

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

**UNAUDITED THIRD QUARTER AND NINE MONTHS FY2017 FINANCIAL STATEMENT  
AND DIVIDEND ANNOUNCEMENT**

**1(a). A statement of comprehensive income (for the group) together with a comparative statement for the third quarter and nine months ended 31 December 2016:**

	Group			Group		
	3QFY17	3QFY16	Increase/ (Decrease)	9MFY17	9MFY16	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	32,977	50,083	(34.2%)	123,486	112,242	10.0%
Cost of sales	(28,314)	(44,377)	(36.2%)	(107,176)	(95,123)	12.7%
<b>Gross profit</b>	4,663	5,706	(18.3%)	16,310	17,119	(4.7%)
Gross profit margin	14.1%	11.4%		13.2%	15.3%	
Other income	5	92	(94.6%)	18	127	(85.8%)
Administrative costs	(4,105)	(4,833)	(15.1%)	(13,534)	(13,878)	(2.5%)
Other gain/(loss)- net	401	(8)	NM	857	743	15.3%
<b>Profit from operations</b>	964	957	0.7%	3,651	4,111	(11.2%)
Finance costs	(26)	(23)	13.0%	(79)	(88)	(10.2%)
Share of profit of associated companies	1	4	(75.0%)	12	30	(60.0%)
<b>Profit before tax</b>	939	938	0.1%	3,584	4,053	(11.6%)
Income tax credit/(expense)	4	(97)	NM	(38)	(279)	(86.4%)
<b>Net profit after tax</b>	943	841	12.1%	3,546	3,774	(6.0%)
<b>Other comprehensive income</b>						
Foreign currency translation	142	(301)	NM	1,844	1,296	42.3%
<b>Total comprehensive income for the period</b>	1,085	540	NM	5,390	5,070	6.3%
<b>Profit attributable to:</b>						
Owner of the parent	929	1,040	(10.7%)	4,260	4,112	3.6%
Non-controlling interests	14	(199)	NM	(714)	(338)	NM
	943	841	12.1%	3,546	3,774	(6.0%)
<b>Total comprehensive income attributable to:</b>						
Owner of the parent	1,057	740	42.8%	6,076	5,441	11.7%
Non-controlling interests	28	(200)	NM	(686)	(371)	84.9%
	1,085	540	NM	5,390	5,070	6.3%

NM: Denotes not meaningful

**Profit from operations included the following:**

	Group	
	3QFY17 S\$'000	3QFY16 S\$'000
<b>(a) Other income</b>		
Interest income	5	92
<b>(b) Other gain/(loss)- net</b>		
Net gain/(loss) on disposal of property, plant and equipment	-	66
Currency exchange gain/(loss) –net	396	(109)
<b>(c) Administrative expenses</b>		
Bad debt (provided)/recovered	-	(6)
<b>(d) Depreciation of property, plant and equipment</b>	(912)	(1,100)
<b>(e) Amortisation of intangible assets</b>	(79)	(30)

Group	
9MFY17 S\$'000	9MFY16 S\$'000
18	127
23	56
763	446
(575)	262
(2,701)	(2,923)
(237)	(90)

**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>31-Dec-2016</b> <b>S\$'000</b>	<b>31-Mar-2016</b> <b>S\$'000</b>	<b>31-Dec-2016</b> <b>S\$'000</b>	<b>31-Mar-2016</b> <b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	8,483	13,457	3,756	9,714
Trade and other receivables	50,984	61,752	70,163	70,421
Contract work-in-progress	9,014	6,699	6,134	6,021
Other current assets	3,309	2,760	3,144	1,773
	71,790	84,668	83,197	87,929
<b>Non-current assets</b>				
Club memberships	386	386	321	321
Investments in associated companies	360	372	109	109
Investments in subsidiaries	-	-	14,677	14,775
Property, plant and equipment	20,958	21,687	6,589	6,770
Available-for-sale financial assets	2,482	2,482	2,482	2,482
Deferred income tax assets	111	60	-	-
Intangible assets	6,146	6,383	-	-
	30,443	31,370	24,178	24,457
<b>Total assets</b>	102,233	116,038	107,375	112,386
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	33,111	44,777	34,438	42,500
Current income tax liabilities	24	265	13	2
Borrowings	917	4,998	236	769
	34,052	50,040	34,687	43,271
<b>Non-current liabilities</b>				
Borrowings	114	218	26	102
Deferred income tax liabilities	1,261	1,327	362	362
	1,375	1,545	388	464
<b>Total liabilities</b>	35,427	51,585	35,075	43,735
<b>NET ASSETS</b>	66,806	64,453	72,300	68,651
<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	1,736	(79)	-	-
Retained earnings	28,069	26,845	36,122	32,473
<b>Total</b>	65,983	62,944	72,300	68,651
Minority interests	823	1,509	-	-
<b>Total equity</b>	66,806	64,453	72,300	68,651

