



HIAP SENG ENGINEERING LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197100300Z)



NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 1QFY2016

Singapore, August 12, 2015 – 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 81.7% rise in net profit attributable to shareholders to S\$1.9 million for the first quarter ended June 30, 2015 (“1QFY2016”).

Largely as a result of lower recognition of project revenue as major projects were completed in FY2015, the Group recorded a 56.5% decrease in revenue to S\$33.0 million in 1QFY2016. This compares to S\$76.0 million achieved during the previous corresponding period (“1QFY2015”). However, gross profit rose 12.4% to S\$6.6 million in 1QFY2016 from S\$5.8 million in 1QFY2015 primarily due to the absence of cost overruns and the recognition of an additional billing of S\$1 million in respect of a previously completed project.

The Group correspondingly registered a net profit attributable to shareholders of S\$1.9 million, an increase from S\$1.1 million in 1QFY2015.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “Over the past few quarters, we faced acute challenges in the macro environment as well as higher operating cost and cost overruns. While these factors continue to affect us, we managed to temper these pressures with better cost management that has resulted in a profitable quarter.

“During the quarter, we successfully secured two contracts worth about US\$11 million for the provision of offshore gas compressor packages which are scheduled to complete by March 2016. We also obtained a contract worth approximately S\$43 million for the provision of mechanical works for the Mogas-Cogen Project on Jurong Island that is expected to be completed in September 2016.

“In July 2015, subsequent to the quarter, we formed a joint venture company – PTTE Hiap Seng JV Sdn. Bhd. – in Malaysia to consolidate our presence in the country. The joint venture company will be engaged in mechanical engineering works and services, plant fabrication and installation for the oil, gas and petrochemical industries.”

Hiap Seng’s cash and cash equivalents stood at S\$22.2 million, with a net cash position of S\$19.0 million as at June 30, 2015, which improved from a net cash position of S\$10.5 million as at March 31, 2015.

The Group’s order book as at August 12, 2015 stood at S\$122 million.

Outlook

For the current financial year ending March 31, 2016, barring any unforeseen circumstances, the Directors of the Group continue to be cautiously optimistic on Hiap Seng’s performance in spite of the uncertainties surrounding the oil-and-gas industry.

Mr. Frankie Tan added, “With the wide volatility of oil and energy prices over the past year, which is expected to continue for some time, we expect market conditions to remain challenging. Nevertheless, we remain committed to improving our overall operational productivity and seeking other business opportunities.”

Corporate Profile

Established in 1971 and a Mainboard-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 2.5 million sq ft and a workforce of over 2,000 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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