

FIRST QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

Like 0 Tweet 0 0

* 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-2013 17:04:03
Announcement No.	00044

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2013
Description	PLEASE SEE THE ATTACHMENTS: (A) UNAUDITED FIRST-QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (B) NEWS RELEASE.
Attachments	<p>HSELQ1FY2014_results_announcement.pdf</p> <p>HSEL_1QFY2014_Results_NR.pdf</p> <p>Total size =131K (2048K size limit recommended)</p>



協成工程有限公司
HIAP SENG ENGINEERING LTD



NEWS RELEASE

HIAP SENG REPORTS NET PROFIT OF S\$2.6 MILLION ON REVENUE OF S\$54.6 MILLION IN 1QFY2014

Singapore, August 13, 2013 – 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 53.5% decrease in net profit attributable to shareholders to S\$2.6 million on a 11.6% slide in revenue to S\$54.6 million for the three months ended June 30, 2013 (“1QFY2014”). Revenue decreased mainly due to lower shut-down maintenance revenue in 1QFY2014.

Gross profit, on the other hand, rose to S\$8.5 million in 1QFY2014 from S\$4.6 million in 1QFY2013 with better cost control, while gross profit margin improved to 15.4% from 7.5% over the same period.

The Group’s net profit in 1QFY2013 included an “other gain” of S\$6.8 million which was not repeated for 1QFY2014. This was for the write-back of provision for losses of S\$1.7 million and one-time gain of 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 announced on August 13, 2012. In 4QFY2013, the Group finalised its purchase price allocation and the resultant gain is S\$3.8 million. Correspondingly, net profit declined to S\$2.6 million in 1QFY2014 from S\$5.7 million in 1QFY2013.

As at June 30, 2013, the Group's balance sheet remains healthy. As at August 13, 2013, the Group's order book stands at S\$235 million.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, "Market uncertainties have had an impact on our financial performance. However, we are pleased to see continued contributions from the Group's subsidiaries in Thailand and Malaysia. The Group's order book remains robust and moving forward, we will continue to tap on our strategic alliances to further enhance our business in Singapore and the region."

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 labour costs, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending March 31, 2014.

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 over three million sq ft and a workforce of over 3,000 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.
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
SINGAPORE 048941

For CDRi.MAGE

CONTACT : Ms Dolores Phua / Ms Pearl Lam
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9781-3518 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
pearl.lam@citigatedrimage.com

For Hiap Seng

CONTACT : Mr Tan Hak Jin
at telephone
DURING OFFICE HOURS : 6897-8082 (Office)
EMAIL : thj@hiapseng.com

091/13/004/HSEL

August 13, 2013

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 2013

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-13	30-Jun-12	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	54,592	61,729	(11.6)
Cost of sales	(46,135)	(57,093)	(19.2)
Gross profit	8,457	4,636	82.4
Gross profit margin	15.4%	7.5%	
Other (loss)/gain – net	(320)	6,834	NM
Administrative costs	(5,004)	(5,165)	(3.1)
Other operating costs	(32)	(95)	NM
Profit from operations	3,101	6,210	(50.1)
Finance costs	(90)	(282)	(68.1)
Share of gain of associated companies	24	6	NM
Profit before tax	3,035	5,934	(48.9)
Income tax expense	(410)	(202)	103.0
Net profit after tax	2,625	5,732	(54.2)
Other comprehensive income			
Foreign currency translation	300	152	NM
Total comprehensive income for the period	2,925	5,884	(50.3)
Profit attributable to:			
Owners of the parent	2,634	5,662	(53.5)
Minority interests	(9)	70	NM
	2,625	5,732	(54.2)
Total comprehensive income attributable to:			
Owners of the parent	2,934	5,814	(49.5)
Minority interests	(9)	70	NM
	2,925	5,884	(50.3)

NM: Denotes not meaningful

Profit from operations included the following:

	Group	
	30-Jun-13	30-Jun-12
	S\$'000	S\$'000
(a) Other gain/(loss) – net		
Other income including interest income	18	29
Profit on disposal of plant and equipment	26	283
Loss on disposal of interest in associated companies	-	(191)
Foreign exchange gain/(loss)	(394)	63
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
(c) Depreciation of property, plant and equipment	(856)	(760)

*These figures arose from the step acquisition of a subsidiary and were based on preliminary information subject to purchase price allocation (PPA). The Group completed the PPA in 4QFY2013 and arising from this, the finalized gain is S\$3.8 million.

