

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES

(Company Registration No. 200717808Z)

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Unaudited Half Year Financial Statement for the Financial Period Ended 30 June 2014

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Half Year Ended 30/06/2014 (unaudited)	Half Year Ended 30/06/2013 (unaudited)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	15,262	17,029	(10)
Cost of sales	(10,237)	(11,763)	(13)
Gross profit	5,025	5,266	(5)
Other income	405	4,074	(90)
Expenses			
Administrative expenses	(4,924)	(4,744)	4
Other expenses	(59)	-	n.m.
Share of loss of associates	(150)	(104)	44
Finance costs	(180)	(190)	(5)
Profit before tax	117	4,302	(97)
Income tax expense	(12)	(196)	(94)
Profit for the period	105	4,106	(97)
Profit attributable to :			
Owners of the Company	129	4,088	(97)
Non-controlling interests	(24)	18	n.m.
	105	4,106	(97)

n.m. denotes not meaningful

Earnings per share attributable to owners of the Company

Group	Half Year Ended 30/06/2014 (unaudited)	Half Year Ended 30/06/2013 (unaudited)	Increase/ (Decrease)
	Cents	Cents	%
Basic and diluted	0.11	3.37	(97)

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- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Statement of Comprehensive Income for Half Year Ended 30 June 2014

Group	Half Year Ended 30/06/2014 (unaudited) S\$'000	Half Year Ended 30/06/2013 (unaudited) S\$'000	Increase/ (Decrease) %
Profit for the period	105	4,106	(97)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Income tax relating to revaluation reserves reclassified to retained earnings	1	77	(99)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(34)	75	n.m
Total comprehensive income for the period, net of tax	72	4,258	(98)
Total comprehensive income attributable to:			
Owners of the Company	96	4,240	(98)
Non-controlling interests	(24)	18	n.m
Total comprehensive income for the period	72	4,258	(98)

n.m. denotes not meaningful

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1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

The profit before tax is arrived at after charging (crediting) the following items:

Group	Half Year Ended 30/06/2014 (unaudited)	Half Year Ended 30/06/2013 (unaudited)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment ⁽¹⁾	587	433	36
Employee benefits expense (including directors' remuneration) ⁽²⁾	9,861	9,623	2
Cost of defined contribution plans (included in staff costs)	237	211	12
Cost of inventories recognised as expense	1,414	2,156	(34)
Plant and equipment written off	6	-	n.m
Net foreign exchange loss/(gain)	49	(26)	n.m
Allowance for sales discount	17	425	(96)
Reversal of allowance for			
- doubtful debts	(42)	(34)	24
- impairment of investment in associates	(75)	-	n.m
Gain on disposal of			
- leasehold property	-	(3,687)	n.m
- plant and equipment	(2)	-	n.m

Notes:

⁽¹⁾ Included in cost of sales and administrative expenses.

⁽²⁾ Employee benefits expense amounting to S\$3.09 million (30.6.2013: S\$2.91 million) is included in administrative expenses.

n.m. denotes not meaningful

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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1(b) 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.

	Group		Company	
	As at 30/06/2014 (unaudited)	As at 31/12/2013 (audited)	As at 30/06/2014 (unaudited)	As at 31/12/2013 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	13,572	13,788	6,602	6,783
Subsidiaries	-	-	6,624	6,624
Associates	384	384	-	-
Available-for-sale investments	278	278	-	-
Goodwill	288	288	-	-
Deferred tax assets	372	371	-	-
Total non-current assets	14,894	15,109	13,226	13,407
Current assets				
Inventories	1,055	973	-	-
Trade and other receivables	20,644	24,738	1,070	2,152
Cash and bank balances	3,102	2,676	105	102
	24,801	28,387	1,175	2,254
Non-current assets held-for-sale	-	2,332	-	-
Total current assets	24,801	30,719	1,175	2,254
Total assets	39,695	45,828	14,401	15,661
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	11,369	11,369	11,369	11,369
Reserves	(3,204)	(3,168)	-	-
Retained earnings	16,444	16,918	109	1,039
Equity attributable to owners of the Company	24,609	25,119	11,478	12,408
Non-controlling interests	1,310	1,289	-	-
Total equity	25,919	26,408	11,478	12,408

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1(b) 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 (Cont'd)