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

	31-Dec-2016		31-Mar-2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	917	-	4,998	-
Amount repayable after one year	114	-	218	-

**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	
	3QFY 17 S\$'000	3QFY 16 S\$'000	9MFY 17 S\$'000	9MFY 16 S\$'000
<b>Cash flows from operating activities:</b>				
Total profit	943	841	3,546	3,774
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	912	1,100	2,701	2,923
Amortisation of intangible assets	79	30	237	90
Net gain on disposal of property, plant and equipment	-	(66)	(23)	(56)
Provision/(write back) for doubtful trade debts	-	6	575	(262)
Share of profit of associated companies	1	(4)	(12)	(30)
Unrealised currency translation (gain)/ loss	(240)	(392)	1,162	1,868
Income tax expense	(4)	97	38	279
Interest expense	26	23	79	88
Interest income	(5)	(92)	(18)	(127)
<b>Operating cash flow before working capital changes</b>	<b>1,712</b>	<b>1,543</b>	<b>8,285</b>	<b>8,547</b>
<b>Change in working capital</b>				
Contract work-in-progress	(688)	(1,487)	(2,315)	(4,665)
Trade and other receivables	9,433	(9,807)	10,193	11,100
Other current assets	(1,094)	(170)	(549)	(1,175)
Trade and other payables	(11,655)	4,953	(11,666)	(6,353)
<b>Cash (used in)/generated from operations</b>	<b>(2,292)</b>	<b>(4,968)</b>	<b>3,948</b>	<b>7,454</b>
Income taxes (paid)/refund	(23)	(51)	(392)	(410)
<b>Net cash (outflow)/ inflow from operating activities</b>	<b>(2,315)</b>	<b>(5,019)</b>	<b>3,556</b>	<b>7,044</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	1	94	61	101
Purchases of property, plant and equipment	(82)	(1,682)	(1,380)	(2,566)
Interest income received	5	92	18	127
<b>Net cash outflow from investing activities</b>	<b>(76)</b>	<b>(1,496)</b>	<b>(1,301)</b>	<b>(2,338)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	-	(3,038)	(1,519)
Decrease in bank deposits pledged	(71)	-	(84)	(42)
Hire purchase creditors	(206)	(208)	(656)	(609)
Trust receipts creditors	(3,196)	891	(2,045)	545

Repayments of money market line loans	(1,902)	-	(1,627)	(5,000)
Interest paid	(26)	(23)	(79)	(88)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(5,401)</b>	<b>660</b>	<b>(7,529)</b>	<b>(6,713)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>	<b>(7,792)</b>	<b>(5,855)</b>	<b>(5,274)</b>	<b>(2,007)</b>
Effect of exchange rate change on cash and cash equivalents	141	83	218	330
Cash and cash equivalents at beginning of the financial period	14,882	20,858	12,287	16,763
<b>Cash and cash equivalents at end of the financial period</b>	<b>7,231</b>	<b>15,086</b>	<b>7,231</b>	<b>15,086</b>
<b>Cash and cash equivalents represented by:</b>				
Bank and cash balances	7,218	15,100	7,218	15,100
Fixed deposits with financial institutions	1,265	1,232	1,265	1,232
Less: Bank overdrafts	(9)	(31)	(9)	(31)
Less: Restricted bank deposits	(1,243)	(1,215)	(1,243)	(1,215)
	<b>7,231</b>	<b>15,086</b>	<b>7,231</b>	<b>15,086</b>

**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>1HFY17</b>						
As at 1 Apr 2016	36,178	(79)	26,846	62,945	1,509	64,454
Total comprehensive income for the period	-	1,688	3,331	5,019	(714)	4,305
Dividend relating to FY2016 paid	-	-	(3,038)	(3,038)	-	(3,038)
<b>As at 30 Sept 2016</b>	<b>36,178</b>	<b>1,609</b>	<b>27,139</b>	<b>64,926</b>	<b>795</b>	<b>65,721</b>
<b>3QFY17</b>						
Total comprehensive income for the period	-	127	930	1,057	28	1,085
<b>As at 31 Dec 2016</b>	<b>36,178</b>	<b>1,736</b>	<b>28,069</b>	<b>65,983</b>	<b>823</b>	<b>66,806</b>
<b>1HFY16</b>						
As at 1 Apr 2015	36,178	707	22,319	59,204	1,992	61,196
Total comprehensive income for the period	-	1,629	3,072	4,701	(171)	4,530
Dividend relating to FY2015 paid	-	-	(1,519)	(1,519)	-	(1,519)
As at 30 Sept 2015	36,178	2,336	23,872	62,386	1,821	64,207
<b>3QFY16</b>						
Total comprehensive income for the period	-	(300)	1,040	740	(200)	540
As at 31 Dec 2015	36,178	2,036	24,912	63,126	1,621	64,747

