

**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 2017 TO 30 SEPTEMBER 2017**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 30.09.2017	6 months ended 30.09.2016	Change
	S\$'000	S\$'000	%
Revenue	24,370	22,404	8.8
Cost of sales	(19,057)	(17,159)	11.1
Gross profit	5,313	5,245	1.3
Other income	1,168	1,361	(14.2)
Distribution expenses	(82)	(153)	(46.4)
Administrative expenses	(3,984)	(3,714)	7.3
Results from operating activities	2,415	2,739	(11.8)
Finance income	71	-	NM
Finance costs	(699)	(681)	2.6
Net finance costs	(628)	(681)	(7.8)
Profit before income tax	1,787	2,058	(13.2)
Income tax expense	(414)	(538)	(23.0)
Profit for the period	1,373	1,520	(9.7)
Profit attributable to:			
Owners of the company	1,373	1,520	(9.7)
Non-controlling interest	-	-	-
Profit for the period	1,373	1,520	(9.7)

NM: Not Meaningful

Consolidated Statement of Comprehensive Income

	Group		
	6 months ended 30.09.2017 S\$'000	6 months ended 30.09.2016 S\$'000	Change %
Profit for the period	1,373	1,520	(9.7)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	(16)	26	NM
Other comprehensive income for the period, net of tax	(16)	26	NM
Total comprehensive income for the period	1,357	1,546	(12.2)
Total comprehensive income attributable to:			
Owners of the company	1,357	1,546	(12.2)
Non-controlling interest	-	-	-
Total comprehensive income for the period	1,357	1,546	(12.2)

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 30.09.2017 S\$'000	6 months ended 30.09.2016 S\$'000	Change %
Interest expense	685	643	6.5
Depreciation of property, plant and equipment	5,696	5,609	1.6
Allowance for impairment loss on trade receivables	-	24	NM
Reversal of impairment on trade and other receivables	(51)	-	NM
Net exchange loss	89	38	134.2
Gain on disposal of property, plant and equipment	(41)	(525)	(92.2)
Recovery of bad debts previously written off	(8)	(31)	(74.2)
Property, plant and equipment written off	37	-	NM

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	
	30.09.2017	31.03.2017	30.09.2017	31.03.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	118,157	123,526	15,445	15,930
Investment property	9,150	9,150	8,000	8,000
Subsidiaries	-	-	3,500	3,500
	<u>127,307</u>	<u>132,676</u>	<u>26,945</u>	<u>27,430</u>
Current assets				
Inventories	701	694	-	-
Trade and other receivables	14,635	16,533	5,229	6,685
Cash and cash equivalents	4,202	2,262	229	393
	<u>19,538</u>	<u>19,489</u>	<u>5,458</u>	<u>7,078</u>
Total assets	<u>146,845</u>	<u>152,165</u>	<u>32,403</u>	<u>34,508</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	35	51	-	-
Retained earnings	61,596	60,223	(1,734)	(974)
	<u>84,411</u>	<u>83,054</u>	<u>22,716</u>	<u>23,476</u>
Non-controlling interests	<u>(92)</u>	<u>(92)</u>	<u>-</u>	<u>-</u>
Total equity	<u>84,319</u>	<u>82,962</u>	<u>22,716</u>	<u>23,476</u>
Non-current liabilities				
Loans and borrowings	25,145	26,477	6,605	7,523
Deferred tax liabilities	10,199	9,785	-	-
Trade and other payables	2,417	2,428	-	-
	<u>37,761</u>	<u>38,690</u>	<u>6,605</u>	<u>7,523</u>
Current liabilities				
Trade and other payables	7,309	11,388	221	723
Loans and borrowings	17,456	19,125	2,861	2,786
	<u>24,765</u>	<u>30,513</u>	<u>3,082</u>	<u>3,509</u>
Total liabilities	<u>62,526</u>	<u>69,203</u>	<u>9,687</u>	<u>11,032</u>
Total equity and liabilities	<u>146,845</u>	<u>152,165</u>	<u>32,403</u>	<u>34,508</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 30.09.2017	
Secured (1)	Unsecured
S\$'000	S\$'000
14,956	2,500

As at 31.03.2017	
Secured (1)	Unsecured
S\$'000	S\$'000
16,583	2,542

Amount repayable after one year

As at 30.09.2017	
Secured (1)	Unsecured
S\$'000	S\$'000
25,145	-

As at 31.03.2017	
Secured (1)	Unsecured
S\$'000	S\$'000
26,477	-

Details of any collateral

- 1) As at 30 September 2017, term loans payable of approximately S\$20.2 million (31.03.2017: S\$20.8 million) were secured by fixed charges over certain property, plant and equipment of the Group with a carrying amount of approximately S\$21.9 million (31.03.2017: S\$22.7 million) and corporate guarantees executed by the Company.

