



HIAP SENG ENGINEERING LTD

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



NEWS RELEASE

HIAP SENG'S RESULTS ANNOUNCEMENT FOR 2QFY2016 AND 1HFY2016

Singapore, November 11, 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 net profit attributable to shareholders of S\$1.2 million for the three months ended September 30, 2015 (“2QFY2016”). This was a turnaround from a net loss attributable to shareholders of S\$3.8 million recorded in the previous corresponding period (“2QFY2015”).

Although the completion of major projects in FY2015 led to the Group’s 2QFY2016 revenue decreasing by 63.9% to S\$29.1 million from S\$80.7 million in 2QFY2015, gross profit rose to S\$4.9 million in 2QFY2016 as compared to S\$1.0 million in 2QFY2015. This was primarily due to the absence of cost overruns during the quarter. Gross profit margin correspondingly improved by 15.5 percentage points to 16.7% in 2QFY2016 from 1.2% in 2QFY2015. Consequently, Hiap Seng’s net profit attributable to shareholders was lifted to S\$1.2 million in 2QFY2016.

For the six months ended September 30, 2015 (“1HFY2016”), while revenue similarly declined 60.3% to S\$62.2 million from S\$156.6 million in the previous corresponding period (“1HFY2015”), the Group’s net profit attributable to shareholders widened to S\$3.1 million in 1HFY2016, as compared to a net loss attributable to shareholders of S\$2.8 million in 1HFY2015.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “We are glad to have achieved profitable results for the current and the past consecutive quarter. With better cost management initiatives in place, we managed to arrest the cost overruns that have affected our results adversely in the recent past.”

As at September 30, 2015, the Group’s cash and cash equivalents were S\$22.1 million, with a healthy net cash position of S\$20.4 million. This was an improvement from a net cash position of S\$10.5 million as at March 31, 2015.

Hiap Seng’s order book as at November 11, 2015 stood at S\$136 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, “The macro-environment remains challenging, particularly with the wide fluctuations in the global oil prices that have depressed sentiments across a number of industries that our clients are in. However, our focus remains on taking active steps to optimise our operations by keeping costs under control and in improving our productivity. At the same time, we will also continue to explore new business opportunities when they arise.”

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 about 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.

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 Han Zhongchou
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9154-3765 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
zhongchou.han@citigatedrimage.com

For Hiap Seng

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

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