

**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 2014 TO 30 SEPTEMBER 2014**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 30.09.2014	6 months ended 30.09.2013	Change
	S\$'000	S\$'000	%
Revenue	18,550	24,601	(24.6)
Cost of sales	(15,393)	(16,302)	(5.6)
Gross profit	3,157	8,299	(62.0)
Other income	2,455	917	167.7
Distribution expenses	(110)	(164)	(32.9)
Administrative expenses	(3,494)	(3,431)	1.8
Results from operating activities	2,008	5,621	(64.3)
Finance income	12	306	(96.1)
Finance costs	(905)	(2,457)	(63.2)
Net finance costs	(893)	(2,151)	(58.5)
Profit before income tax	1,115	3,470	(67.9)
Income tax expense	(257)	(779)	(67.0)
Profit for the period	858	2,691	(68.1)
Profit attributable to:			
Owners of the company	923	2,780	(66.8)
Non-controlling interest	(65)	(89)	(26.9)
Profit for the period	858	2,691	(68.1)

Consolidated Statement of Comprehensive Income

	Group		
	6 months ended 30.09.2014 S\$'000	6 months ended 30.09.2013 S\$'000	Change %
Profit for the period	858	2,691	(68.1)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	110	143	(23.1)
Other comprehensive income for the period, net of tax	110	143	(23.1)
Total comprehensive income for the period	968	2,834	(65.8)
Total comprehensive income attributable to:			
Owners of the company	1,011	2,896	(65.1)
Non-controlling interest	(43)	(62)	(30.6)
Total comprehensive income for the period	968	2,834	(65.8)

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 30.09.2014 S\$'000	6 months ended 30.09.2013 S\$'000	Change %
Interest income	-	(4)	(100.0)
Interest expense	932	1,035	(10.0)
Depreciation of property, plant and equipment	5,891	5,150	14.4
Net (reversal of)/ allowance for impairment on trade and other receivables	(32)	711	NM
Net exchange (gain)/ loss	(11)	706	NM
Gain on disposal of property, plant and equipment	(1,733)	(245)	607.3
Net change in fair value of financial derivatives	-	(302)	(100.0)

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	
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	142,125	147,738	17,671	18,280
Deposit	371	257	-	-
Subsidiaries	-	-	7,476	7,476
	<u>142,496</u>	<u>147,995</u>	<u>25,147</u>	<u>25,756</u>
Current assets				
Inventories	1,513	1,041	-	-
Trade and other receivables	15,297	16,241	16,059	17,017
Cash and cash equivalents	4,705	3,575	360	704
	<u>21,515</u>	<u>20,857</u>	<u>16,419</u>	<u>17,721</u>
Total assets	<u>164,011</u>	<u>168,852</u>	<u>41,566</u>	<u>43,477</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	98	10	-	-
Retained earnings	51,896	50,973	2,875	3,787
	<u>74,774</u>	<u>73,763</u>	<u>27,325</u>	<u>28,237</u>
Non-controlling interests	<u>817</u>	<u>860</u>	<u>-</u>	<u>-</u>
Total equity	<u>75,591</u>	<u>74,623</u>	<u>27,325</u>	<u>28,237</u>
Non-current liabilities				
Loans and borrowings	43,825	49,786	12,189	13,151
Provision	-	100	-	-
Deferred tax liabilities	8,165	7,908	-	-
	<u>51,990</u>	<u>57,794</u>	<u>12,189</u>	<u>13,151</u>
Current liabilities				
Trade and other payables	8,559	8,087	126	196
Loans and borrowings	27,870	28,347	1,925	1,892
Current tax payable	1	1	1	1
	<u>36,430</u>	<u>36,435</u>	<u>2,052</u>	<u>2,089</u>
Total liabilities	<u>88,420</u>	<u>94,229</u>	<u>14,241</u>	<u>15,240</u>
Total equity and liabilities	<u>164,011</u>	<u>168,852</u>	<u>41,566</u>	<u>43,477</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 30.09.2014	
Secured (1)	Unsecured
S\$'000	S\$'000
24,670	3,200

As at 31.03.2014	
Secured (1)	Unsecured
S\$'000	S\$'000
28,347	-

Amount repayable after one year

As at 30.09.2014	
Secured (1)	Unsecured
S\$'000	S\$'000
43,825	-

As at 31.03.2014	
Secured (1)	Unsecured
S\$'000	S\$'000
49,786	-

Details of any collateral

- 1) As at 30 September 2014, term loans payable of approximately S\$23.7 million (31.03.2014: S\$25.3 million) was secured by fixed charges over certain property, plant and equipment of the Group with a carrying amount of approximately S\$42.6 million and corporate guarantees executed by the Company.

