



HIAP SENG INDUSTRIES LIMITED

(Company Registration No. 202200187H)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2024**

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended 30 September 2024

	<u>Note</u>	Group		
		6 months ended 30/9/2024	6 months ended 30/9/2023	Changes
		S\$'000	S\$'000	%
Revenue	5	12,624	12,122	4
Cost of services rendered		(9,039)	(9,068)	-
Gross profit		3,585	3,054	17
Gross profit margin		28.4%	25.2%	
Other income	7(a)	517	403	28
Administrative costs		(1,886)	(2,015)	(6)
Other gains/(losses) – net	7(b)	2,245	(289)	N.M
Profit from operations		4,461	1,153	287
Finance costs	7(d)	(6)	(278)	(98)
Share of profit of associated		4	-	N.M
Profit before tax		4,459	875	410
Income tax expense	8	(408)	-	N.M
Total profit for the year		4,051	875	339
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
– Currency translation differences arising from consolidation		(930)	309	N.M
Total comprehensive profit for the period		3,121	1,184	146
Profit attributable to:				
Equity holders of the Company		4,051	875	339
Non-controlling interests		-	-	-
		4,051	875	339
Total comprehensive profit attributable to:				
Equity holders of the Company		3,121	1,184	146
Non-controlling interests		-	-	-
		3,121	1,184	146
<u>Earnings per share for profit for the period attributable to the owners of the Company during the year:</u>				
Basic (SGD in cent)		0.12	0.29	
Diluted (SGD in cent)		0.12	0.29	

Notes

N.M. – Not Meaningful

B. Condensed Statement of Financial Position as at 30 September 2024

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>Unaudited</u> As at 30/9/2024 S\$'000	<u>Audited</u> As at 31/03/2024 S\$'000	<u>Unaudited</u> As at 30/09/2024 S\$'000	<u>Audited</u> As at 31/03/2024 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		14,852	14,278	12	266
Trade and other receivables		8,264	7,166	1,681	1,727
Other current assets		814	1,015	10	4
		<u>23,930</u>	<u>22,459</u>	<u>1,703</u>	<u>1,997</u>
Non-current assets					
Investment in associated company		281	277	-	-
Investments in subsidiaries		-	-	16,524	16,524
Property, plant and equipment		3,381	2,256	-	-
Financial assets, at FVOCI	10	1,019	1,019	-	-
		<u>4,681</u>	<u>3,552</u>	<u>16,524</u>	<u>16,524</u>
Total assets		<u>28,611</u>	<u>26,011</u>	<u>18,227</u>	<u>18,521</u>
LIABILITIES					
Current liabilities					
Trade and other payables		4,986	5,485	57	377
Contract liabilities		5	5	-	-
Lease liabilities		361	791	-	-
Provision for taxation		408	-	-	-
		<u>5,760</u>	<u>6,281</u>	<u>57</u>	<u>377</u>
Total liabilities		<u>5,760</u>	<u>6,281</u>	<u>57</u>	<u>377</u>
NET ASSETS		<u>22,851</u>	<u>19,730</u>	<u>18,170</u>	<u>18,144</u>
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	12	18,142	18,142	18,142	18,142
Other reserves		35,700	36,630	-	-
Accumulated losses		(30,991)	(35,042)	28	2
TOTAL EQUITY		<u>22,851</u>	<u>19,730</u>	<u>18,170</u>	<u>18,144</u>

C. Condensed Interim Statements of Changes In Equity as at 30 September 2024

Group	Share capital	Other reserves	Accumulated loss	Total	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 April 2024	18,142	36,630	(35,042)	19,730	19,730
Profit for the period	-	-	4,051	4,051	4,051
Other comprehensive expenses for the period	-	(930)	-	(930)	(930)
Total comprehensive income for the period	-	(930)	4,051	3,121	3,121
As at 30 September 2024	18,142	35,700	(30,991)	22,851	22,851
As at 1 April 2023	36,178	1,565	(55,095)	(17,352)	(17,352)
Profit for the period	-	-	875	875	875
Other comprehensive income for the period	-	309	-	309	309
Total comprehensive income for the period	-	309	875	1,184	1,184
As at 30 September 2023	36,178	1,874	(54,220)	(16,168)	(16,168)

Company	Share capital	Other reserves	Accumulated loss	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 April 2024	18,142	-	2	18,144
Total comprehensive income for the period	-	-	26	26
As at 30 September 2024	18,142	-	28	18,170
As at 1 April 2023	36,178	(1,575)	(52,123)	(17,520)
Total comprehensive income for the period	-	-	1,292	1,292
As at 30 September 2023	36,178	(1,575)	(50,831)	(16,228)

