



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

\* Asterisks denote mandatory information

<b>Name of Announcer *</b>	HIAP SENG ENGINEERING LTD
<b>Company Registration No.</b>	197100300Z
<b>Announcement submitted on behalf of</b>	HIAP SENG ENGINEERING LTD
<b>Announcement is submitted with respect to *</b>	HIAP SENG ENGINEERING LTD
<b>Announcement is submitted by *</b>	Tan Hak Jin
<b>Designation *</b>	Joint Company Secretary
<b>Date &amp; Time of Broadcast</b>	11-Nov-2013 17:06:41
<b>Announcement No.</b>	00029

### >> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>For the Financial Period Ended *</b>	30-09-2013
<b>Description</b>	PLEASE SEE THE FOLLOWING ATTACHMENTS: (1) UNAUDITED SECOND QUARTER AND FIRST HALF FY2014 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT.  (2) NEWS RELEASE.
<b>Attachments</b>	 <a href="#">HSEL_Q2FY2014_results_announcement.pdf</a>   <a href="#">HS_2Q2014_Results_NR.pdf</a>  Total size =487K (2048K size limit recommended)



協成工程有限公司  
HIAP SENG ENGINEERING LTD



---

## NEWS RELEASE

### HIAP SENG'S RESULTS ANNOUNCEMENT FOR 2QFY2014 AND 1HFY2014

**Singapore, November 11, 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 announced a 14.6% increase in revenue to S\$69.0 million for the three months ended September 30, 2013 (“2QFY2014”), compared to S\$60.2 million in the previous corresponding period (“2QFY2013”).

The growth in Group revenue for 2QFY2014 was mainly due to higher recognition of project revenue. However, the Group recorded a gross loss of S\$1.3 million for 2QFY2014 compared to a gross profit of S\$9.0 million for 2QFY2013 mainly due to cost overruns on certain projects. “Other loss” of S\$0.6 million for 2QFY2014 was higher than S\$0.5 million recorded on 2QFY2013 due to unrealised foreign currency exchange loss.

Due to the cost overruns on certain projects, the Group incurred a net loss attributable to shareholders of S\$8.5 million for 2QFY2014 as compared to a net profit of S\$3.5 million for 2QFY2013.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng, said, “Project overruns has been a function of various factors which include the impact from rising labour costs. With our established track record, extensive network, as well as experienced senior management and workforce, we should be able to overcome the challenging environment.”

For the six months ended September 30, 2013 (“1HFY2014”), the Group’s revenue increased 1.4% to S\$123.6 million, from S\$121.9 million in the previous corresponding period (“1HFY2013”). However, gross profit for 1HFY2014 was dragged down by cost overruns on certain projects. In addition, the Group recorded an “other loss” of S\$0.9 million in 1HFY2014 as compared to “other gain” of S\$6.4 million in 1HFY2013. The “other gain” recorded was due to the write-back of provision for losses of S\$1.7 million and a one-time gain on equity interest of S\$5.0 million, which resulted from a step acquisition of a Thai associated company within the last financial year. As a result, the Group incurred a net loss of S\$5.8 million in 1HFY2014. In 4QFY2013, the Group finalised its purchase price allocation and the resultant gain is S\$3.8 million.

To express its gratitude to shareholders, the Group has declared an interim, one-tier tax-exempt dividend of 0.5 cent per ordinary share, which is expected to be paid on January 28, 2014.

## **Outlook**

The Group continues to seek new contracts to bolster performance and enhance shareholder value. On September 19, 2013, the Group announced that it has secured two contracts worth approximately S\$57.0 million for the provision of piping and equipment installation works and the provision of mechanical, equipment erection and structural works in Singapore. These contracts bring the Group’s outstanding order book to approximately S\$252.0 million as at November 11, 2013 and are expected to contribute to the Group’s earnings for the current financial year ending March 31, 2014.

The outlook for the oil-and-gas and petrochemical industries which the Group serves still remains positive. However, due to project cost overruns arising from rising labour costs, the Directors of the Company are not optimistic about the Group’s performance for the current financial year ending March 31, 2014. In view of this, the Group continues to control costs and improve productivity.

