u>				
As at 1/4/11	36,178	-	29,584	65,762
Total comprehensive income for the period	-	-	2,838	2,838
Dividend paid	-	-	(3,038)	(3,038)
As at 30/9/11	36,178	-	29,384	65,562
<u>3QFY2012</u>				
Total comprehensive income for the period	-	-	686	686
As at 31/12/11	36,178	-	30,070	66,248
<u>1HFY2011</u>				
As at 1/4/10	36,178	-	34,316	70,494
Total comprehensive income for the period	-	-	7,601	7,601
Dividend paid	-	-	(9,113)	(9,113)
As at 30/9/10	36,178	-	32,804	68,982
<u>3QFY2011</u>				
Total comprehensive income for the period	-	-	(3,470)	(3,470)
As at 31/12/10	36,178	-	29,334	65,512

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 31 December	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 amendment clarifies and simplifies the definition of a related party. 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	
	3Q FY12	3Q FY11	9M FY12	9M FY11
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	0.12	(0.94)	2.14	2.41
On fully diluted basis (cents)	0.12	(0.94)	2.14	2.41
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	379	(2,842)	6,500	7,311
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	379	(2,842)	6,500	7,311
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. Diluted earnings per share are the same as basic earnings 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 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	
	31-Dec-2011	31-Mar-2011	31-Dec-2011	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	26.0	24.8	21.8	21.7

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 31 December 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

Third Quarter (3QFY12) Review

The Group's revenue for 3QFY2012 ended 31 December 2011 increased by 35.0% from S\$31.7 million to S\$42.8 million as compared to 3QFY2011 ended 31 December 2010 mainly due to higher recognition of project revenue in 3QFY2012. The gross profit margin for the same period increased to 8.5% from 2.2% for 3QFY2011 mainly due to cost overruns on certain projects in the last corresponding period- 3QFY2011.

The foreign exchange gain of S\$0.1 million included unrealized gain of S\$0.6 million for 3QFY2012 as compared to a S\$0.7 million loss for 3QFY2011 was primarily due to the strengthening of the US Dollar against the Sing Dollar during the period under review.

The Group's net profit attributable to shareholders of S\$0.4 million for 3QFY2012 as compared to loss of S\$2.8 million for 3QFY2011 was mainly due to the higher revenue and gross profit margins as well as exchange gain as mentioned above.

Nine Months (9MFY12) Review

The Group's revenue for 9MFY2012 ended 31 December 2011 decreased by 17.8% from S\$156.0 million to S\$128.2 million as compared to 9MFY2011 ended 31 December 2010 mainly due to lower recognition of project revenue in 9MFY2012. However, the gross profit margin for the same period increased to 15.3% from 13.4% for the previous corresponding period mainly due to the same reasons as mentioned above for 3QFY2012.

The share of loss of associated companies increased by S\$1.1 million from a loss of S\$35,000 for 9MFY2011, mainly due to higher loss incurred by an associated company in Thailand.

The Group's net profit attributable to shareholders for 9MFY2012 decreased by 11.1% from S\$7.3 million to S\$6.5 million as compared to 9MFY2011 mainly due to the lower revenue recognition and the higher share of loss of associated companies in 9MFY2012.

As at 31 December 2011, the Group's cash and cash equivalents stood at S\$44.1 million (S\$44.3 million as at 31 March 2011).

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

With high levels of oil prices supporting sustained spending by large energy companies, 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. With this in view, 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\$168 million (S\$205 million as at 8 November 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

Not applicable.

(e) Books closure date

Not applicable

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

No dividend has been declared or recommended for the third quarter and nine months ended 31 December 2011.

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 third quarter and nine months ended 31 December 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
9 February 2012



協成工程有限公司
HIAP SENG ENGINEERING LTD



NEWS RELEASE

HIAP SENG REPORTS NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF S\$6.5 MILLION ON REVENUE OF S\$128.2 MILLION FOR 9MFY2012

Singapore, February 9, 2012 – 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 11.1% decline in net profit attributable to shareholders to S\$6.5 million on a lower revenue of S\$128.2 million for the nine months ended December 31, 2011 (“9MFY2012”).

The decrease in net profit attributable to shareholders, from S\$7.3 million in 9MFY2011 to S\$6.5 million in 9MFY2012, was mainly due to lower revenue and a higher share of loss from associated companies by S\$1.1 million in 9MFY2012, incurred by an associated company in Thailand.

The 17.8% decline in revenue from S\$156.0 million in 9MFY2011 to S\$128.2 million in 9MFY2012 was mainly due to lower recognition of project revenue in 9MFY2012.

Gross profit margin, on the other hand, increased marginally by 1.9 percentage points to 15.3% mainly due to cost overruns on certain projects in the previous corresponding quarter in 3QFY2011.

Mr Frankie Tan, Chairman and CEO of Hiap Seng said, "With high levels of oil prices supporting sustained spending by large energy companies, the outlook for the oil-and-gas and petrochemical industries continues to remain positive. Noteworthy is China, with its rising demand for energy, presents tremendous opportunities for the oil-and-gas sector. We have recently entered into strategic alliances with Offshore Oil Engineering Company Ltd (COOEC), a subsidiary of China National Offshore Oil Corporation (CNOOC) and COSCO Shanghai, to position ourselves to capture opportunities from the growing demand for energy in this part of the world by exploring more projects together. At the same time, we will continue to maintain a vigilant watch on our cost structure while capitalising on new growth opportunities."

As at February 9, 2012, the Group's order book stood at S\$168 million.

As at December 31, 2011, the Group had cash and cash equivalents of S\$44.1 million, as compared to S\$44.3 million as at March 31, 2011.

Outlook

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

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009/12/002/HSEL

February 9, 2012