<b>Company</b>	<b>Share Capital S\$'000</b>	<b>Retained Earnings S\$'000</b>	<b>Total Equity S\$'000</b>
<b>1HFY17</b>			
As at 1 Apr 2016	36,178	32,473	68,651
Total comprehensive income for the period	-	5,749	5,749
Dividend relating to FY2016 paid	-	(3,038)	(3,038)
<b>As at 30 Sept 2016</b>	<b>36,178</b>	<b>35,184</b>	<b>71,362</b>
<b>3QFY17</b>			
Total comprehensive income for the period	-	938	938
<b>As at 31 Dec 2016</b>	<b>36,178</b>	<b>36,122</b>	<b>72,300</b>
<b>1HFY16</b>			
As at 1 Apr 2015	36,178	31,063	67,241
Total comprehensive income for the period	-	(173)	(173)
Dividend relating to FY2015 paid	-	(1,519)	(1,519)
As at 30 Sept 2015	36,178	29,371	65,549
<b>3QFY16</b>			
Total comprehensive income for the period	-	(206)	(206)
As at 31 Dec 2015	36,178	29,165	65,343

**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>FY2017</b>	<b>FY2016</b>
<b>Issued &amp; fully paid share capital</b>		
Number of shares as at 31 December 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 2016 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**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2016 and which the Group has not early adopted:

FRS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016).The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. This amendment is not expected to have any significant impact on the financial statements of the Group.

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	
	3QFY17	3QFY16	9MFY17	9MFY16
<b>Earning per share (cents)</b> Based on number of ordinary shares on issue (cents)	0.31	0.34	1.40	1.35
On fully diluted basis (cents)	0.31	0.34	1.40	1.35
Net earning attributable to ordinary shareholders for basic earnings per share (S\$'000)	929	1,040	4,260	4,112
Net earning attributable to ordinary shareholders for diluted earnings per share (S\$'000)	929	1,040	4,260	4,112
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	
	31-Dec-16	31-Mar-2016	31-Dec-16	31-Mar-2016
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	21.7	20.7	23.8	22.6

The calculation of the net asset value per ordinary share issued is based on 303,750,000 shares at 31 December 2016 (31 March 2016: 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**

Third Quarter (3QFY2017) Review

The Group's revenue for 3QFY2017 decreased by 34.2% from S\$50.1 million to S\$33.0 million as compared to 3QFY2016 mainly due to lower recognition of revenue in 3QFY2017. The gross profit correspondingly decreased from S\$5.7 million to S\$4.7 million.

Currency exchange gain of S\$0.4 million in 3QFY2017 as compared to exchange loss of S\$0.1 million in 3QFY2016 was mainly due to the strengthening of US\$ against S\$ in 3QFY2017.

The Group's net profit attributable to shareholders decreased marginally from S\$1.0 million to S\$0.9 million as compared to 3QFY2016.

Nine-Month (9MFY2017) Review

The Group's revenue for 9MFY2017 increased by 10.0% from S\$112.2 million to S\$123.5 million as compared to 9MFY2016 mainly due to higher recognition of plant construction and maintenance revenue in 9MFY2017. The gross profit, however, decreased marginally from S\$17.1 million to S\$16.3 million.

The Group's net profit attributable to shareholders increased marginally from S\$4.1 million to S\$4.3 million as compared to 9MFY2016.

Statement of Financial Position Review

The decrease of S\$10.8 million in trade and other receivables as at 31 December 2016 as compared to 31 March 2016 is mainly due to higher collections in 9MFY2017.

The increase of S\$2.3 million in contract work-in-progress as at 31 December 2016 as compared to 31 March 2016 is in line with the Group's project schedules.

The decrease of S\$11.7 million in trade and other payables as at 31 December 2016 as compared to 31 March 2016 is in line with the Group's business activities.

The total borrowings decreased by S\$4.2 million to S\$1.0 million as at 31 December 2016 from S\$5.2 million as at 31 March 2016.

As at 31 December 2016, the Group's cash and cash equivalents stood at S\$8.5 million as compared to S\$13.5 million as at 31 March 2016.

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 remain cautiously optimistic about the Group's performance for the current financial year ending 31 March 2017 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.

As at the date of this announcement, the Group's outstanding order book stands at S\$104 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**

Nil.

**(e) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect**

No interim dividend has been recommended for the period ended 31 December 2016.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPs”), 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 third quarter and the nine months ended 31 December 2016 presented in this announcement to be false or misleading in any material aspects.

**15. Confirmation of Undertakings from Directors and Executive Officers**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**TAN HAK JIN**  
**JOINT COMPANY SECRETARY**  
**7 February 2017**