The remaining secured borrowings as at 30 September 2014 of approximately S\$44.7 million (31.03.2014: S\$52.8million) 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\$62.1 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 30.09.2014 S\$'000	6 months ended 30.09.2013 S\$'000
Operating activities		
Profit for the period	858	2,691
Adjustments for:		
Depreciation	5,891	5,150
Gain on disposal of property, plant and equipment	(1,733)	(245)
Property, plant and equipment written off	11	-
Reversal of provision	(100)	-
Impairment on trade and other receivables	-	753
Reversal of impairment on trade and other receivables	(32)	(42)
Interest income	-	(4)
Interest expense	932	1,035
Net change in fair value of financial derivatives	-	(302)
Income tax expense	257	779
	6,084	9,815
Changes in:		
Inventory	(472)	(176)
Trade and other receivables	976	(7,336)
Trade and other payables	434	4,964
Cash generated from operations	7,022	7,267
Income taxes paid	-	-
Net cash from operating activities	7,022	7,267
Cash flows from investing activities		
Interest received	-	4
Deposits of property, plant and equipment	(114)	(257)
Purchase of property, plant and equipment	(353)	(4,601)
Proceeds from disposal of property, plant and equipment	2,227	338
Net cash from/ (used in) investing activities	1,760	(4,516)
Cash flows from financing activities		
Balances with related parties (non-trade)	38	(1,151)
Interest paid	(932)	(1,035)
Dividends paid	-	(2,157)
Proceeds from loans and borrowings	5,314	-
Proceeds from issue of shares, net of expenses	-	10,586
Decrease in trust receipts	(1,068)	-
Repayment of loans and borrowings	(3,750)	(3,534)
Payment of finance lease liabilities	(7,234)	(6,252)
Net cash used in financing activities	(7,632)	(3,543)
Net increase/ (decrease) in cash and cash equivalents	1,150	(792)
Cash and cash equivalents at beginning of the period	3,575	5,796
Effect of exchange rate changes on balances held in foreign currencies	(20)	35
Cash and cash equivalents at end of the period	4,705	5,039

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 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

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 2013	13,864	(1,670)	(65)	49,194	61,323	1,059	62,382
Total comprehensive income for the period							
Profit for the period	-	-	-	2,780	2,780	(89)	2,691
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	116	-	116	27	143
Total other comprehensive income	-	-	116	-	116	27	143
<i>Total comprehensive income for the period</i>	-	-	116	2,780	2,896	(62)	2,834
Transactions with owners, recognised directly in equity							
Contribution by and distribution to owners							
Issue of ordinary shares	10,586	-	-	-	10,586	-	10,586
Dividends paid	-	-	-	(2,157)	(2,157)	-	(2,157)
Total contributions by and distributions to owner	10,586	-	-	(2,157)	8,429	-	8,429
<i>Total transactions with owners of the Company</i>	10,586	-	-	(2,157)	8,429	-	8,429
At 30 September 2013	24,450	(1,670)	51	49,817	72,648	997	73,645

Company

	Share capital S\$'000	Retained Earnings S\$'000	Total attributable to equity holders of the Company S\$'000
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
At 1 April 2013	13,864	3,579	17,443
Total Comprehensive income for the period			
Loss for the period	-	(399)	(399)
Total comprehensive income for the period	-	(399)	(399)
Transactions with owners, recognised directly in equity			
Contribution by and distribution to owners			
Issue of ordinary shares	10,586	-	10,586
Dividends paid	-	(2,157)	(2,157)
Total transactions with owners	10,586	(2,157)	8,429
At 30 September 2013	24,450	1,023	25,473

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

	2014	2013
Fully paid ordinary shares with no par value		
Number of ordinary shares at 1 April	308,065,282	258,065,282
Issuance of new shares pursuant to a private placement exercise	-	50,000,000
Number of ordinary shares at 30 September	308,065,282	308,065,282

As at 30 September 2014 and 30 September 2013, 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.