	Group		Company	
	As at	As at	As at	As at
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Bank loans	3,767	4,117	-	-
Finance leases	762	779	-	-
Deferred tax liabilities	396	399	-	-
Total non-current liabilities	4,925	5,295	-	-
Current liabilities				
Bank overdrafts and loans	3,694	7,050	-	-
Trade and other payables	4,889	6,306	2,923	3,253
Current portion of finance leases	230	691	-	-
Income tax payable	38	78	-	-
Total current liabilities	8,851	14,125	2,923	3,253
Total equity and liabilities	39,695	45,828	14,401	15,661

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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1(c) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

Group			
As at 30/06/2014 (unaudited)		As at 31/12/2013 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,924	-	7,741	-

Amount repayable after one year

Group			
As at 30/06/2014 (unaudited)		As at 31/12/2013 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,529	-	4,896	-

Details of any collateral

a) Bank overdrafts are repayable on demand and secured by a charge over the following:

- i) legal mortgage over the Group's leasehold property;
- ii) legal mortgage over the properties of the directors of a subsidiary;
- iii) joint and several guarantees of the directors of a subsidiary for all the monies owing; and
- iv) pledge of certain fixed deposits.

b) The Group has 5 term loans as follows:

- i) A loan of S\$1,581,000 (31.12.2013: S\$2,033,000), secured by:
 - a) a corporate guarantee by the Company; and
 - b) statutory charge over 70% (31.12.2013: 70%) shares in Chem-Grow Pte Ltd and Chew-Grow Engineering Pte. Ltd.
- ii) A loan of S\$767,000 (31.12.2013: S\$825,000), secured by:
 - a) a first legal mortgage over the Group's leased property;
 - b) pledge of certain fixed deposits; and
 - c) a corporate guarantee by the subsidiary.

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1(c) Aggregate amount of group's borrowings and debt securities (Cont'd)**Details of any collateral (Cont'd)**

- iii) A loan of S\$2,449,000 (31.12.2013: S\$2,649,000), secured by:
 - a) a first legal mortgage over the Group's leased property; and
 - b) a corporate guarantee by the Company.
 - iv) 2 short-term loans of S\$459,000 (31.12.2013: S\$ Nil) each, secured by a corporate guarantee by the Company.
- c) The factoring facilities are secured by:
- i) legal mortgage over the properties of certain directors of the Group;
 - ii) a corporate guarantee by the Company pursuant to the deed of guarantee and indemnity dated April 5, 2010; and
 - iii) joint charge on the receivable of subsidiaries.
- d) The Group's obligations under finance leases are secured by the lessor's title to the leased assets and corporate guarantee by a subsidiary and the Company.

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Half Year Ended 30/06/2014 (unaudited) S\$'000	Half Year Ended 30/06/2013 (unaudited) S\$'000
Operating activities		
Profit before income tax	117	4,302
Adjustments for:		
Interest income	(41)	(16)
Interest expenses	180	190
Dividend income from available-for-sale investment	(1)	-*
Allowance for sales discount	17	425
Depreciation of property, plant and equipment	587	433
Plant and equipment written off	6	-
Share of loss of associates	150	104
Reversal of allowance for		
- doubtful debts	(42)	(34)
- impairment of investment in associates	(75)	-
- project foreseeable loss	-	(19)
Gain on disposal of		
- leasehold property	-	(3,687)
- plant and equipment	(2)	-
Unrealised exchange differences	(32)	3
Operating cash flows before movements in working capital	864	1,701
Change in operating assets and liabilities		
Trade and other receivables	4,154	(1,774)
Inventories	(82)	(201)
Trade and other payables	(1,670)	(1,976)
Cash generated from / (used in) operations	3,266	(2,250)
Interest received	6	16
Interest paid	(180)	(190)
Income tax paid	(56)	(35)
Net cash from / (used in) operating activities	3,036	(2,459)