D. Condensed Interim Consolidated Statement of Cash Flows as at 30 September 2024

	Group	
	Unaudited	
	6 months ended 30/09/2024 S\$'000	6 months ended 30/09/2023 S\$'000
Cash flows from operating activities:		
Profit before tax	4,459	875
Adjustments for:		
Depreciation of property, plant equipment	501	786
Net gain on disposal of property, plant and equipment	(1,161)	(28)
Fixed assets written off	109	3
Impairment/(write back) of other receivables and trade receivables	30	(30)
Unrealised currency translation (gains)/losses	(957)	382
Interest expense	6	278
Interest income	(154)	(202)
Share of profit of associated company	(4)	-
	2,829	2,064
Change in working capital		
Contract assets	-	(662)
Trade and other receivables	(1,127)	(57)
Other current assets	200	(163)
Contract liabilities	-	61
Trade and other payables	(498)	(3,955)
Cash generated from / (used in) operations	1,404	(2,712)
Net cash generated from / (used in) operating activities	1,404	(2,712)
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	1,176	70
Purchases of property, plant and equipment	(1,755)	(42)
Interest received	154	202
Net cash (used in) / generated from investing activities	(425)	230
Cash flows from financing activities		
Interest paid	(6)	(15)
Repayment of bank borrowings	-	(1,300)
Repayment of lease liabilities	(430)	(420)
Net cash used in financing activities	(436)	(1,735)
Cash and cash equivalent		
Net increase / (decrease) in cash and cash equivalents	543	(4,217)
Effect of currency translation on cash and cash equivalents	31	11
Beginning of the financial period	14,278	18,744
End of the financial period	14,852	14,538

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hiap Seng Industries Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 28 Tuas Crescent, Singapore 638719.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of an investment holding company. The principal activities of the Group consist of the provision of building construction, engineering, procurement, construction and plant maintenance services for oil and gas and energy sectors and, provision of process and industrial plant engineering and consultancy services.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated audited financial statements for the year ended 31 March 2024.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial interim period are disclosed in Note 3.

E. Notes to the condensed interim consolidated financial statements

3. Critical accounting estimates, assumptions and judgements

The key assumptions concerning the future and other critical accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period are discussed below.

Critical judgement over the lease terms

As at 30 September 2024, the Group's lease liabilities, which are measured with reference to estimates of the lease terms, amounted to S\$361,000. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of land with conditional extension of lease terms, the Group considers the likelihood of fulfilling those conditions within the prescribed timeline given its financial position.

Critical judgement over the income tax

In October 2024, the Group received a letter from the Inland Revenue Authority of Singapore ("IRAS") with queries regarding the tax returns for the Years of Assessment 2020 to 2023 relating to a wholly owned subsidiary. Based on IRAS's assessment, they have classified a on a 'No Profit/No Loss' basis on the subsidiary for these years. As a result, the Group has potential exposure to additional income tax liabilities in Singapore. Management, with the guidance from the tax agent, plans to appeal this assessment with IRAS.

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 April 2024 to 30 September 2024.

5. Segment information

Management together have determined the operating segments based on the reports that are used to make strategic decisions. Management comprises the Chief Executive Officer and Executive Director and the general managers of each business segment.

During the financial year under review, the management considers its business segment being the Plant construction and maintenance given the Company is now focusing on its core competencies.

Other services include investment holding but this is not included within the reportable operating segments as it is not included in the reports provided to the management.

The segment information provided to the management team for the reportable segments for the period ended 30 September 2024 and 30 September 2023 is as follows:

E. Notes to the condensed interim consolidated financial statements

5.1 Reportable segments

	Plant construction and maintenance
	S\$'000
<i>Six months ended 30 September 2024</i>	
Revenue	
Revenue from external parties	12,624
Adjusted EBITDA	4,812
Depreciation of property, plant and equipment	(501)
Segment assets	27,592
Segment assets include:	
Investment in associated company	281
Additions to:	
Property, plant and equipment	1,755
Segment liabilities	(4,991)
<i>Six months ended 30 September 2023</i>	
Revenue	
Revenue from external parties	12,122
Adjusted EBITDA	1,737
Depreciation of property, plant and equipment	(786)
Segment assets	27,214
Segment assets include:	
Investment in associated company	269
Additions to:	
Property, plant and equipment	42
Segment liabilities	(29,823)

- a. A reconciliation of adjusted EBITDA to profit before tax is provided as below –

	6 months ended 30/9/2024 \$'000	6 months ended 30/9/2023 \$'000
EBITDA	4,812	1,737
Depreciation of property, plant and equipment	(501)	(786)
Finance expense	(6)	(278)
Interest income	154	202
Profit before tax	4,459	875