	30.09.2014 No. of shares	31.03.2014 No. of shares
Total number of issued shares (excluding treasury shares) of the Company	308,065,282	308,065,282

The Company has no treasury shares as at 30 September 2014 and 31 March 2014.

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 2014.

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 2014. 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 30.09.2014	6 months ended 30.09.2013
	(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	0.30	0.98
(b) On a fully diluted basis	0.30	0.98

Basic earnings per share and fully diluted earnings per share for the six-month period ended 30 September 2014 were computed based on net profit attributable to shareholders of S\$923,434 (30 September 2013: S\$2,780,914) and weighted average number of shares of 308,065,282 (30 September 2013: 284,021,566) 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	
	30.09.2014 (cents)	31.03.2014 (cents)	30.09.2014 (cents)	31.03.2014 (cents)
Net asset value per ordinary share based on issued share capital at the end of the period	24.27	23.94	8.87	9.17

As at 30 September 2014, the number of issued ordinary shares is 308,065,282 (31 March 2014: 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 decreased by approximately S\$6.0 million or 24.6% from approximately S\$24.6 million for the six months ended 30 September 2013 ("HY2014") to approximately S\$18.6 million for the six months ended 30 September 2014 ("HY2015"). The decrease was mainly attributed to a decrease in our leasing income during the period.

Leasing business

Leasing income for HY2015 was lower than HY2014 mainly due to an oversupply of cranes situation in the industry which led to a competitive environment. As a result, the leasing and utilisation rates of the cranes had decreased in HY2015 as compared to HY2014.

Trading business

The trading income remains weak in both HY2015 and HY2014 due to lack of demand in the market.

Cost of sales and gross profit

Cost of sales decreased by approximately S\$0.9 million or 5.6% from approximately S\$16.3 million for HY2014 to approximately S\$15.4 million for HY2015, mainly due to lower crane rental expense of approximately S\$1.4 million and lower salary related costs of approximately S\$0.3 million. This was partly offset by higher depreciation expense of approximately S\$0.7 million and higher rental expenses of approximately S\$0.2 million.

Gross profit decreased by approximately S\$5.1 million or 62.0% from approximately S\$8.3 million (representing a gross margin of 33.7%) for HY2014 to approximately S\$3.2 million (representing a gross margin of 17.0%) for HY2015. The decrease in gross profit was mainly due to the decrease in leasing revenue as well as lower leasing rates as explained above.

Other income

Other income increased by approximately S\$1.6 million or 167.7% from approximately S\$0.9 million for HY2014 to approximately S\$2.5 million for HY2015. The increase is mainly due to an increase in net gain in disposal of property, plant and equipment of approximately S\$1.5 million and increase in sundry income of approximately S\$0.1 million.

Distribution expenses

Distribution expenses decreased by approximately S\$54,000 or 32.9% from approximately S\$164,000 for HY2014 to approximately S\$110,000 for HY2015, mainly due to a decrease in entertainment expenses.

Administrative expenses

Administrative expenses increased by approximately S\$63,000 or 1.8% from approximately S\$3.4 million for HY2014 to approximately S\$3.5 million for HY2015. The increase is mainly due to an increase in depreciation expenses of approximately S\$36,000 and increase in unutilised leave expenses of approximately S\$28,000.

Finance income

Finance income decreased by approximately S\$294,000 or approximately 96.1% from S\$306,000 for HY2014 to S\$12,000 for HY2015. This is mainly due to a net change in fair value for financial derivatives of approximately S\$302,000 in HY2014 which did not recur in HY2015.