## **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 / Mr Clarence Koh  
at telephone  
DURING OFFICE HOURS : 6534-5122 (Office)  
AFTER OFFICE HOURS : 9750-8237 / 9129-6977 (Handphone)  
EMAIL : [dolores.phua@citigatedrimage.com](mailto:dolores.phua@citigatedrimage.com)  
[clarence.koh@citigatedrimage.com](mailto:clarence.koh@citigatedrimage.com)

***For Hiap Seng***

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

---

113/13/005/HSEL

November 11, 2013

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

**UNAUDITED SECOND QUARTER AND FIRST HALF FY 2014 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 year ended 30 September 2013**

	Group			Group		
	2QFY14	2QFY13	Increase/ (Decrease)	1HFY14	1HFY13	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	68,973	60,184	14.6	123,565	121,913	1.4
Cost of sales	(70,235)	(51,190)	37.2	(116,370)	(108,283)	7.5
<b>Gross (loss)/profit</b>	(1,262)	8,994	NM	7,195	13,630	(47.2)
Gross profit margin	(1.8%)	14.9%		5.8%	11.2%	
Other (loss)/ gain- net	(627)	(472)	NM	(947)	6,362	NM
Administrative costs	(6,681)	(4,825)	38.5	(11,685)	(9,990)	17.0
Other operating costs	(16)	508	NM	(48)	413	NM
<b>(Loss)/ Profit from operations</b>	(8,586)	4,205	NM	(5,485)	10,415	NM
Finance (costs)/ income	(124)	92	NM	(214)	(190)	NM
Share of (loss)/profit of associated companies	(15)	(396)	NM	9	(390)	NM
<b>(Loss)/ Profit before tax</b>	(8,725)	3,901	NM	(5,690)	9,835	NM
Income tax credit/(expense)	177	(577)	NM	(233)	(779)	NM
<b>Net (loss)/ profit after tax</b>	(8,548)	3,324	NM	(5,923)	9,056	NM
<b>Other comprehensive income</b>						
Foreign currency translation	(345)	86	NM	(45)	238	NM
<b>Total comprehensive (loss)/ income for the period</b>	(8,893)	3,410	NM	(5,968)	9,294	NM
<b>(Loss)/ profit attributable to:</b>						
Owner of the parent	(8,477)	3,479	NM	(5,843)	9,141	NM
Non-controlling interests	(71)	(155)	NM	(80)	(85)	NM
	(8,548)	3,324	NM	(5,923)	9,056	NM
<b>Total comprehensive (loss)/ income attributable to:</b>						
Owner of the parent	(8,822)	3,565	NM	(5,888)	9,379	NM
Non-controlling interests	(71)	(155)	NM	(80)	(85)	NM
	(8,893)	3,410	NM	(5,968)	9,294	NM

NM: Denotes not meaningful

**Profit from operations included the following:**

	Group		Group	
	2QFY14	2QFY13	1HFY14	1HFY13
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(a) Other gain/(loss) - net</b>				
Other income including interest income	93	20	111	49
profit on disposal of plant and equipment	117	-	143	283
Loss on disposal of interest in associated companies	-	-	-	(191)
Foreign exchange loss	(904)	(625)	(1,298)	(562)
Gain on equity interest	-	-	-	4,951*
Write back of provision for losses on associated company	-	-	-	1,678
<b>(b) Other operating costs</b>				
Write back for doubtful trade debt	1	583	1	583
<b>(c) Depreciation of property, plant and equipment</b>	(923)	(587)	(1,827)	(1,347)

\*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-Sept-2013 S\$'000	31-Mar-2013 S\$'000	30-Sept-2013 S\$'000	31-Mar-2013 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	15,139	18,743	5,921	7,774
Income tax recoverable	716	681	716	681
Trade and other receivables	89,762	80,870	92,154	73,520
Contract work-in-progress	48,187	20,869	11,384	9,074
Other current assets	3,468	2,224	1,460	1,024
	157,272	123,387	111,635	92,073
<b>Non-current assets</b>				
Club memberships	363	363	298	298
Other receivables	583	616	-	-
Investments in associated companies	420	419	109	109
Investments in subsidiaries	-	-	14,858	14,856
Property, plant and equipment	22,914	23,861	6,554	6,778
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Intangible assets	6,831	7,004	-	-
	33,593	34,745	24,301	24,523
<b>Total assets</b>	190,865	158,132	135,936	116,596
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	95,880	72,263	53,980	45,287
Current income tax liabilities	190	347	-	-
Borrowings	19,849	2,978	17,152	-
	115,919	75,588	71,132	45,287
<b>Non-current liabilities</b>				
Borrowings	1,182	1,293	-	-
Deferred income tax liabilities	1,559	1,559	458	458
	2,741	2,852	458	458
<b>Total liabilities</b>	118,660	78,440	71,590	45,745
<b>NET ASSETS</b>	72,205	79,692	64,346	70,851
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Company's equity holders</b>				
Share capital	36,178	36,178	36,178	36,178
Other reserves	(115)	(70)	-	-
Retained earnings	34,601	41,963	28,168	34,673
<b>Total</b>	70,664	78,071	64,346	70,851
Non-controlling interests	1,541	1,621	-	-
<b>Total equity</b>	72,205	79,692	64,346	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 30/09/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
19,849	-	2,978	-

