



HIAP TONG CORPORATION LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 200800657N)

UNAUDITED FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD FROM 1 APRIL 2015 TO 30 SEPTEMBER 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	6 months ended 30.09.2015 S\$'000	6 months ended 30.09.2014 S\$'000	Change %
Revenue	19,228	18,550	3.7
Cost of sales	(14,832)	(15,393)	(3.6)
Gross profit	4,396	3,157	39.2
Other income	904	2,455	(63.2)
Distribution expenses	(166)	(110)	50.9
Administrative expenses	(3,313)	(3,494)	(5.2)
Results from operating activities	1,821	2,008	(9.3)
Finance income	1	12	(91.7)
Finance costs	(895)	(905)	(1.1)
Net finance costs	(894)	(893)	0.1
Profit before income tax	927	1,115	(16.9)
Income tax expense	(237)	(257)	(7.8)
Profit for the period	690	858	(19.6)
Profit attributable to:			
Owners of the company	690	923	(25.2)
Non-controlling interest	-	(65)	NM
Profit for the period	690	858	(19.6)

NM: Not Meaningful

Consolidated Statement of Comprehensive Income

	Group		
	6 months ended 30.09.2015 S\$'000	6 months ended 30.09.2014 S\$'000	Change %
Profit for the period	690	858	(19.6)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	24	110	(78.2)
Other comprehensive income for the period, net of tax	24	110	(78.2)
Total comprehensive income for the period	714	968	(26.2)
Total comprehensive income attributable to:			
Owners of the company	714	1,011	(29.4)
Non-controlling interest	-	(43)	NM
Total comprehensive income for the period	714	968	(26.2)

1(a)(ii) Notes to the consolidated statement of comprehensive income

The following items have been charged or (credited) in arriving at profit for the period:

	Group		
	6 months ended 30.09.2015 S\$'000	6 months ended 30.09.2014 S\$'000	Change %
Interest expense	729	932	(21.8)
Depreciation of property, plant and equipment	5,612	5,891	(4.7)
Net reversal of allowance for impairment on trade receivables	(48)	(32)	50.0
Net exchange loss/(gain)	199	(11)	NM
Gain on disposal of property, plant and equipment	(166)	(1,733)	(90.4)

NM: Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.2015	31.03.2015	30.09.2015	31.03.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	130,817	136,349	16,429	17,050
Deposit	713	485	-	-
Subsidiaries	-	-	3,500	3,500
	<u>131,530</u>	<u>136,834</u>	<u>19,929</u>	<u>20,550</u>
Current assets				
Inventories	1,346	1,452	-	-
Trade and other receivables	15,690	13,517	14,504	15,688
Cash and cash equivalents	2,443	2,697	229	198
	<u>19,479</u>	<u>17,666</u>	<u>14,733</u>	<u>15,886</u>
Total assets	<u>151,009</u>	<u>154,500</u>	<u>34,662</u>	<u>36,436</u>
Equity attributable to equity holders of the Company				
Share capital	24,450	24,450	24,450	24,450
Merger reserve	(1,670)	(1,670)	-	-
Translation reserve	29	5	-	-
Retained earnings	53,848	53,158	(2,241)	(1,416)
	<u>76,657</u>	<u>75,943</u>	<u>22,209</u>	<u>23,034</u>
Non-controlling interests	<u>(7)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Total equity	<u>76,650</u>	<u>75,936</u>	<u>22,209</u>	<u>23,034</u>
Non-current liabilities				
Loans and borrowings	32,834	37,657	10,359	11,287
Deferred tax liabilities	8,507	8,507	-	-
	<u>41,341</u>	<u>46,164</u>	<u>10,359</u>	<u>11,287</u>
Current liabilities				
Trade and other payables	8,296	7,448	151	179
Loans and borrowings	24,233	24,701	1,942	1,935
Current tax payable	489	251	1	1
	<u>33,018</u>	<u>32,400</u>	<u>2,094</u>	<u>2,115</u>
Total liabilities	<u>74,359</u>	<u>78,564</u>	<u>12,453</u>	<u>13,402</u>
Total equity and liabilities	<u>151,009</u>	<u>154,500</u>	<u>34,662</u>	<u>36,436</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.2015	
Secured (1)	Unsecured
S\$'000	S\$'000
23,733	500

As at 31.03.2015	
Secured (1)	Unsecured
S\$'000	S\$'000
23,201	1,500

Amount repayable after one year

As at 30.09.2015	
Secured (1)	Unsecured
S\$'000	S\$'000
32,834	-

As at 31.03.2015	
Secured (1)	Unsecured
S\$'000	S\$'000
37,657	-

Details of any collateral

- 1) As at 30 September 2015, term loans payable of approximately S\$22.4 million (31.03.2015: S\$22.9 million) were secured by fixed charges over certain property, plant and equipment of the Group with a carrying amount of approximately S\$31.6 million and corporate guarantees executed by the Company.

