



## THIRD 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-Feb-2014 17:16:00
<b>Announcement No.</b>	00045

## &gt;&gt; ANNOUNCEMENT DETAILS

The details of the announcement start here ...

<b>For the Financial Period Ended *</b>	31-12-2013
<b>Description</b>	PLEASE SEE THE FOLLOWING ATTACHMENTS: (A) UNAUDITED THIRD QUARTER AND NINE MONTHS FY2014 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT. (B) RESULTS NEWS RELEASE.
<b>Attachments</b>	<p> <a href="#">HSEL_Q3FY2014_results_announcement.pdf</a></p> <p> <a href="#">HSEL_3QFY2014_Results_NR.pdf</a></p> <p>Total size =140K (2048K size limit recommended)</p>



**協成工程有限公司**  
**HIAP SENG ENGINEERING LTD**



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## NEWS RELEASE

### HIAP SENG ANNOUNCES RESULTS FOR 3QFY2014 AND 9MFY2014

**Singapore, February 11, 2014** – 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 its results for the three months ended December 31, 2013 (“3QFY2014”).

The Group recorded a 3QFY2014 revenue of S\$66.5 million, which was a marginal 3.0% lower than the previous corresponding period (“3QFY2013”). This was mainly due to lower recognition of project revenue. Gross profit was weighed down by escalating labour costs and decreased from S\$8.5 million in 3QFY2013 to S\$6.8 million in 3QFY2014. As a result, the net profit attributable to shareholders declined to S\$1.1 million in 3QFY2014 when compared to S\$2.9 million in 3QFY2013.

For the nine months ended December 31, 2013 (“9MFY2014”), the Group’s revenue was relatively flat at S\$190.1 million when compared to the previous corresponding period (“9MFY2013”). Gross profit however decreased from S\$22.1 million in 9MFY2013 to S\$14.0 million in 9MFY2014. This was mainly due to cost overruns on certain projects and escalating labour costs. The Group also recorded an “other loss” of S\$0.3 million in 9MFY2014 as compared to an “other gain” of S\$6.1 million in 9MFY2013. The “other gain” recorded in 9MFY2013 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. In 4QFY2013, the Group finalised its purchase price allocation and the final resultant gain was S\$3.8 million.

As a result, the Group incurred a net loss attributable to shareholders of S\$4.7 million in 9MFY2014, as compared to a net profit attributable to shareholders of S\$12.1 million in 9MFY2013.

As at today, the Group's order book stands at S\$268.0 million.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng, said: "Our operating environment has been challenging with increasing cost pressures and intense competition. Despite these obstacles, we look to the support of our experienced senior management team and workforce to overcome them. With our established track record and extensive network, we are known for our top-quality service and continue to secure further opportunities to grow our order book and bolster our business."

### **Outlook**

Despite positive outlook for the oil and gas, and petrochemical industries which the Group serves, the Directors of the Company are not optimistic about the Group's performance for the current financial year ending 31 March 2014 due to keen competition, escalating labour costs and potential cost overruns on certain projects. In view of this, the Group will continue to control costs and take steps to improve productivity.

The Group will also continue to seek opportunities in the region to grow its markets as well as 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.