* Less than S\$1,000

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
(Company Registration No. 200717808Z)
1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Group	Half Year Ended 30/06/2014 (unaudited) S\$'000	Half Year Ended 30/06/2013 (unaudited) S\$'000
Investing activities		
Proceeds from disposal of		
- leasehold property	-	5,800
- plant and equipment	2,587	-
Purchase of plant and equipment	(277)	(369)
Investment in share capital of a joint venture	(75)	-
Expenditure on building under construction	-	(3,500)
Capital injection from a non-controlling shareholder	45	-
Dividend received from available-for-sale investment	1	-*
Net cash from investing activities	2,281	1,931
Financing activities		
Decrease / (Increase) in pledged fixed deposit	5	(14)
Dividends paid to		
- non-controlling shareholders	-	(46)
- equity holders of the Company	(606)	-
Proceeds from bank loans	1,000	2,887
Repayment of		
- bank loans	(792)	(475)
- factoring loan (net)	(1,525)	(804)
- finance leases	(584)	(560)
Net cash (used in) / from financing activities	(2,502)	988
Net increase cash and cash equivalents	2,815	460
Overdraft at beginning of financial period	(830)	(1,253)
Effects of exchange rate changes on cash and cash equivalents	6	20
Cash and cash equivalents / (Overdraft) at end of financial period	1,991	(773)

* Less than S\$1,000

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Half Year Ended 30/06/2014 (unaudited)	Half Year Ended 30/06/2013 (unaudited)
<u>Group</u>	S\$'000	S\$'000
Comprising:		
Cash at bank	2,667	2,181
Fixed deposits	435	551
Sub-total	3,102	2,732
Fixed deposit pledged as a collateral for overdraft loan	(376)	(492)
Bank overdraft	(735)	(3,013)
Cash and cash equivalents / (Overdraft) at end of financial period	1,991	(773)

* Less than S\$1,000

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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- 1(e) 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.**

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Group (unaudited)	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 1 January 2014	11,369	507	221	18	(3,914)	16,918	25,119	1,289	26,408
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	129	129	(24)	105
Other comprehensive income for the period	-	1	-	(34)	-	-	(33)	-	(33)
Total	-	1	-	(34)	-	129	96	(24)	72
Transfer	-	(3)	-	-	-	3	-	-	-
Transactions with owners, Recognised directly in equity									
Dividends	-	-	-	-	-	(606)	(606)	-	(606)
Non-controlling interest arising from increase in share capital	-	-	-	-	-	-	-	45	45
Total	-	-	-	-	-	(606)	(606)	45	(561)
Balance at 30 June 2014	11,369	505	221	(16)	(3,914)	16,444	24,609	1,310	25,919

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1(e) 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 (Cont'd).

	Share capital	Revaluation reserve	Other reserve	Translation reserve	Merger reserve	Retained earnings	Attributable to equity holders of the Company	Non- controlling interests	Total
Group (unaudited)	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 1 January 2013	11,369	1,049	221	(107)	(3,914)	11,752	20,370	986	21,356
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	4,088	4,088	18	4,106
Other comprehensive income for the period	-	77	-	75	-	-	152	-	152
Total	-	77	-	75	-	4,088	4,240	18	4,258
Transfer	-	(456)	-	-	-	456	-	-	-
Transactions with owners, Recognised directly in equity									
Dividends	-	-	-	-	-	-	-	(46)	(46)
Total	-	-	-	-	-	-	-	(46)	(46)
Balance at 30 June 2013	11,369	670	221	(32)	(3,914)	16,296	24,610	958	25,568

HEATEC JIETONG HOLDINGS LTD AND ITS SUBSIDIARIES
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- 1(e) 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 (Cont'd)**

	Share capital	Retained earnings / (Accumulated loss)	Total
<u>Company (unaudited)</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 1 January 2014	11,369	1,039	12,408
Total comprehensive income for the period:			
Profit for the period	-	(324)	(324)
Total	-	(324)	(324)
Transactions with owners, Recognised directly in equity			
Dividends	-	(606)	(606)
Total	-	(606)	(606)
Balance at 30 June 2014	11,369	109	11,478

	Share capital	Accumulated loss	Total
<u>Company (unaudited)</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at 1 January 2013	11,369	(767)	10,602
Total comprehensive income for the period:			
Profit for the period	-	27	27
Total	-	27	27
Balance at 30 June 2013	11,369	(740)	10,629

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- 1(f) 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.**

	Group and Company	
	No. of shares	Resultant issued and paid up share capital (\$)
<u>Ordinary shares</u>		
Balance as at 1 January 2014 and 30 June 2014	121,187,345	11,368,567

There was no change in the Company's share capital from 1 January 2014 to 30 June 2014.

Note: On 30 July 2014, there was an issuance and allotment of 1,772,000 Performance Bonus Shares as referred to Resolution 11 of the Notice of Seventh Annual General Meeting dated 2 April 2014. Accordingly, the number of issued and paid-up shares of the Company has increased from 121,187,345 shares to 122,959,345 shares.

