


FIRST 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	13-Aug-2012 21:13:00
Announcement No.	00237

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2012
Description	<p>Please see the following attachments:</p> <p>a) Unaudited first-quarter financial statement and dividend announcement. b) News release.</p>
Attachments	<p> NR_1QFY2013_Results_announcement.pdf</p> <p> HSELQ1FY2013_announcement.pdf</p> <p>Total size = 81K (2048K size limit recommended)</p>



協成工程有限公司
HIAP SENG ENGINEERING LTD



NEWS RELEASE

HIAP SENG'S 1QFY2013 RESULT ANNOUNCEMENT

Singapore, August 13, 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 announced a 51.2% increase in revenue to S\$61.7 million for the three months ended June 30, 2012 (“1QFY2013”).

The growth in Group revenue for 1QFY2013 was due to higher recognition of project revenue and contributions by the two new subsidiaries in Thailand and Malaysia. Gross profit, however, decreased from S\$8.0 million to S\$4.6 million, mainly due to cost overruns on certain projects owing to unexpected downtime for bad weather and cost increases in labour and materials. Net profit attributable to shareholders increased from S\$2.5 million in 1QFY2012 to S\$5.7 million in 1QFY2013, mainly due to a write-back of provision for losses amounting of \$1.7 million and one-time gain on equity interest of S\$5.0 million arising from the step acquisition of an additional 37% in a 48% associated company in Thailand, resulting in it becoming a 85% subsidiary.

As at June 30, 2012, the Group's balance sheet remains healthy with cash and cash equivalents of S\$33.6 million, as compared to S\$30.2 million as at March 31, 2012. As at August 13, 2012, the Group's order book stands at S\$201 million.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng, said: “We are starting to see revenue contributions from our new subsidiaries, an encouraging sign that our strategies to tap into the opportunities regionally is headed in the right direction. In May, our Thai unit, Nasco-Hiap Seng Engineering Co. Ltd, undertook one of the biggest piping prefabrication works secured by Hiap Seng for its Thai yard as part of a contract with Chiyoda Sarawak Sdn. Bhd to provide piping, blast cleaning, painting and installation works for a polycrystalline silicon plant in Sarawak, Malaysia. On the other hand, we are also cognizant of the rising costs, especially in Singapore, and have undertaken prudent cost control measures.”

Outlook

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive. However, in view of 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, 2013.

The Group will continue to control costs and improve productivity. With a strong financial position and established track record, it will continue to 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 about three million sq ft and a workforce of about three thousand 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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087/12/006/HSEL
August 13, 2012

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

UNAUDITED FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

First-quarter financial statement on consolidated results for the period ended 30 June 2012

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

	Group		
	30-Jun-12	30-Jun-11	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	61,729	40,839	51.2
Cost of sales	(57,093)	(32,879)	73.6
Gross profit	4,636	7,960	(41.8)
Gross profit margin	7.5%	19.5%	
Other gain/(loss) – net	6,834	(469)	NM
Administrative costs	(5,165)	(3,727)	38.6
Other operating costs	(95)	(88)	NM
Profit from operations	6,210	3,676	68.9
Finance costs	(282)	(27)	NM
Share of gain/(loss) of associated companies	6	(924)	NM
Profit before tax	5,934	2,725	117.5
Income tax expense	(202)	(359)	(43.7)
Net profit after tax	5,732	2,366	142.3
Other comprehensive income			
Foreign currency translation	152	12	NM
Total comprehensive income for the period	5,884	2,378	136.2
Profit attributable to:			
Owners of the parent	5,662	2,490	127.4
Minority interests	70	(124)	NM
	5,732	2,366	142.3
Total comprehensive income attributable to:			
Owners of the parent	5,814	2,502	132.4
Minority interests	70	(124)	NM
	5,884	2,378	147.4

NM: Denotes not meaningful

Profit from operations included the following:

