

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

**UNAUDITED SECOND QUARTER AND FIRST HALF FY2016 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 2015**

	Group			Group		
	2QFY16	2QFY15	Increase/ (Decrease)	1HFY16	1HFY15	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	29,148	80,652	(63.9)	62,159	156,623	(60.3)
Cost of sales	(24,289)	(79,650)	(69.5)	(50,746)	(149,791)	(66.1)
<b>Gross profit</b>	4,859	1,002	NM	11,413	6,832	67.1
Gross profit margin	16.7%	1.2%		18.4%	4.4%	
Other income	28	18	55.6	35	28	25.0
Administrative costs	(4,721)	(5,326)	(11.4)	(9,045)	(9,757)	(7.3)
Other gain- net	1,068	1,060	0.8	751	799	(6.0)
<b>Profit/(loss) from operations</b>	1,234	(3,246)	NM	3,154	(2,098)	NM
Finance costs	(19)	(215)	(91.2)	(65)	(444)	(85.4)
Share of profit of associated companies	10	192	(94.8)	26	535	(95.1)
<b>Profit/(loss) before tax</b>	1,225	(3,269)	NM	3,115	(2,007)	NM
Income tax expense	(114)	(165)	(30.9)	(182)	(194)	(6.2)
<b>Net profit/(loss) after tax</b>	1,111	(3,434)	NM	2,933	(2,201)	NM
<b>Other comprehensive income</b>						
Foreign currency translation	1,296	64	NM	1,597	51	NM
<b>Total comprehensive income/(loss) for the period</b>	2,407	(3,370)	NM	4,530	(2,150)	NM
<b>Profit/(loss) attributable to:</b>						
Owner of the parent	1,161	(3,833)	NM	3,072	(2,781)	NM
Non-controlling interests	(50)	399	NM	(139)	580	NM
	1,111	(3,434)	NM	2,933	(2,201)	NM
<b>Total comprehensive income/(loss) attributable to:</b>						
Owner of the parent	2,464	(3,782)	NM	4,701	(2,717)	NM
Non-controlling interests	(57)	412	NM	(171)	567	NM
	2,407	(3,370)	NM	4,530	(2,150)	NM

NM: Denotes not meaningful

**Profit from operations included the following:**

	Group		Group	
	2QFY16 S\$'000	2QFY15 S\$'000	1HFY16 S\$'000	1HFY15 S\$'000
<b>(a) Other income</b>				
Interest income	28	18	35	28
<b>(b) Other gain/(loss)- net</b>				
Net (loss)/gain on disposal of property, plant and equipment	(5)	(56)	(10)	127
Currency exchange gain-net	871	1,099	555	652
<b>(c) Depreciation of property, plant and equipment</b>	(918)	(1,075)	(1,823)	(2,082)
<b>(d) Amortisation of intangible assets</b>	(30)	(30)	(60)	(94)

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sept-2015</b> <b>S\$'000</b>	<b>31-Mar-2015</b> <b>S\$'000</b>	<b>30-Sept-2015</b> <b>S\$'000</b>	<b>31-Mar-2015</b> <b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	22,102	17,928	15,774	10,684
Trade and other receivables	40,470	61,109	52,342	70,589
Contract work-in-progress	5,584	2,406	3,691	1,797
Other current assets	3,130	2,125	2,165	1,107
	<b>71,286</b>	<b>83,568</b>	<b>73,972</b>	<b>84,177</b>
<b>Non-current assets</b>				
Club memberships	386	386	321	321
Investments in associated companies	366	348	109	109
Investments in subsidiaries	-	-	14,782	14,775
Property, plant and equipment	21,969	23,918	6,306	7,096
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	71	71	-	-
Intangible assets	6,442	6,503	-	-
	<b>31,716</b>	<b>33,708</b>	<b>24,000</b>	<b>24,783</b>
<b>Total assets</b>	<b>103,002</b>	<b>117,276</b>	<b>97,972</b>	<b>108,960</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	35,638	47,202	30,904	39,814
Current income tax liabilities	156	-	2	-
Borrowings	1,188	6,640	783	783
	<b>36,982</b>	<b>53,842</b>	<b>31,689</b>	<b>40,597</b>
<b>Non-current liabilities</b>				
Borrowings	480	881	399	787
Deferred income tax liabilities	1,333	1,357	335	335
	<b>1,813</b>	<b>2,238</b>	<b>734</b>	<b>1,122</b>
<b>Total liabilities</b>	<b>38,795</b>	<b>56,080</b>	<b>32,423</b>	<b>41,719</b>
<b>NET ASSETS</b>	<b>64,207</b>	<b>61,196</b>	<b>65,549</b>	<b>67,241</b>
<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	2,336	707	-	-
Retained earnings	23,872	22,319	29,371	31,063
<b>Total</b>	<b>62,386</b>	<b>59,204</b>	<b>65,549</b>	<b>67,241</b>
Minority interests	1,821	1,992	-	-
<b>Total equity</b>	<b>64,207</b>	<b>61,196</b>	<b>65,549</b>	<b>67,241</b>