Finance costs

Finance costs decreased by approximately S\$1.6 million or 63.2% from approximately S\$2.5 million for HY2014 to approximately S\$0.9 million for HY2015 mainly due to the decrease in net exchange rate loss of approximately S\$0.7 million, decrease in impairment on receivables of approximately S\$0.7 million and decrease in interest expense of approximately S\$0.1 million.

Income tax

Income tax decreased by approximately S\$0.5 million or 67.0% from approximately S\$0.8 million for HY2014 to approximately S\$0.3 million for HY2015. This was in line with the lower profit generated by the Group for HY2015.

Profit for the period

Net profit for HY2015 decreased by approximately S\$1.8 million or 68.1% from approximately S\$2.7 million for HY2014 to approximately S\$0.9 million for HY2015 due to the reasons explained above.

Review of Financial Position

Non-Current Assets

Our non-current assets as at 30 September 2014 amounted to approximately S\$142.5 million or 86.9% of our total assets of approximately S\$164.0 million as at 30 September 2014. The decrease in non-current assets of approximately S\$5.5 million or 3.7% compared to as at 31 March 2014 was mainly due to depreciation charge for the period of approximately S\$5.9 million.

Current Assets

As at 30 September 2014, our current assets amounted to approximately S\$21.5 million or 13.1% of our total assets of approximately S\$164.0 million.

The increase in current assets of approximately S\$0.6 million or 3.2% compared to as at 31 March 2014 was mainly due to increase in inventories of approximately S\$0.4 million and cash and cash equivalents of approximately S\$1.1 million. This was partly offset by a decrease in trade and other receivables of approximately S\$0.9 million.

Non-Current Liabilities

As at 30 September 2014, our non-current liabilities amounted to S\$51.9 million or 58.7% of our total liabilities of approximately S\$88.4 million. The decrease in non-current liabilities of approximately S\$5.8 million or 10.0% compared to as at 31 March 2014 was mainly due to a decrease in loans and borrowings of approximately S\$5.9 million and a decrease in provision of approximately S\$0.1 million. This was partly offset by an increase in deferred tax liabilities of approximately S\$0.2 million.

Current Liabilities

As at 30 September 2014, our current liabilities amounted to S\$36.4 million or 41.2% of our total liabilities of approximately S\$88.4 million.

Our net current liabilities decreased from approximately S\$15.6 million as at 31 March 2014 to approximately S\$14.9 million as at 30 September 2014 mainly due to lower loans and borrowings in current liabilities as a result of the conversion of trust receipts into finance lease liabilities.

Review of Cash flow Statement

The Group's net cash from operating activities for HY2015 decreased by approximately S\$0.2 million as compared to HY2014 due to lower operating profit before working capital changes of approximately S\$3.7 million, offset by increase in working capital inflows by approximately S\$3.5 million.

The Group's net cash used in investing activities for HY2015 decreased by approximately S\$6.3 million as compared to HY2014. This was mainly due to decrease in cashflow used for purchase of property, plant and equipment of approximately S\$4.2 million and an increase in proceeds from disposal of property, plant and equipment of approximately S\$1.9 million.

The Group's net cash used in financing activities for HY2015 increased by approximately S\$4.1 million compared to HY2014. This was mainly due to an increase in repayment of finance lease and borrowings of approximately S\$1.2 million, a decrease in net proceeds from the issuance of shares of approximately S\$10.6 million and a decrease in trust receipts of approximately S\$1.1 million. This was partly offset by an increase in proceeds from loans and borrowings of approximately S\$5.3 million, a decrease in dividends paid of approximately S\$2.1 million and a decrease in balances with related parties of approximately S\$1.1 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 HY2015 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 2014 dated 22 May 2014.

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

Intense competition in the industry is expected to continue for the next 12 months which will put pressure on the Group's leasing business and profit margin. The Group's trading business is also expected to remain weak. Nonetheless, the Group will continue to focus on its core competence as a one-stop service provider for lifting and haulage services in Singapore.

The Group will also continue to explore any appropriate investment opportunities both in Singapore and overseas.

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 HY2015.

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)
Not applicable	S\$'000 Not applicable	S\$'000 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 2014 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
Executive Director

BY ORDER OF THE BOARD

Michelle Lo Swee Oi
Company Secretary
12 November 2014

*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.

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