The remaining secured borrowings of approximately S\$34.6 million (31.03.2015: S\$38.0 million) relate to finance lease liabilities which are secured by one or more of the followings:

- a) Certain plant & machinery of the Group with carrying value of approximately S\$60.4 million
- b) Corporate guarantees executed by the Company and a subsidiary.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	6 months ended 30.09.2015 S\$'000	6 months ended 30.09.2014 S\$'000
Cash flows from operating activities		
Profit for the period	690	858
Adjustments for:		
Depreciation	5,612	5,891
Gain on disposal of property, plant and equipment	(166)	(1,733)
Property, plant and equipment written off	164	11
Reversal of provision	-	(100)
Impairment on trade and other receivables	63	-
Reversal of impairment on trade and other receivables	(111)	(32)
Interest expense	729	932
Income tax expense	237	257
	7,218	6,084
Changes in:		
Inventories	106	(472)
Trade and other receivables	(2,125)	976
Trade and other payables	848	434
Net cash from operating activities	6,047	7,022
Cash flows from investing activities		
Deposits of property, plant and equipment	(228)	(114)
Purchase of property, plant and equipment	(249)	(353)
Proceeds from disposal of property, plant and equipment	166	2,227
Net cash (used in)/from investing activities	(311)	1,760
Cash flows from financing activities		
Balances with related parties (non-trade)	-	38
Interest paid	(729)	(932)
Proceeds from loans and borrowings	9,528	5,314
Decrease in trust receipts	-	(1,068)
Repayment of loans and borrowings	(7,350)	(3,750)
Payment of finance lease liabilities	(7,469)	(7,234)
Net cash used in financing activities	(6,020)	(7,632)
Net (decrease)/increase in cash and cash equivalents	(284)	1,150
Cash and cash equivalents at beginning of the period	2,697	3,575
Effect of exchange rate changes on balances held in foreign currencies	30	(20)
Cash and cash equivalents at end of the period	2,443	4,705

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2015	24,450	(1,670)	5	53,158	75,943	(7)	75,936
Total Comprehensive income for the period							
Profit for the period	-	-	-	690	690	-	690
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	24	-	24	-	24
Total other comprehensive income	-	-	24	-	24	-	24
<i>Total comprehensive income for the period</i>	-	-	24	690	714	-	714
At 30 September 2015	24,450	(1,670)	29	53,848	76,657	(7)	76,650

Group

	Share capital	Merger reserve	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2014	24,450	(1,670)	10	50,973	73,763	860	74,623
Total comprehensive income for the period							
Profit for the period	-	-	-	923	923	(65)	858
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	88	-	88	22	110
Total other comprehensive income	-	-	88	-	88	22	110
<i>Total comprehensive income for the period</i>	-	-	88	923	1,011	(43)	968
At 30 September 2014	24,450	(1,670)	98	51,896	74,774	817	75,591

Company

	Share capital S\$'000	Retained Earnings S\$'000	Total attributable to equity holders of the Company S\$'000
At 1 April 2015	24,450	(1,416)	23,034
Total comprehensive income for the period			
Loss for the period	-	(825)	(825)
Total comprehensive income for the period	-	(825)	(825)
At 30 September 2015	24,450	(2,241)	22,209
At 1 April 2014	24,450	3,787	28,237
Total Comprehensive income for the period			
Loss for the period	-	(912)	(912)
Total comprehensive income for the period	-	(912)	(912)
At 30 September 2014	24,450	2,875	27,325

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for 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

There were no changes in the Company's share capital for the six-month period ended 30 September 2015.

As at 30 September 2015 and 30 September 2014, the Company did not have any outstanding options or convertibles.

