



HIAP SENG ENGINEERING LTD

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



NEWS RELEASE

HIAP SENG REGISTERS NET PROFIT OF S\$1.1 MILLION ON REVENUE OF S\$76.0 MILLION IN 1QFY2015

Singapore, August 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 a 39.2% increase in revenue to S\$76.0 million for the three months ended June 30, 2014 (“1QFY2015”). Net profit attributable to shareholders however slid 60% to S\$1.1 million.

Revenue increased mainly as a result of higher recognition of projects and turnaround maintenance revenue in 1QFY2015. However, Hiap Seng’s gross profit decreased to S\$5.8 million in 1QFY2015 from S\$8.5 million in the previous corresponding period (“1QFY2014”), largely impacted by the higher operating costs associated with project execution as well as cost overruns in certain projects that the Group is engaged in. Consequently, the Group’s net profit attributable to shareholders decreased to S\$1.1 million in 1QFY2015 from S\$2.6 million in 1QFY2014.

Mr. Frankie Tan, Chairman and CEO of Hiap Seng said, “Our revenue has seen an increase during the quarter although cost pressures continue to impact our margins. Our order book stands at a healthy level of S\$184 million as at August 11, 2014 and we will continue to leverage on strategic alliances and rely on our core competencies in pursuing new business opportunities around the region.”

Outlook

Although the oil-and-gas and petrochemical industries which Hiap Seng serves still remain positive, the directors believe that the Group's performance for the current financial year ending March 31, 2015 will remain challenging.

In light of the keen competition coupled with escalating labour costs and other operating expenses, Hiap Seng remains focused on controlling costs and improving productivity. With an established track record, the Group aims to tap on this strength to continue securing projects with better margins 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 about 2.5 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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