	Group	
	30-Jun-12	30-Jun-11
	S\$'000	S\$'000
(a) Other gain/(loss) – net		
Other income including interest income	29	130
Profit on disposal of plant and equipment	283	125
Loss on disposal of interest in associated companies	(191)	-
Foreign exchange gain/(loss)	63	(751)
Gain on equity interest	4,951	-
Write back of provision for losses on associated company	1,678	-
(b) Other operating costs		
Write back of allowance for doubtful trade debt	15	4
(c) Depreciation of property, plant and equipment	(760)	(585)

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-2012	31-Mar-2012	30-Jun-2012	31-Mar-2012
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	33,632	30,239	21,159	24,458
Trade and other receivables	70,606	72,147	64,298	57,713
Contract work-in-progress	10,485	5,846	6,359	4,997
Other current assets	1,904	1,463	916	1,054
	116,627	109,695	92,732	88,222
Non-current assets				
Club memberships	363	363	298	298
Investments in associated companies	2,873	1,006	2,591	509
Investments in subsidiaries	-	-	14,842	8,562
Property, plant and equipment	19,580	8,896	7,273	7,689
Intangible assets	10,531	-	-	-
	33,347	10,265	25,004	17,058
Total assets	149,974	119,960	117,736	105,280
LIABILITIES				
Current liabilities				
Trade and other payables	62,828	41,020	47,800	35,909
Current income tax liabilities	1,397	1,204	754	754
Borrowings	1,525	1,723	-	-
	65,750	43,947	48,554	36,663
Non-current liabilities				
Borrowings	2,679	86	-	-
Deferred income tax liabilities	516	516	569	569
	3,195	602	569	569
Total liabilities	68,945	44,549	49,123	37,232
NET ASSETS	81,029	75,411	68,613	68,048
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	121	(31)	-	-
Retained earnings	43,137	37,475	32,435	31,870
Total	79,436	73,622	68,613	68,048
Minority interests	1,593	1,789	-	-
Total equity	81,029	75,411	68,613	68,048

1(b)(ii). Aggregate amount group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 30/06/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,525	-	1,723	-

Amount repayable after one year

As at 30/06/2012		As at 31/03/2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,679	-	86	-

Details of any collateral

The Group's borrowings are secured against certain properties, machinery and fixed deposits of 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-12 S\$'000	30-Jun-11 S\$'000
Cash flow from operating activities:		
Total profit	5,732	2,366
Adjustment for :		
Depreciation of property, plant and equipment	760	585
Net gain from disposal of plant and equipment	(283)	(125)
Share of (Profit)/ loss of associated companies	(6)	924
Loss on disposal of interest in associated companies	191	-
Gain on equity interest	(4,951)	-
Write back of provision for losses on associated company	(1,678)	-
Foreign exchange adjustments	186	(5)
Income tax expenses	202	359
Interest expense	282	27
Interest income	(29)	(130)
Operating cash flow before working capital changes	406	4,001
Changes in operating assets and liabilities, net of effects from acquisition of subsidiary		
Contract work-in-progress and inventories	(4,640)	(813)
Trade and other receivables	1,556	5,526
Other current assets	(441)	(161)
Trade and other payables	13,711	5,313
Cash generated from operations	10,592	13,866
Income taxes paid	(9)	-
Net cash inflow from operating activities	10,583	13,866
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,140)	(642)
Proceeds from disposal of plant and equipment	365	125

Proceeds from disposal of associated companies	450	-
Payment for investment in associated company	(2,481)	-
Net cash outflow on acquisition of investment in a subsidiary	(3,816)	-
Interest income received	29	130
Net cash outflow from investing activities	(6,593)	(387)
Cash flows from financing activities		
Decrease in bank deposits pledged	8	24
Hire purchase creditors	166	(17)
Trust receipts creditors	-	138
Repayment of bank loans	(256)	-
Interest paid	(282)	(27)
Net cash (outflow)/inflow from financing activities	(364)	118
Net increase in cash and cash equivalents held	3,626	13,597
Cash and cash equivalents at beginning of the financial period	27,910	42,046
Effect of currency translation on cash and cash equivalents	(28)	13
Cash and cash equivalents at end of the financial period	31,508	55,656
Cash and cash equivalents represented by:		
Bank and cash balances	33,005	37,196
Fixed deposits with financial institutions	627	20,274
Less: Bank overdrafts	(1,497)	(1,251)
Less: Restricted bank deposits	(627)	(563)
	31,508	55,656