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 immediately preceding year.

	30.09.2015 No. of shares	31.03.2015 No. of shares
Total number of issued shares (excluding treasury shares) of the Company	308,065,282	308,065,282

The Company had no treasury shares as at 30 September 2015 and 31 March 2015.

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 as the Company does not have any treasury shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Company's independent auditors.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 March 2015.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2015. The adoption of these new standards, amendments to standards and interpretations did not result in 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	
	6 months ended 30.09.2015	6 months ended 30.09.2014
	(cents)	(cents)
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):		
(a) Based on weighted average number of ordinary shares in issue	0.22	0.30
(b) On a fully diluted basis	0.22	0.30

Basic earnings per share and fully diluted earnings per share for the six-month period ended 30 September 2015 were computed based on net profit attributable to shareholders of S\$689,793 (30 September 2014: S\$923,434) and weighted average number of shares of 308,065,282 (30 September 2014: 308,065,282) respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30.09.2015 (cents)	31.03.2015 (cents)	30.09.2015 (cents)	31.03.2015 (cents)
Net asset value per ordinary share based on issued share capital at the end of the period	24.88	24.65	7.21	7.48

As at 30 September 2015, the number of issued ordinary shares is 308,065,282 (31 March 2015: 308,065,282).

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

Review of Group Performance

Revenue

Revenue increased by approximately S\$0.6 million or 3.7% from approximately S\$18.6 million for the six months ended 30 September 2014 ("HY2015") to approximately S\$19.2 million for the six months ended 30 September 2015 ("HY2016"). The increase was mainly attributed to an increase in the Group's leasing income during the period.

Leasing business

Leasing income increased by approximately S\$0.8 million or 4.3% from approximately S\$18.4 million in HY2015 to approximately S\$19.2 million in HY2016 notwithstanding that the demand of cranes in the industry had remained competitive.

Trading business

The trading income remains weak in both HY2016 and HY2015 due to lack of demand in the market.

Cost of sales and gross profit

Cost of sales decreased by approximately S\$0.6 million or 3.6% from approximately S\$15.4 million for HY2015 to approximately S\$14.8 million for HY2016, mainly due to lower depreciation expense of approximately S\$0.3 million, lower rental expenses of approximately S\$0.3 million, lower upkeep and maintenance expense of approximately S\$0.2 million, lower fuel cost of approximately S\$0.2 million and lower salary-related costs of approximately S\$0.1 million. This was partly offset by higher crane rental expenses of approximately S\$0.6 million.

Gross profit increased by approximately S\$1.2 million or 39.2% from approximately S\$3.2 million (representing a gross margin of 17.0%) for HY2015 to approximately S\$4.4 million (representing a gross margin of 22.9%) for HY2016. The increase in gross profit was mainly due to the increase in leasing revenue as well as lower cost of sales as explained above.

Other income

Other income decreased by approximately S\$1.6 million or 63.2% from approximately S\$2.5 million for HY2015 to approximately S\$0.9 million for HY2016, mainly due to a decrease in net gain from disposal of property, plant and equipment.

Distribution expenses

Distribution expenses increased by approximately S\$56,000 or 50.9% from approximately S\$110,000 for HY2015 to approximately S\$166,000 for HY2016, mainly due to an increase in commission expenses.

Administrative expenses

Administrative expenses decreased by approximately S\$0.2 million or 5.2% from approximately S\$3.5 million for HY2015 to approximately S\$3.3 million for HY2016. The decrease was mainly due to a decrease in staff-related costs of approximately S\$0.3 million. This was partly offset by an increase in assets written off of approximately S\$0.2 million.

Finance income

Finance income decreased by approximately S\$11,000 or approximately 91.7% from approximately S\$12,000 in HY2015 to approximately S\$1,000 in HY2016, mainly due to a net exchange rate gain of approximately S\$11,000 in HY2015 which did not recur in HY2016.

Finance costs

Finance costs decreased by approximately S\$10,000 or 1.1% from approximately S\$905,000 for HY2015 to approximately S\$895,000 for HY2016. The decrease was mainly due to a decrease in interest expense of approximately S\$203,000 and net allowance for impairment on receivables of approximately S\$17,000. This was partly offset by an increase in net exchange rate loss of approximately S\$200,000 and bank charges of approximately S\$10,000.