- 1(g) State the number of shares that may be issued on conversion of all the outstanding convertible 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 outstanding options, convertibles or treasury shares as at 30 June 2014 and 30 June 2013.

- (a) 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.**

	Company	
	30/06/2014	31/12/2013
Total number of issued shares excluding treasury shares	121,187,345	121,187,345

There were no treasury shares as at 30 June 2014 and 31 December 2013.

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(b) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have treasury shares during and as at the end of the half year ended 30 June 2014 ("1H2014").

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a 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 and methods of computation applied by the Group for the financial statements for the current financial period reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2013 ("FY2013").

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.

Not applicable.

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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.

Earnings per ordinary share of the Group for the financial period based on net profit attributable to owners of the Company:-

	Group (unaudited)	
	Half Year Ended 30/06/2014	Half Year Ended 30/06/2013
Basic and diluted earnings per ordinary share (Singapore cents)	0.11	3.37
Weighted average number of ordinary shares in issue	121,187,345	121,187,345

Earnings per ordinary share for 1H2014 and the half year ended 30 June 2013 ("**1H2013**") are calculated based on net profit attributable to the owners of the Company for the respective financial periods divided by the weighted average number of shares in issue during the respective financial periods.

The basic and diluted earnings per ordinary share were the same as there were no potentially dilutive ordinary shares in existence during the current financial period reported on and the previous corresponding financial period.

7 Net asset value (for the issuer and group) per ordinary share based on the total 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	
	As at 30/06/2014 (unaudited)	As at 31/12/2013 (audited)	As at 30/06/2014 (unaudited)	As at 31/12/2013 (audited)
Net asset value per share based on total number of issued share excluding treasury shares (Singapore cents)	20.31	20.73	9.47	10.24

The net asset value per ordinary share of the Group and the Company as at 30 June 2014 and 31 December 2013 respectively are calculated based on the total number of issued ordinary shares (excluding treasury shares) of 121,187,345.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8(a) Income Statement

(i) Revenue

The Group recorded S\$15.26 million of revenue in 1H2014. Compared to 1H2013, the Group's total revenue decreased by 10% or S\$1.77 million. Apart from discontinuation of blasting segment in 1H2014, the decline in revenue was experienced in the Heat Exchanger segment and Chemical Cleaning segment mainly due to a lull period from March to May 2014. The Piping segment remains a steady income stream for the Group.

(ii) Operating Results

Overall profitability

The Group has discontinued the operation of Blasting segment since January 2014. At the gross operating profit level, while the Group continued to diligently manage operating costs and improve the quality of its deliverables in the land-based Heat Exchanger segment, the Group's overall profitability was not affected by the under-performing Blasting segment in 1H2014. Correspondingly, the Group reported an increase in profit margin from 31% in 1H2013 to 33% in 1H2014.

Other significant factors that affected the Group's profitability are as follows:

1. In 1H2013, the Group recorded a gain on disposal of the JTC factory located in 18 Tuas Avenue 18A, Singapore 638868 ("**Previous Workshop**") of S\$3.69 million. Setting aside the effect of the gain on disposal of the Previous Workshop, the Group recorded an increase in other income of 5% or S\$21,000 mainly due to reversal of an impairment loss for investment in associate amounting to S\$75,000.
2. The Group recognized a loss in foreign exchange of S\$49,000 due to depreciation of United State dollars against Singapore dollars.

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(ii) Operating Results (Cont'd)**Overall profitability (Cont'd)**

3. The Group recorded a share of loss from associates amounting to S\$0.15 million in 1H2014. Included in the share of loss from associates was an adjustment for over-recognition of profit based on audited financial statements for one of the associated company amounting to S\$60,000.
4. As a result of investment in new machineries in new workshop, coupled with higher depreciation charges for the new workshop at 10 Tuas South Street 15, the Group's depreciation expense for 1H2014 increased by 36% or S\$0.15 million as compared to 1H2013.

Finance expense

The Group reduced its reliance on bank overdrafts and factoring facilities to meet its working capital requirements. Consequently, compared to 1H2013, the Group's interest expense decreased by 5% to S\$0.18 million.

Income tax expense

The decrease in tax expense from S\$0.20 million in 1H2013 to S\$12,000 in 1H2014 corresponded with the decrease in profit before tax reported by the Group.