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February 11, 2014

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

**UNAUDITED THIRD QUARTER AND NINE MONTHS FY 2014 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 2013:**

	Group			Group		
	3QFY14	3QFY13	Increase/ (Decrease)	9MFY14	9MFY13	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	66,535	68,621	(3.0)	190,100	190,534	(0.2)
Cost of sales	(59,772)	(60,115)	(0.6)	(176,142)	(168,398)	4.6
<b>Gross profit</b>	6,763	8,506	(20.5)	13,958	22,136	(36.9)
Gross profit margin	10.2%	12.4%		7.3%	11.6%	
Other gain/(loss) – net	613	(245)	NM	(334)	6,117	NM
Administrative costs	(6,099)	(5,559)	9.7	(17,784)	(15,550)	14.4
Other operating costs	(12)	(11)	NM	(60)	402	NM
<b>Profit / (Loss) from operations</b>	1,265	2,691	(53.0)	(4,220)	13,105	NM
Finance costs	(132)	(83)	NM	(346)	(273)	26.7
Share of profit/ (loss) of associated companies	238	(13)	NM	247	(403)	NM
<b>Profit / (Loss) before tax</b>	1,371	2,595	(47.2)	(4,319)	12,429	NM
Income tax (expense)/ credit	(92)	323	NM	(325)	(456)	(28.7)
<b>Net profit / (Loss) after tax</b>	1,279	2,918	(56.2)	(4,644)	11,973	NM
<b>Other comprehensive income</b>						
Foreign currency translation	1	561	NM	(47)	800	NM
<b>Total comprehensive income/ (loss) for the period</b>	1,280	3,479	(63.2)	(4,691)	12,773	NM
<b>Profit / (Loss) attributable to:</b>						
Owner of the parent	1,131	2,924	(61.3)	(4,712)	12,064	NM
Non-controlling interests	148	(6)	NM	68	(91)	NM
	1,279	2,918	(56.2)	(4,644)	11,973	NM
<b>Total comprehensive income/ (loss) attributable to:</b>						
Owner of the parent	1,132	3,485	(67.5)	(4,759)	12,864	NM
Non-controlling interests	148	(6)	NM	68	(91)	NM
	1,280	3,479	(63.2)	(4,691)	12,773	NM

NM: Denotes not meaningful

**Profit from operations included the following:**

	Group		Group	
	3QFY14	3QFY13	9MFY14	9MFY13
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(a) Other gain/(loss) - net</b>				
Other income including interest income	(30)	30	83	79
(Loss)/ profit on disposal of plant and equipment	(16)	4	127	287
Loss on disposal of interest in associated companies	-	-	-	(191)
Foreign exchange gain/ ( loss)	713	(347)	(585)	(909)
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
<b>(c) Depreciation of property, plant and equipment</b>	(1,541)	(1,100)	(3,368)	(2,447)

\*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	
	31-Dec-2013 S\$'000	31-Mar-2013 S\$'000	31-Dec-2013 S\$'000	31-Mar-2013 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6,759	18,743	2,184	7,774
Income tax recoverable	751	681	751	681
Trade and other receivables	95,932	80,870	109,085	73,520
Contract work-in-progress	61,721	20,869	10,343	9,074
Other current assets	5,129	2,224	1,759	1,024
	170,292	123,387	124,122	92,073
<b>Non-current assets</b>				
Club memberships	363	363	298	298
Other receivables	585	616	-	-
Investments in associated companies	650	419	109	109
Investments in subsidiaries	-	-	14,858	14,856
Property, plant and equipment	24,295	23,861	8,296	6,778
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Intangible assets	6,744	7,004	-	-
	35,119	34,745	26,043	24,523
<b>Total assets</b>	205,411	158,132	150,165	116,596
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	99,919	72,263	61,681	45,287
Current income tax liabilities	181	347	-	-
Borrowings	29,190	2,978	25,758	-
	129,290	75,588	87,439	45,287
<b>Non-current liabilities</b>				
Borrowings	1,134	1,293	-	-
Deferred income tax liabilities	1,559	1,559	458	458
	2,693	2,852	458	458
<b>Total liabilities</b>	131,983	78,440	87,897	45,745
<b>NET ASSETS</b>	73,428	79,692	62,268	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	(171)	(70)	-	-
Retained earnings	35,732	41,963	26,090	34,673
<b>Total</b>	71,739	78,071	62,268	70,851
Non-controlling interests	1,689	1,621	-	-
<b>Total equity</b>	73,428	79,692	62,268	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 31/12/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
29,190	-	2,978	-