Income tax expense

Income tax expense decreased by approximately S\$20,000 or 7.8% from approximately S\$257,000 for HY2015 to approximately S\$237,000 for HY2016. This was in line with the lower profit before income tax generated by the Group for HY2016.

Profit for the period

Net profit for HY2016 decreased by approximately S\$0.2 million or 19.6% from approximately S\$0.9 million for HY2015 to approximately S\$0.7 million for HY2016 due to the reasons explained above.

Review of Financial Position

Non-Current Assets

The Group's non-current assets as at 30 September 2015 amounted to approximately S\$131.5 million or 87.1% of total assets of approximately S\$151.0 million. The decrease in non-current assets of approximately S\$5.3 million or 3.9% compared to as at 31 March 2015 was mainly due to depreciation charge for the period of approximately S\$5.6 million.

Current Assets

As at 30 September 2015, the Group's current assets amounted to approximately S\$19.5 million or 12.9% of total assets of approximately S\$151.0 million.

The increase in current assets of approximately S\$1.8 million or 10.2% compared to as at 31 March 2015 was mainly due to an increase in trade and other receivables of approximately S\$2.2 million. This was partly offset by a decrease in cash and cash equivalents of approximately S\$0.3 million and decrease in inventories of approximately S\$0.1 million.

Non-Current Liabilities

As at 30 September 2015, the Group's non-current liabilities amounted to approximately S\$41.4 million or 55.6% of total liabilities of approximately S\$74.4 million. The decrease in non-current liabilities of approximately S\$4.8 million or 10.4% compared to as at 31 March 2015 was due to a decrease in loans and borrowings.

Current Liabilities

As at 30 September 2015, the Group's current liabilities amounted to approximately S\$33.0 million or 44.4% of total liabilities of approximately S\$74.4 million. The increase in current liabilities of approximately S\$0.6 million or 1.9% compared to as at 31 March 2015 was mainly due to an increase in trade and other payables of approximately S\$0.8 million and an increase in current tax payable of approximately S\$0.2 million, offset by a decrease in loans and borrowings of approximately S\$0.5 million.

The Group's net current liabilities decreased from approximately S\$14.7 million as at 31 March 2015 to approximately S\$13.5 million as at 30 September 2015 mainly due to lower loans and borrowings.

Review of Cash flow Statement

The Group's net cash from operating activities for HY2016 decreased by approximately S\$1.0 million as compared to HY2015 due to lower working capital inflows of approximately S\$2.1 million which was partly offset by higher operating profit before working capital changes of approximately S\$1.1 million.

The Group's net cash from investing activities for HY2016 decreased by approximately S\$2.1 million as compared to HY2015. This was mainly due to decrease in proceeds from disposal of property, plant and equipment of approximately S\$2.0 million.

The Group's net cash used in financing activities for HY2016 decreased by approximately S\$1.6 million compared to HY2015. This was mainly due to an increase in proceeds from loans and borrowings of approximately S\$4.2 million and a decrease in trust receipts of approximately S\$1.1 million. This was partly offset by an increase in repayment of finance lease and borrowings of approximately S\$3.8 million.

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

The financial results of the Group for HY2016 was principally in line with the commentary stated in paragraph 10 of the previous result announcement of the Group for the financial year ended 31 March 2015 dated 28 May 2015.

10. A commentary at the date of the announcement of the 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

In view of the oversupply of cranes and the uncertainty in the business environment, the industry is expected to continue to be competitive and challenging for the next 12 months. As a result, the Group is likely to face pressure on its leasing business and profit margins. The Group's trading business is likely to remain weak as well.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended in respect of HY2016.

13. If the group has obtained a general mandate from shareholders for 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 Company does not have a general mandate from shareholders for interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Not applicable	Not applicable	Not applicable

14. Confirmation by Directors pursuant to clause 705(5) of the Catalist Rules

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Group for the six-month financial period ended 30 September 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Executive Chairman and Chief Executive Officer

Ong Boon Tat
Non-Executive Director

BY ORDER OF THE BOARD

Michelle Lo Swee Oi
Company Secretary
12 November 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Yee Chia Hsing, Head, Catalist, Investment Banking and Mr Lim Hoon Khia, Associate Director, Investment Banking, CIMB Bank Berhad, Singapore Branch. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.