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-2013	31-Mar-2013	30-Jun-2013	31-Mar-2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	15,433	18,743	5,927	7,774
Income tax recoverable	681	681	681	681
Trade and other receivables	90,181	80,870	85,309	73,520
Contract work-in-progress	41,712	20,869	14,637	9,074
Other current assets	3,833	2,224	1,348	1,024
	151,840	123,387	107,902	92,073
Non-current assets				
Club memberships	363	363	298	298
Other receivables	604	616	-	-
Investments in associated companies	462	419	109	109
Investments in subsidiaries	-	-	14,856	14,856
Property, plant and equipment	23,307	23,861	6,655	6,778
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Intangible assets	6,955	7,004	-	-
	34,173	34,745	24,400	24,523
Total assets	186,013	158,132	132,302	116,596
LIABILITIES				
Current liabilities				
Trade and other payables	86,445	72,263	53,128	45,287
Current income tax liabilities	631	347	-	-
Borrowings	13,816	2,978	6,975	-
	100,892	75,588	60,103	45,287
Non-current liabilities				
Borrowings	1,210	1,293	-	-
Deferred income tax liabilities	1,559	1,559	458	458
	2,769	2,852	458	458
Total liabilities	103,661	78,440	60,561	45,745
NET ASSETS	82,352	79,692	71,741	70,851
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	36,178	36,178	36,178	36,178
Other reserves	230	(70)	-	-
Retained earnings	44,597	41,963	35,563	34,673
Total	81,005	78,071	71,741	70,851
Minority interests	1,347	1,621	-	-
Total equity	82,352	79,692	71,741	70,851

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

As at 30/06/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,816	-	2,978	-

Amount repayable after one year

As at 30/06/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,210	-	1,293	-

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-13 S\$'000	30-Jun-12 S\$'000
Cash flow from operating activities:		
Total profit	2,625	5,732
Adjustment for :		
Depreciation of property, plant and equipment	904	760
Net gain from disposal of plant and equipment	(26)	(283)
Share of profit of associated companies	(24)	(6)
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	472	186
Income tax expenses	410	202
Interest expense	75	282
Interest income	(18)	(29)
Operating cash flow before working capital changes	4,418	406
Changes in operating assets and liabilities, net of effects from acquisition of subsidiary		
Contract work-in-progress and inventories	(20,843)	(4,640)
Trade and other receivables	(9,227)	1,556
Other current assets	(1,607)	(441)
Trade and other payables	14,182	13,711
Cash (used in)/ generated from operations	(13,077)	10,592
Income taxes paid	(113)	(9)
Net cash (outflow)/inflow from operating activities	(13,190)	10,583
Cash flows from investing activities		
Purchases of property, plant and equipment	(959)	(1,140)
Proceeds from disposal of plant and equipment	97	365
Proceeds from disposal of associated companies	-	450
Payment for available-for-sale financial assets	-	(2,481)