**1(b)(ii). Aggregate amount group's borrowings and debt securities**

	30-Sept-2015		31-Mar-2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,188	-	6,598	-
Amount repayable after one year	480	-	881	-

**Details of any collaterals;**

The Group's borrowings are secured against certain properties, machineries 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 16 S\$'000	2Q FY 15 S\$'000	1H FY 16 S\$'000	1H FY 15 S\$'000
<b>Cash flows from operating activities:</b>				
Total profit/(loss)	1,111	(3,434)	2,933	(2,201)
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	918	1,075	1,823	2,082
Amortisation of intangible assets	30	30	60	94
Net loss/(gain) on disposal of property, plant and equipment	5	56	10	(127)
Allowance for impairment of trade and other receivables	278	-	-	-
Share of profit of associated companies	(10)	(192)	(26)	(535)
Foreign exchange adjustments	1,452	(216)	2,260	(192)
Income tax expense	114	165	182	194
Interest expense	19	215	65	444
Interest income	(28)	(18)	(35)	(28)
<b>Operating cash flow before working capital changes</b>	<b>3,889</b>	<b>(2,319)</b>	<b>7,272</b>	<b>(269)</b>
<b>Change in working capital</b>				
Contract work-in-progress	(2,546)	27,391	(3,178)	38,914
Trade and other receivables	6,772	22,057	20,639	14,397
Other current assets	21	14	(1,005)	(788)
Trade and other payables	(4,602)	(17,403)	(11,306)	(21,454)
<b>Cash generated from/(used in) operations</b>	<b>3,534</b>	<b>29,740</b>	<b>12,422</b>	<b>30,800</b>
Income taxes (paid)/refund	(342)	(129)	(359)	77
<b>Net cash inflow/(outflow) from operating activities</b>	<b>3,192</b>	<b>29,611</b>	<b>12,063</b>	<b>30,877</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	98	73	94	283
Purchases of property, plant and equipment	(426)	(546)	(971)	(1,526)
Interest income received	28	18	35	28
<b>Net cash outflow from investing activities</b>	<b>(300)</b>	<b>(455)</b>	<b>(842)</b>	<b>(1,215)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,519)	-	(1,519)	-
Decrease in bank deposits pledged	(68)	(13)	(42)	(13)
Hire purchase creditors	(193)	(225)	(401)	1,454
Trust receipts creditors	(383)	(1,602)	(346)	(5,043)
Repayment to money market line loans	(856)	(15,144)	(5,000)	(7,227)

Interest paid	(19)	(215)	(65)	(444)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(3,038)</b>	<b>(17,199)</b>	<b>(7,373)</b>	<b>(11,273)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(146)</b>	<b>11,957</b>	<b>3,848</b>	<b>18,389</b>
Effect of exchange rate change on cash and cash equivalents	40	(1)	247	(3)
Cash and cash equivalents at beginning of the financial period	20,964	10,923	16,763	4,493
<b>Cash and cash equivalents at end of the financial period</b>	<b>20,858</b>	<b>22,879</b>	<b>20,858</b>	<b>22,879</b>
<b>Cash and cash equivalents represented by:</b>				
Bank and cash balances	9,852	24,552	9,852	24,552
Fixed deposits with financial institutions	12,250	1,916	12,250	1,916
Less: Bank overdrafts	(21)	(1,674)	(21)	(1,674)
Less: Restricted bank deposits	(1,223)	(1,915)	(1,223)	(1,915)
	20,858	22,879	20,858	22,879

**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**

<b>Group</b>	<b>Share Capital</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>	<b>Minority interests</b>	<b>Total Equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>1QFY2016</b>						
As at 1 Apr 2015	36,178	707	22,319	59,204	1,992	61,196
Total comprehensive income for the period	-	326	1,911	2,237	(114)	2,123
<b>As at 30 Jun 2015</b>	<b>36,178</b>	<b>1,033</b>	<b>24,230</b>	<b>61,441</b>	<b>1,878</b>	<b>63,319</b>
<b>2QFY2016</b>						
Total comprehensive income for the period	-	1,303	1,161	2,464	(57)	2,407
Dividend relating to FY2015 paid	-	-	(1,519)	(1,519)	-	(1,519)
<b>As at 30 Sept 2015</b>	<b>36,178</b>	<b>2,336</b>	<b>23,872</b>	<b>62,386</b>	<b>1,821</b>	<b>64,207</b>
<b>1QFY2015</b>						
As at 1 Apr 2014	36,178	(75)	35,482	71,585	1,825	73,410
Total comprehensive income for the period	-	13	1,052	1,065	155	1,220
As at 30 Jun 2014	36,178	(62)	36,534	72,650	1,980	74,630
<b>2QFY2015</b>						
Total comprehensive income for the period	-	51	(3,833)	(3,782)	412	(3,370)
As at 30 Sept 2014	36,178	(11)	32,701	68,868	2,392	71,260