- b. Segments' assets are reconciled to total assets as follows –

	As at 30/9/2024 \$'000	As at 30/9/2023 \$'000
Segment assets for reportable segments	27,592	27,214
Financial assets, at FVOCI	1,019	907
Total assets	28,611	28,121

E. Notes to the condensed interim consolidated financial statements

5. Segment information (continued)

c. Segments' liabilities are reconciled to total liabilities as follows –

	As at 30/9/2024 S'000	As at 30/9/2023 S'000
Segment liabilities	4,991	29,823
Borrowings	-	13,732
Provision for taxation	408	-
Lease liabilities	361	734
Total liabilities	5,760	44,289

d. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following revenue streams.

	At a point in time S\$'000	Over time S\$'000	Total S\$'000
<i>Six months ended 30 September 2024</i>			
Maintenance services	-	12,581	12,581
Others	43	-	43
Total	43	12,581	12,624

Six months ended 30 September 2023

Maintenance services	-	12,115	12,115
Construction of plant and equipment	-	2	2
Others	5	-	5
Total	5	12,117	12,122

Geographical information

	Revenue		Non-current assets	
	As at 30/09/2024 S\$'000	As at 30/09/2023 S\$'000	As at 30/09/2024 S\$'000	As at 30/09/2023 S\$'000
Singapore	12,624	12,120	4,681	4,406
Other countries	-	2	-	-
Total	12,624	12,122	4,681	4,406

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2024 and 31 March 2024.

	Group		Company	
	As at 30/09/2024 S\$'000	As at 31/03/2024 S\$'000	As at 30/09/2024 S\$'000	As at 31/03/2024 S\$'000
Financial assets				
Cash and cash equivalents	14,852	14,278	12	266
Trade and other receivables	8,264	7,166	1,681	1,727
Deposits	691	679	-	-
Financial assets, at FVOCI	1,019	1,019	-	-
	24,826	23,142	1,693	1,993
Financial liabilities				
Trade and other payables	4,986	5,485	57	377
Lease liabilities	361	791	-	-
	5,347	6,276	57	377

E. Notes to the condensed interim consolidated financial statements

7. Profit before taxation

	Group	
	6 months ended 30/9/2024 S\$'000	6 months ended 30/9/2023 S\$'000
(a) Other income		
Interest income	154	202
Rental of equipment	2	152
Premise rental income	358	49
Government grant	3	-
	517	403
(b) Other gains/(loss)-net		
Write back of impairment of financial assets	-	30
Bad debts written off	(30)	-
Currency exchange gain/(loss) - net	917	(373)
Net gain on disposal of property, plant and equipment	1,161	28
Sale of scrap materials	306	-
Property, plant and equipment written off	(109)	(3)
Sundry gain	-	29
	2,245	(289)
(c) Included in the cost of services rendered and administrative expenses are:		
Depreciation of property, plant and equipment	(501)	(786)
(d) Finance costs		
-Interest expenses on bank borrowings	-	263
-Interest expenses on lease liabilities	6	15
	6	278

Related party transactions

The following related party transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	6 months ended 30/9/2024 S\$'000	6 months ended 30/9/2023 S\$'000
Sales and purchase of goods and services		
Computer maintenance fees paid to an associated company	41	36
Maintenance services render charge to related party	10	-

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30/9/2024 S\$'000	6 months ended 30/9/2023 S\$'000
Current income tax expenses	408	-

E. Notes to the condensed interim consolidated financial statements

9. Net asset value

	Group		Company	
	As at 30/09/2024	As at 31/03/2024	As at 30/09/2024	As at 31/03/2024
Net asset value per ordinary share (in cents)	<u>0.7</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>

10. Financial assets at fair value through other comprehensive income

	Group	
	As at 30/09/2024	As at 31/3/2024
	S\$'000	S\$'000
Beginning and end of financial period/year	<u>1,019</u>	1,019

The financial assets at FVOCI comprised an investment in unlisted equity securities in Vietnam, which is classified as Level 3 of the fair value measurement hierarchy (Note 10.1).

The Group estimates the fair value of financial assets at FVOCI classified as Level 3 based on the share price of other comparable companies, or the actual price dictated by a recent transaction. Adjustments, using available public data on comparable transaction to measures the fair value where applicable.

The management review the appropriateness and reliability of the fair value of the financial assets and the Group's share in the investee's fair market value, for financial reporting purposes.

An increase/decrease in the market value of the investee will lead to an increase/decrease in the fair value of financial assets at FVOCI of the Group.