**Amount repayable after one year**

As at 30/09/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,182	-	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		Group	
	2Q FY 14 S\$'000	2Q FY 13 S\$'000	1H FY 14 S\$'000	1H FY 13 S\$'000
<b>Cash flow from operating activities:</b>				
Total (loss)/ profit	(8,548)	3,324	(5,923)	9,056
<b>Adjustment for :</b>				
Depreciation of property, plant and equipment	923	587	1,827	1,347
Amortisation of intangible assets	173	-	173	-
Net gain from disposal of plant and equipment	(117)	-	(143)	(283)
Share of loss/(profit) of associated companies	15	396	(9)	390
Gain on equity interest	-	-	-	(4,951)
Write back of provision for doubtful debts	(1)	(583)	(1)	(583)
Loss on disposal of interest in associated companies	-	-	-	191
Write back of provision for losses on associated company	-	-	-	(1,678)
Foreign exchange adjustments	269	478	741	664
Income tax (credit)/expense	(177)	577	233	779
Interest expense	124	(92)	214	190
Interest income	(2)	(20)	(20)	(49)
<b>Operating cash flow before working capital changes</b>	<b>(7,341)</b>	<b>4,667</b>	<b>(2,908)</b>	<b>5,073</b>
<b>Changes in operating assets and liabilities</b>				
Contract work-in-progress	(6,474)	(5,813)	(27,318)	(10,453)
Trade and other receivables	292	6,722	(8,925)	8,278
Other current assets	363	(8)	(1,244)	(449)
Trade and other payables	8,884	(3,463)	23,635	10,248
<b>Cash generated (used in)/ from operations</b>	<b>(4,276)</b>	<b>2,105</b>	<b>(16,760)</b>	<b>12,697</b>
Income taxes paid	(226)	(905)	(339)	(914)
<b>Net cash (outflow)/ inflow from operating activities</b>	<b>(4,502)</b>	<b>1,200</b>	<b>(17,099)</b>	<b>11,783</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	1	295	98	660



Proceeds from disposal of associated companies	-	-	-	450
Purchases of property, plant and equipment	(678)	(1,787)	(1,637)	(2,927)
Net cash outflow on acquisition of investment in a subsidiary	-	-	-	(3,816)
Payment for investment	-	(440)	-	(2,921)
Interest income received	2	20	20	49
<b>Net cash outflow from investing activities</b>	<b>(675)</b>	<b>(1,912)</b>	<b>(1,519)</b>	<b>(8,505)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,519)	(1,520)	(1,519)	(1,520)
Decrease in bank deposits pledged	133	37	-	45
Hire purchase creditors	(6)	(114)	(46)	52
Trust receipts creditors	736	-	3,123	-
Money market line loans	5,868	-	14,500	-
Repayment of bank loans	(465)	(654)	(689)	(910)
Interest paid	(124)	92	(214)	(190)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>4,623</b>	<b>(2,159)</b>	<b>15,155</b>	<b>(2,523)</b>
<b>Net (decrease)/ increase in cash and cash equivalents held</b>	<b>(554)</b>	<b>(2,871)</b>	<b>(3,463)</b>	<b>755</b>
Effect of exchange rate change on cash and cash equivalents	47	1	67	(27)
Cash and cash equivalents at beginning of the financial period	12,524	31,508	15,413	27,910
<b>Cash and cash equivalents at end of the financial period</b>	<b>12,017</b>	<b>28,638</b>	<b>12,017</b>	<b>28,638</b>
<b>Cash and cash equivalents represented by:</b>				
Bank and cash balances	12,737	30,304	12,737	30,304
Fixed deposits with financial institutions	2,402	589	2,402	589
Less: Bank overdrafts	(1,799)	(1,666)	(1,799)	(1,666)
Less: Restricted bank deposits	(1,323)	(589)	(1,323)	(589)
	12,017	28,638	12,017	28,638

**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**

Group	Attributable to owners of the parent					
	Share Capital	Other Reserves	Retained Earnings	Total	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>1QFY2014</u></b>						
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	(9)	2,925
Contribution from NCI	-	-	-	-	(265)	(265)
<b>As at 30/6/13</b>	<b>36,178</b>	<b>230</b>	<b>44,597</b>	<b>81,005</b>	<b>1,347</b>	<b>82,352</b>
<b><u>2QFY2014</u></b>						
Total comprehensive loss for the period	-	(345)	(8,477)	(8,822)	(71)	(8,893)
Dividend on ordinary share	-	-	(1,519)	(1,519)	-	(1,519)
Contribution to NCI	-	-	-	-	265	265
<b>As at 30/9/13</b>	<b>36,178</b>	<b>(115)</b>	<b>34,601</b>	<b>70,664</b>	<b>1,541</b>	<b>72,205</b>