<b>Company</b>	<b>Share Capital S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total Equity S\$'000</b>
<b>1QFY2016</b>			
As at 1 Apr 2015	36,178	31,063	67,241
Total comprehensive income for the period	-	(815)	(815)
<b>As at 30 Jun 2015</b>	<b>36,178</b>	<b>30,248</b>	<b>66,426</b>
<b>2QFY2016</b>			
Total comprehensive income for the period	-	642	642
Dividend relating to FY2015 paid	-	(1,519)	(1,519)
<b>As at 30 Sept 2015</b>	<b>36,178</b>	<b>29,371</b>	<b>65,549</b>
<b>1QFY2015</b>			
As at 1 Apr 2014	36,178	30,105	66,283
Total comprehensive income for the period	-	3,586	3,586
As at 30 Jun 2014	36,178	33,691	69,869
<b>2QFY2015</b>			
Total comprehensive income for the period	-	(5,047)	(5,047)
As at 30 Sept 2014	36,178	28,644	64,822

**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 2016</b>	<b>FY 2015</b>
<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 statements 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 2015 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 FY2016, the Group and the Company adopted the FRS which are effective from annual periods commencing on or after 1 April 2015.

The FRS applicable to the Group is as follows:

*FRS 24 Related party disclosures*

*FRS 40 Investment property*

*FRS 103 Business combinations*

*FRS 108 Operating segments*

*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 dividends:**

	Group		Group	
	2Q FY16	2Q FY15	1H FY16	1H FY15
<b>Earnings/(loss) per share (cents)</b> Based on number of ordinary shares on issue (cents)	0.38	(1.26)	1.01	(0.92)
On fully diluted basis (cents)	0.38	(1.26)	1.01	(0.92)
Net profit/(loss) attributable to ordinary shareholders for basic earnings per share (S\$'000)	1,161	(3,833)	3,072	(2,781)
Net profit/(loss) attributable to ordinary shareholders for diluted earnings per share (S\$'000)	1,161	(3,833)	3,072	(2,781)
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-2015	31-Mar-2015	30-Sept-2015	31-Mar-2015
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	21.1	20.1	21.6	22.1

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 30 Sept 2015 (31 March 2015: 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 (2QFY16) Review

The Group's revenue for 2QFY2016 decreased by 63.9% from S\$80.7 million to S\$29.2 million as compared to 2QFY2015 mainly due to lower recognition of project revenue in 2QFY2016 as major projects were completed in FY2015. The gross profit increased from S\$1.0 million to S\$4.9 million mainly due to the absence of cost overruns.

The Group's net profit attributable to shareholders for 2QFY2016 amounted to S\$1.2 million as compared to a loss of S\$3.8 million for 2QFY2015 mainly due to the factors mentioned above.

First Half (1HFY16) Review

The Group's revenue for 1HFY2016 decreased by 60.3% from S\$156.6 million to S\$62.2 million as compared to 1HFY2015 mainly due to lower recognition of project revenue in 1HFY2016 as major projects were completed in FY2015. The gross profit increased by 67.1% from S\$6.8 million to S\$11.4 million mainly due to the absence of cost overruns and recognition of an additional billing of S\$1.0 million in respect of a previously completed project.

The Group's net profit attributable to shareholders for 1HFY2016 amounted to S\$3.1 million as compared to a loss of S\$2.8 million for 1HFY2015 mainly due to the factors mentioned above.

Statement of Financial Position Review

The decrease of S\$20.6 million in trade and other receivables as at 30 September 2015 as compared to 31 March 2015 is mainly due to higher collections in 1HFY2016.

The increase of S\$3.2 million in contract work-in-progress as at 30 September 2015 as compared to 31 March 2015 is in line with the Group's project schedules.

The decrease of S\$11.3 million in trade and other payables as at 30 September 2015 as compared to 31 March 2015 is in line with the Group's business activities.

The total borrowings of S\$1.7 million as at 30 September 2015 had decreased by S\$5.8 million compared to S\$7.5 million as at 31 March 2015 due to repayment of loans.

As at 30 September 2015, the Group's cash and cash equivalents stood at S\$22.1 million as compared to S\$18.0 million as at 31 March 2015.

- 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**

Barring unforeseen circumstances, the Directors of the Company are cautiously optimistic about the Group's performance for the current financial year ending 31 March 2016 in spite of the uncertain market conditions of the oil-and-gas industry. The Group will continue to control costs and take steps to improve productivity and look for other business opportunities.

As at the date of this announcement, the Group's outstanding order book stands at S\$136 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/recommendeded, a statement to that effect**

No interim dividend has been recommended for the period ended 30 Sept 2015.

**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 half year ended 30 September 2015 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 2015**