**Amount repayable after one year**

As at 31/12/2013		As at 31/03/2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,134	-	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	
	3QFY 14 S\$'000	3Q FY 13 S\$'000	9MFY14 S\$'000	9MFY13 S\$'000
<b>Cash flow from operating activities:</b>				
Total profit/ (loss)	1,279	2,918	(4,644)	11,973
<b>Adjustment for :</b>				
Depreciation of property, plant and equipment	1,541	1,100	3,368	2,447
Amortisation of intangible assets	87	-	260	-
Net loss/ (gain) from disposal of plant and equipment	16	(4)	(127)	(287)
Share of (profit)/ loss of associated companies	(238)	13	(247)	403
Written off property, plant and equipment	8	-	8	-
Gain on equity interest	-	-	-	(4,951)
Write back of provision for doubtful debts	-	-	(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	(122)	564	619	1,228
Income tax expense/ (credit)	92	(323)	325	456
Interest expense	147	83	346	273
Interest income	(63)	(30)	(83)	(79)
<b>Operating cash flow before working capital changes</b>	<b>2,747</b>	<b>4,321</b>	<b>(176)</b>	<b>9,393</b>
<b>Changes in operating assets and liabilities</b>				
Contract work-in-progress	(13,535)	(3,211)	(40,852)	(13,664)
Trade and other receivables	(6,197)	(15,083)	(15,132)	(6,805)
Other current assets	(1,660)	(299)	(2,904)	(748)
Trade and other payables	4,013	11,234	27,656	21,482
<b>Cash generated (used in)/ from operations</b>	<b>(14,632)</b>	<b>(3,038)</b>	<b>(31,408)</b>	<b>9,658</b>
Income taxes paid	45	(369)	(294)	(1,283)
<b>Net cash (outflow)/ inflow from operating activities</b>	<b>(14,587)</b>	<b>(3,407)</b>	<b>(31,702)</b>	<b>8,375</b>
<b>Cash flows from investing activities</b>				



Proceeds from disposal of property, plant and equipment	31	12	129	672
Proceeds from disposal of associated companies	-	-	-	450
Purchases of property, plant and equipment	(2,752)	(1,758)	(4,389)	(4,685)
Net cash outflow on acquisition of investment in a subsidiary	-	-	-	(3,816)
Payment for investment	-	(33)	-	(2,954)
Interest income received	63	30	83	79
<b>Net cash outflow from investing activities</b>	<b>(2,658)</b>	<b>(1,749)</b>	<b>(4,177)</b>	<b>(10,254)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	-	(1,519)	(1,520)
Decrease in bank deposits pledged	-	(4)	-	41
Hire purchase creditors	612	(10)	566	43
Trust receipts creditors	2,563	19	5,686	19
Money market line loans	6,379	179	20,190	(731)
Interest paid	(147)	(83)	(346)	(273)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>9,407</b>	<b>101</b>	<b>24,577</b>	<b>(2,421)</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(7,838)</b>	<b>(5,055)</b>	<b>(11,302)</b>	<b>(4,300)</b>
Effect of exchange rate change on cash and cash equivalents	(17)	(1)	51	(28)
Cash and cash equivalents at beginning of the financial period	12,017	28,638	15,413	27,910
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,162</b>	<b>23,582</b>	<b>4,162</b>	<b>23,582</b>
<b>Cash and cash equivalents represented by:</b>				
Bank and cash balances	4,864	25,586	4,864	25,586
Fixed deposits with financial institutions	1,895	593	1,895	593
Less: Bank overdrafts	(1,789)	(2,004)	(1,789)	(2,004)
Less: Restricted bank deposits	(808)	(593)	(808)	(593)
	4,162	23,582	4,162	23,582

**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>1HFY14</b>						
As at 1/4/13	36,178	(70)	41,963	78,071	1,621	79,692
Total comprehensive loss for the period	-	(45)	(5,843)	(5,888)	(80)	(5,968)
Dividend on ordinary share	-	-	(1,519)	(1,519)	-	(1,519)
<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>3QFY14</b>						
Total comprehensive (loss)/ income for the period	-	(56)	1,131	1,075	148	1,223
<b>As at 31/12/13</b>	<b>36,178</b>	<b>(171)</b>	<b>35,732</b>	<b>71,739</b>	<b>1,689</b>	<b>73,428</b>

<b><u>1HFY13</u></b>						
As at 1/4/12	36,178	(31)	37,475	73,622	1,789	75,411
Total comprehensive income for the period	-	238	9,141	9,379	(85)	9,294
Contribution from NCI	-	-	-	-	56	56
Dividend paid	-	-	(1,520)	(1,520)	-	(1,520)
<b>At 30/9/12</b>	<b>36,178</b>	<b>207</b>	<b>45,096</b>	<b>81,481</b>	<b>1,760</b>	<b>83,241</b>
<b><u>3QFY13</u></b>						
Total comprehensive income for the period	-	561	2,924	3,485	(6)	3,479
Contribution from NCI	-	-	-	-	(27)	(27)
<b>At 31/12/12</b>	<b>36,178</b>	<b>768</b>	<b>48,020</b>	<b>84,966</b>	<b>1,727</b>	<b>86,693</b>