<b>1QFY2013</b>						
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
<b>2QFY2013</b>						
Total comprehensive income for the period	-	86	3,479	3,565	(155)	3,410
Dividend on ordinary share	-	-	(1,520)	(1,520)	-	(1,520)
Contribution to NCI	-	-	-	-	322	322
As at 30/9/12	36,178	207	45,096	81,481	1,760	83,241

<b>Company</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	SS'000	SS'000	SS'000
<b>1QFY2014</b>			
As at 1/4/13	36,178	34,673	70,851
Total comprehensive income for the period	-	890	890
<b>As at 30/6/13</b>	36,178	35,563	71,741
<b>2QFY2014</b>			
Total comprehensive loss for the period	-	(5,876)	(5,876)
Dividend on ordinary share	-	(1,519)	(1,519)
<b>As at 30/9/13</b>	36,178	28,168	64,346
<b>1QFY2013</b>			
As at 1/4/12	36,178	31,870	68,048
Total comprehensive income for the period	-	565	565
<b>As at 30/6/12</b>	36,178	32,435	68,613
<b>2QFY2013</b>			
Total comprehensive loss for the period	-	(130)	(130)
Dividend on ordinary share	-	(1,520)	(1,520)
<b>As at 30/9/12</b>	36,178	30,785	66,963

**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
<b>Issued &amp; fully paid share capital</b>		
Number of shares as at 30 September and 1 April	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		Group	
	2Q FY14	2Q FY13	1H FY14	1H FY13
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	(2.79)	1.15	(1.92)	3.01
On fully diluted basis (cents)	(2.79)	1.15	(1.92)	3.01
Net (loss)/ profit attributable to ordinary shareholders for basic earnings per share (S\$'000)	(8,477)	3,479	(5,843)	9,141

Net (loss)/ profit attributable to ordinary shareholders for diluted earnings per share (S\$'000)	(8,477)	3,479	(5,843)	9,141
Weighted average number of ordinary shares in issue applicable to basic/diluted earnings per share ('000)	303,750	303,750	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-Sept-13	31-Mar-2013	30-Sept-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	23.8	26.2	21.2	23.3

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

Second Quarter (2QFY14) Review

The Group's revenue for 2QFY14 increased by 14.6% from S\$60.2 million to S\$69.0 million as compared to 2QFY13 mainly due to higher recognition of project revenue. The gross profit decreased from S\$9.0 million to loss of S\$1.3 million mainly due to cost overruns on certain projects.

The Group's "other loss" for 2QFY14 amounted to S\$0.6 million as compared to S\$0.5 million for 2QFY13 due to unrealized foreign currency exchange loss. The Group's net loss attributable to shareholders for 2QFY14 was S\$8.5 million as compared to profit of S\$3.5 million for 2QFY13 mainly due to cost overruns on certain projects.

First Half (1HFY14) Review

The Group's revenue for 1HFY14 increased by 1.4% from S\$121.9 million to S\$123.6 million as compared to 1HFY13 mainly due to higher recognition of project revenue. The gross profit decreased from S\$13.6 million to S\$7.2 million mainly due to cost overruns on certain projects.

The Group's "other loss" for 1HFY14 amounted to S\$0.9 million as compared to "other gain" of S\$6.4 million for 1HFY13 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 4QFY13, the Group finalised its purchase price allocation and the resultant gain is S\$3.8 million.

The Group's net loss attributable to shareholders for 1HFY14 was S\$5.8 million as compared to profit of S\$9.1 million for 1HFY13 mainly due to reasons as mentioned above.

#### Statement of Financial Position Review

The increase of S\$8.9 million in trade and other receivables as at 30 September 2013 as compared to 31 March 2013 is mainly due to increased project billings. The increase of S\$27.3 million in contract work-in-progress as at 30 September 2013 as compared to 31 March 2013 was in line with the project schedules.

The increase of S\$23.6 million in trade and other payables as at 30 September 2013 as compared to 31 March 2013 is mainly due to increased project activities.

The increase of S\$16.9 million in borrowings as at 30 September 2013 as compared to 31 March 2013 is mainly used for the working capital.

As at 30 September 2013, the Group's cash and cash equivalents stood at S\$15.1 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 but the Directors of the Company are not optimistic about the Group's performance for the current financial year ending 31 March 2014 in view of project cost overruns arising from rising labour costs. The Group will continue to control costs and improve productivity.

As at the date of this announcement, the Group's outstanding order book stands at S\$252 million.

#### **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	0.5 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	0.5 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 28 January 2014.

**(e) Books closure date**

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 13 January 2014 to 14 January 2014 (both dates inclusive) to determine shareholders' entitlement to the interim one-tier tax exempt dividend of half cent per ordinary share for the financial year ending 31 March 2014.

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 10 January 2014 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 10 January 2014 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 the first half year ended 30 September 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  
11 November 2013**