8(b) Statement of financial position

The Group's working capital and net assets remained at similar level as compared to 31 December 2013. As at 30 June 2014, the Group recorded positive working capital of S\$15.95 million and the net asset value stood firm at S\$20.31 cents per share.

In terms of leverage, the Group's financial strength was enhanced. The Group saw a significant decline in gearing ratio from 40% as at 31 December 2013 to 22% as at 30 June 2014.

(i) Current assets

1. As announced on 5 January 2014, the Group completed the disposal of three envirobotic waterjet machines and four manual waterjet machines and its accessories ("**Equipment and Spares**"). The sales proceeds receivable of S\$2.33 million recorded as "non-current assets held-for-sale" as at 31 December 2013 was subsequently received.

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8(b) Statement of financial position (Cont'd)**(i) Current assets (Cont'd)**

2. The Group further improved its debtor turnover days from 230 days as at 31 December 2013 to 213 days as at 30 June 2014. As the Group placed more emphasis on debt collection efforts, the trade and other receivables decreased by 16.5% or S\$4.09 million to S\$20.64 million as at 30 June 2014.
3. The Group's inventory balance remained at similar level as compared to the position as at 31 December 2013.

(ii) Current liabilities

1. The Group restructured its banking facilities and repaid significant amount of its bank overdrafts during the financial period ended 30 June 2014. To maintain healthy liquidity and ensure the Group is able to meet its working capital requirement, the Group opted for lower interest short-term working capital loan of S\$1.00 million instead of relying more on overdraft loan. As a result of the aforementioned factors, net off repayment during the financial year, the Group recorded a net decrease of 47.6% or S\$3.36 million in bank overdrafts and loans as at 30 June 2014.
2. Trade and other payables decreased from S\$6.31 million as at 31 December 2013 to S\$4.89 million as at 30 June 2014, due mainly to settlement of trade and other payables of S\$1.67 million.
3. As explained in 8(b)(i), the decrease in short-term finance lease was due to full repayment for current portion of finance leases for Equipment and Spares.

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8(c) Statement of cash flows

The Group turned around from overdraft of S\$0.77 million to positive cash and cash equivalents as at 30 June 2014 of S\$1.99 million. The net increase in cash and cash equivalents of S\$2.82 million for 1H2014 were as follows:

1. The Group generated a net cash inflow from operating activities of S\$3.04 million due mainly to decrease in trade and other receivables of S\$4.15 million which was partially offset by a decrease in trade and other payables of S\$1.67 million.
2. As explained in 8(b)(i), the Group received the proceeds from the disposal of Equipment and Spares, bundled with proceeds from disposal of other equipment amounting to \$2.59 million. The cash inflow was partially offset by: (i) investment in new plant and machineries amounting to S\$0.28 million; and (ii) subscription for shares in Karnot Technology Pte Ltd for S\$75,000 as announced on 30 May 2014. The Group generated a net cash inflow from investing activities amounting to S\$2.29 million.
3. The net cash outflow used in financing activities was S\$2.50 million. As mentioned in 8(b)(ii), the Group took up new short-term working capital of S\$1.00 million while reducing its reliance on overdraft facilities. The cash inflow from short-term working capital was offset by: (i) dividends paid to shareholders S\$0.61 million; and (ii) repayment of bank loans, factoring loan and finance lease which totalled S\$2.90 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed.

10 A commentary at the date of the 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.

The Marine industry remains challenging. However, the Group believes that the Offshore and Oil and Gas industry is beginning to show more promise with the major Singapore shipyards having recently secured several projects.

The Group is committed to maintain its business in piping, heat exchanger and chemical segments, with a focus to grow its heat exchanger segment in the Offshore and Oil and Gas sector.

11 Dividend**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

No dividend has been declared or recommended for 1H2014.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendedd for the financial period ended 30 June 2014.

13 Interested Person Transactions

There were no interested person transactions of S\$100,000 or more for 1H2014.

The Group does not have a general mandate for recurrent interested person transactions.

**14 CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B:
RULES OF CATALIST**

We, Soon Yeow Kwee Johnny and Yong Li Vien, being two directors of the Company, do hereby confirm on behalf of the Board of Directors (the “**Board**”) that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited consolidated financial results of Heatec Jietong Holdings Ltd for the half year ended 30 June 2014 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD
HEATEC JIETONG HOLDINGS LTD.**

Soon Yeow Kwee Johnny
Chairman & CEO

Singapore, 14 August 2014