<b>Company</b>	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>1HFY13</u></b>			
As at 1/4/13	36,178	34,673	70,851
Total comprehensive loss for the period	-	(4,986)	(4,986)
Dividend on ordinary share	-	(1,519)	(1,519)
<b>As at 30/9/13</b>	<b>36,178</b>	<b>28,168</b>	<b>64,346</b>
<b><u>3QFY14</u></b>			
Total comprehensive loss for the period	-	(2,078)	(2,078)
<b>As at 31/12/13</b>	<b>36,178</b>	<b>26,090</b>	<b>62,268</b>
<b><u>1HFY2013</u></b>			
As at 1/4/12	36,178	31,870	68,048
Total comprehensive income for the period	-	435	435
Dividend paid	-	(1,520)	(1,520)
<b>As at 30/9/12</b>	<b>36,178</b>	<b>30,785</b>	<b>66,963</b>
<b><u>3QFY2013</u></b>			
Total comprehensive income for the period	-	2,949	2,949
<b>As at 31/12/12</b>	<b>36,178</b>	<b>33,734</b>	<b>69,912</b>

**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.**

	<b>FY 2014</b>	<b>FY 2013</b>
<b>Issued &amp; fully paid share capital</b>		
Number of shares as at 31 December 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**

	<b>Group</b>		<b>Group</b>	
	<b>3Q FY14</b>	<b>3Q FY13</b>	<b>9M FY14</b>	<b>9M FY13</b>
Earnings per share (cents)				
Based on number of ordinary shares in issue (cents)	0.37	0.96	(1.55)	3.97
On fully diluted basis (cents)	0.37	0.96	(1.55)	3.97
Net profit/ (loss) attributable to ordinary shareholders for basic earnings per share (S\$'000)	1,131	2,924	(4,712)	12,064

Net profit/ (loss) attributable to ordinary shareholders for diluted earnings per share (S\$'000)	1,131	2,924	(4,712)	12,064
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	
	31-Dec-2013	31-Mar-2013	31-Dec-2013	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	24.2	26.2	20.5	23.3

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

Third Quarter (3QFY14) Review

The Group's revenue for 3QFY14 decreased by 3.0% from S\$68.6 million to S\$66.5 million as compared to 3QFY13 mainly due to lower recognition of project revenue. The gross profit decreased from S\$8.5 million to S\$6.8 million mainly due to escalating labour costs.

The Group's net profit attributable to shareholders for 3QFY14 decreased 61.3% from S\$2.9 million to S\$1.1 million as compared to 3QFY13 mainly due to the lower gross profit.

Nine Months (9MFY13) Review

The Group's revenue for 9MFY14 decreased marginally by 0.2% from S\$190.5 million to S\$190.1 million as compared to 9MFY13. The gross profit decreased from S\$22.1 million to S\$14.0 million mainly due to cost overruns on certain projects and the escalating labour costs.

The Group's "other loss" of S\$0.3 million for 9MFY14 as compared to "other gain" of S\$6.1 million for 9MFY13 was due to the inclusion for 9MFY13 of 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 final resultant gain was S\$3.8 million.

The Group's net loss attributable to shareholders for 9MFY14 of S\$4.7 million as compared to profit of S\$12.1 million for 9MFY13 was mainly due to the reasons mentioned above.

#### Statement of Financial Position Review

The increase of S\$15.1 million in trade and other receivables as at 31 December 2013 as compared to 31 March 2013 was mainly due to increased project billings. The increase of S\$40.9 million in contract work-in-progress as at 31 December 2013 as compared to 31 March 2013 was in line with the project schedules.

The increase of S\$27.7 million in trade and other payables as at 31 December 2013 as compared to 31 March 2013 was mainly due to increased project activities.

The increase of S\$26.1 million in borrowings as at 31 December 2013 as compared to 31 March 2013 was mainly used for working capital.

As at 31 December 2013, the Group's cash and cash equivalents stood at S\$6.8 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 keen competition, escalating labour costs and potential cost overruns on certain projects. The Group will continue to control costs and take steps to improve productivity.

As at the date of this announcement, the Group's outstanding order book stands at S\$268 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**

Not applicable.

##### **(e) Books closure date**

Not applicable

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

No dividend has been declared or recommended for the third quarter and nine months ended 31 December 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 third quarter and nine months ended 31 December 2013 presented in this announcement to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**TAN HAK JIN  
JOINT COMPANY SECRETARY  
11 February 2014**