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
1Q FY2013						
As at 1/4/12	36,178	(31)	37,475	73,622	1,789	75,411
Total comprehensive income for the period	-	152	5,662	5,814	70	5,884
Contribution from NCI	-	-	-	-	(266)	(266)
At 30/6/12	36,178	121	43,137	79,436	1,593	81,029
1Q FY2012						
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
As at 30/6/11	36,178	(110)	41,765	77,833	1,674	79,507

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
1Q FY2013				
As at 1/4/12	36,178	-	31,870	68,048
Total comprehensive	-		565	565

income for the period		-		
As at 30/6/12	36,178	-	32,435	68,613
1QFY2011				
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

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 2013	FY 2012
Issued & fully paid share capital		
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 2012 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 FY2013, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 January 2012. The FY2012 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 FRS 1- Presentation of Financial Statements

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-12	30-Jun-11
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	1.86	0.82
On fully diluted basis (cents)	1.86	0.82
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	5,662	2,490
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	5,662	2,490
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-12	31-Mar-2012	30-Jun-12	31-Mar-2012
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	26.2	24.2	22.6	22.4

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2012 (31 March 2012: 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 (1QFY2013) Review

The Group's revenue for 1QFY2013 increased by 51.2% from S\$40.8 million to S\$61.7 million as compared to 1QFY2012 mainly due to higher recognition of project revenue in 1QFY2013 as well as contributions by the two new subsidiaries in Thailand and Malaysia. The gross profit, however, decreased from S\$8.0 million to S\$4.6 million mainly due to cost overruns on certain projects owing to unexpected downtime for bad weather and cost increases in labour and materials.

The Group's other gain for 1QFY2013 includes a write-back of provision for losses of S\$1.7 million and one-time gain on equity interest of S\$5.0 million arising from the step acquisition of an additional 37% in a 48% associated company in Thailand, resulting in it becoming a 85% subsidiary.

The Group's net profit attributable to shareholders for 1QFY2013 increased from S\$2.5 million to S\$5.7 million as compared to 1QFY2012 mainly due to the write back of provision for losses and one-time gain on equity interest as mentioned above.

Statement of Financial Position Review

The increase of S\$21.8 million in trade and other payables as at 30 June 2012 as compared to 31 March 2012 is mainly due to increased project activities as well as the inclusion of two new subsidiaries in Thailand and Malaysia.

The increase of S\$10.7 million in property, plant and equipment as at 30 June 2012 as compared to 31 March 2012 is mainly due to the inclusion of the new subsidiary in Thailand.

The intangible assets amounting to S\$10.5 million as at 30 June 2012 represents goodwill arising from consolidation on the step acquisition of the Thai subsidiary on 3 May 2012. The fair value of the acquired goodwill is provisional pending completion of the final valuation for the intangible asset. In accordance with FRS 103, the process of finalising the purchase price allocation during a 12 month period from the date of acquisition is allowed. The Group will revisit certain aspects of the purchase price allocation to reflect the finalisation of the allocation process within one year from the acquisition date.

As at 30 June 2012, the Group's cash and cash equivalents stood at S\$33.6 million as compared to S\$30.2 million as at 31 March 2012.

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 which the Group serves still remains positive. However, in view of 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 2013.

The Group will continue to control costs and improve productivity and with a strong financial position and established track record, it will continue to explore new business opportunities in Singapore and beyond to enhance shareholder value.

As at the date of this announcement, the Group's outstanding order book stands at S\$201 million.

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/recommendeded, a statement to that effect

No interim dividend has been recommended for the period ended 30 June 2012.

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 first quarter ended 30 June 2012 presented in this announcement to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

**TAN HAK JIN
JOINT COMPANY SECRETARY
13 August 2012**