Net cash outflow on acquisition of investment in a subsidiary	-	(3,816)
Interest income received	18	29
Net cash outflow from investing activities	(844)	(6,593)
Cash flows from financing activities		
(Decrease)/increase in bank deposits pledged	(133)	8
Hire purchase creditors	(40)	166
Trust receipts creditors	2,387	-
Money market line loans	8,632	-
Repayment of bank loans	(224)	(256)
Interest paid	(75)	(282)
Net cash inflow/(outflow) from financing activities	10,547	(364)
Net increase in cash and cash equivalents held	(3,487)	3,626
Cash and cash equivalents at beginning of the financial period	15,988	27,910
Effect of currency translation on cash and cash equivalents	20	(28)
Cash and cash equivalents at end of the financial period	12,521	31,508
Cash and cash equivalents represented by:		
Bank and cash balances	14,081	33,005
Fixed deposits with financial institutions	1,352	627
Less: Bank overdrafts	(2,144)	(1,497)
Less: Restricted bank deposits	(768)	(627)
	12,521	31,508

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
1QFY2014						
As at 1/4/13	36,178	(70)	41,963	78,071	1,621	79,692
Total comprehensive income for the period	-	300	2,634	2,934	(274)	2,660
Contribution from NCI	-	-	-	-	-	-
At 30/6/13	36,178	230	44,597	81,005	1,347	82,352
1QFY2013						
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)
As at 30/6/12	36,178	121	43,137	79,436	1,593	81,029

Company	Share Capital	Other Reserves	Retained Earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
1QFY2014				
As at 1/4/13	36,178	-	34,673	70,851
Total comprehensive income for the period	-	-	890	890
As at 30/6/13	36,178	-	35,563	71,741
1QFY2013				
As at 1/4/12	36,178	-	31,870	68,048
Total comprehensive income for the period	-	-	565	565
As at 30/6/12	36,178	-	32,435	68,613

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 2014	FY 2013
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 2013 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 FY2014, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 January 2013. The FY2013 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 19 (revised 2011)- Employee benefits.

Amendments to FRS 113- Fair value measurement.

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-13	30-Jun-12
Earnings per share (cents)		
Based on number of ordinary shares in issue (cents)	0.87	1.86
On fully diluted basis (cents)	0.87	1.86
Net profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	2,634	5,662
Net profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	2,634	5,662
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-13	31-Mar-2013	30-Jun-13	31-Mar-2013
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	27.1	26.2	23.6	23.3

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 June 2013 (31 March 2013: 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 (1QFY2014) Review

The Group's revenue for 1QFY2014 decreased by 11.6% from S\$61.7 million to S\$54.6 million as compared to 1QFY2013 mainly due to lower shut-down maintenance revenue in 1QFY2014. The gross profit increased from S\$4.6 million to S\$8.5 million mainly due to better cost controls.

The Group's "other (loss)/gain-net" for 1QFY2014 amounted to an "other loss" of S\$0.3 million as compared to "other gain" of S\$6.8 million for 1QFY2013 which included 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 as announced on 13 August 2012. In 4QFY2013, the Group finalized its purchase price allocation and the resultant gain is S\$3.8 million.

The Group's net profit attributable to shareholders for 1QFY2014 decreased from S\$5.7 million to S\$2.6 million as compared to 1QFY2013 mainly due to the Group's "other (loss)/gain-net" as mentioned above.

Statement of Financial Position Review

The increase of S\$9.3 million in trade and other receivables as at 30 June 2013 as compared to 31 March 2013 is mainly due to increased project billings. The increase of S\$20.8 million in contract work-in-progress as at 30 June 2013 as compared to 31 March 2013 was in line with the project schedules.

The increase of S\$14.2 million in trade and other payables as at 30 June 2013 as compared to 31 March 2013 is mainly due to increased project activities.

The increase of S\$10.8 million in borrowings as at 30 June 2013 as compared to 31 March 2013 is mainly used for the working capital.

As at 30 June 2013, the Group's cash and cash equivalents stood at S\$15.4 million as compared to S\$18.7 million as at 31 March 2013.

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 and the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2014. However, in view of keen competition and rising labour costs, the Group will continue to control costs and take steps to 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.

As at the date of this announcement, the Group's outstanding order book stands at S\$235 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/recommended, a statement to that effect

No interim dividend has been recommended for the period ended 30 June 2013.

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 2013 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 2013**