10.1. Fair value measurement

Assets and liabilities recognised and measured at fair value are classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

11. Property, plant and equipment

During the six months ended 30 September 2024, the Group acquired assets amounting to S\$1,755,000 (30 September 2023: S\$42,000) and disposed of assets with carrying amounts of S\$15,000 (30 September 2023: S\$42,000).

The Group has entered into purchase agreements with suppliers to purchase property, plant and equipment of approximately \$2.7 million for operational purposes. These investments will also contribute towards fulfilling the investment criteria set by JTC in order to obtain further extensions on the various leases of the properties leased by the Group for its operational needs.

E. Notes to the condensed interim consolidated financial statements

12. Share capital

	The Group and the Company			
	As at 30/09/2024		As at 31/03/2024	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
<u>Issued and fully paid ordinary shares</u>				
As at beginning and end of the financial period/ year	3,374,292	18,142	3,374,292	18,142

The Company did not hold any treasury shares as at 30 September 2024.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2024 and 31 March 2024.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of the Group as at 30 September 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Half Year (HY2025) Review

There was an increase in revenue for HY2025 by \$0.5 million from \$12.1 million in HY2024 to \$12.6 million in HY2025. This was mainly due to increased volume of maintenance jobs, a shutdown maintenance project and higher service income in HY2025.

The other income increased from approximately \$0.4 million to \$0.5 million in HY2025 mainly due to the increased in premise rental income of \$0.3 million and offset by reduced in interest income of \$0.05 million and rental of equipment of \$0.15 million.

The administrative expenses decreased by \$0.1 million in HY2025 from \$2.0 million in HY2024 mainly due to cost cutting measures the Company has under taken.

The significant increase of \$2.2 million in the other gains/(losses) for HY2025 largely due to gain on the currency exchange – net of \$0.9 million and gain on disposal of property, plant and equipment of \$1.2 million.

Finance costs decreased by \$0.3 million in HY2025 mainly due to fully settlement of borrowing through debts restructuring exercise undertaken by the Group.

Taking into account the factors disclosed above, the Company recorded a profit of \$4.5 million in HY2025, an increase of \$3.6 million compared to the profit of \$0.9 million incurred during the same period in 2024.

Segment Review

The EBITDA for the plant construction & maintenance segment increased by \$3.1 million to \$4.8 million in HY2025 from \$1.7 million in HY2024 due to the higher maintenance job and service income, gain on disposal of property, plant and equipment and gain on the currency exchange.

The liabilities for plant construction & maintenance segment decreased by \$24.8 million from \$29.8 million as at 30 September 2023 to \$5.0 million as at 30 September 2024. This was mainly due to completion of debt restructuring exercise undertaken by the Group.

Balance Sheet Review

Current assets increased by approximately S\$1.5 million mainly due to the increase in cash by \$0.6 million and trade and other receivable by \$1.1 million, which was offset with the decrease in other current assets of \$0.2 million. The increase in trade and other receivables is partly due to higher work volume completed in August and September 2024, and partly due to a client's system downtime that caused delays in settlement of invoices.

Current liabilities decreased by approximately S\$0.9 million mainly due to the payment of the expenses in relation to the judicial management and repayment of payable.

Cash Flow Statement Review

The Group recorded a net increase in cash of \$0.5 million arising from the positive cashflow from operating activities of \$1.4 million, which was offset with the cash outflow in investing activities of \$0.4 million and financing activities of \$0.5 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or prospect statement was disclosed to shareholders for the financial period ended 30 September 2025.

F. Other information required by Listing Rule Appendix 7.2

4. 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 Group continues to face keen industry competition across its operating sectors and is facing rising operating costs due to tightening foreign workforce policies and a high inflation environment.

Nevertheless, the Group is cautiously optimistic on prospects over the near to medium term. The Group will focus on taking necessary initiatives to moderate the impact of increasing operating costs. With a healthy balance sheet, our Group continues to seek development, investment, and diversification opportunities that will contribute positively towards profitability, while exercising caution.

5. Dividend information

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediate preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the period ended 30 September 2024 as the Company has insufficient retained earnings to declare and issue dividends.

6. Interested person transactions (“IPT”)

The Group has not obtained a general mandate from shareholders of the Company for IPT.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers under Rule 720(1)

The Company has received the undertakings from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Confirmation pursuant to Rule 705(5).

The Board of Directors hereby confirms to the best of knowledge that nothing has come to their attention, which may render the interim financial statement for the six-month period ended 30 September 2024 to be false or misleading in any material aspect.

By order of the board

Khua Kian Hua
Executive Director
14 November 2024