The remaining secured borrowings of approximately S\$19.8 million (31.03.2017: S\$22.2 million) relate to finance lease liabilities which are secured by one or more of the following:

- a) Certain plant & machinery of the Group with carrying value of approximately S\$50.4 million (31.03.2017: S\$67.4 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 30.09.2017 S\$'000	6 months ended 30.09.2016 S\$'000
Cash flows from operating activities		
Profit for the period	1,373	1,520
Adjustments for:		
Depreciation	5,696	5,609
Gain on disposal of property, plant and equipment	(41)	(525)
Property, plant and equipment written off	37	-
Impairment on trade and other receivables	-	24
Reversal of impairment on trade and other receivables	(51)	-
Interest expense	685	643
Income tax expense	414	538
	8,113	7,809
Changes in working capital:		
Inventories	(7)	19
Trade and other receivables	1,949	(2,957)
Trade and other payables	(4,090)	1,994
Net cash from operating activities	5,965	6,865
Cash flows from investing activities		
Deposit for investment property	-	(23)
Acquisition of property, plant and equipment	(593)	(830)
Proceeds from sale of property, plant and equipment	380	592
Net cash used in investing activities	(213)	(261)
Cash flows from financing activities		
Interest paid	(685)	(628)
Proceeds from loans and borrowings	8,789	5,523
Repayment of loans and borrowings	(4,435)	(3,747)
Payment of finance lease liabilities	(7,465)	(7,850)
Net cash used in financing activities	(3,796)	(6,702)
Net increase/(decrease) in cash and cash equivalents	1,956	(98)
Cash and cash equivalents at beginning of the period	2,262	3,373
Effect of exchange rate changes on balances held in foreign currencies	(16)	27
Cash and cash equivalents at end of the period	4,202	3,302

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 2017	24,450	(1,670)	51	60,223	83,054	(92)	82,962
Total Comprehensive income for the period							
Profit for the period	-	-	-	1,373	1,373	-	1,373
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	(16)	-	(16)	-	(16)
Total other comprehensive income	-	-	(16)	-	(16)	-	(16)
Total comprehensive income for the period	-	-	(16)	1,373	1,357	-	1,357
At 30 September 2017	24,450	(1,670)	35	61,596	84,411	(92)	84,319

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 2016	24,450	(1,670)	5	55,440	78,225	(53)	78,172
Total comprehensive income for the period							
Profit for the period	-	-	-	1,520	1,520	-	1,520
Other comprehensive income							
Translation differences relating to financial statements of foreign subsidiaries	-	-	26	-	26	-	26
Total other comprehensive income	-	-	26	-	26	-	26
Total comprehensive income for the period	-	-	26	1,520	1,546	-	1,546
At 30 September 2016	24,450	(1,670)	31	56,960	79,771	(53)	79,718

Company

	Share capital S\$'000	Retained Earnings S\$'000	Total attributable to equity holders of the Company S\$'000
At 1 April 2017	24,450	(974)	23,476
Total comprehensive income for the period			
Loss for the period	-	(760)	(760)
Total comprehensive income for the period	-	(760)	(760)
At 30 September 2017	24,450	(1,734)	22,716
At 1 April 2016	24,450	(3,089)	21,361
Total Comprehensive income for the period			
Loss for the period	-	(860)	(860)
Total comprehensive income for the period	-	(860)	(860)
At 30 September 2016	24,450	(3,949)	20,501

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017.

As at 30 September 2017 and 30 September 2016, 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.

	30.09.2017 No. of shares	31.03.2017 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 2017 and 31 March 2017.

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.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary holdings.

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 2017.

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 2017. 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 30.09.2017	6 months ended 30.09.2016
	(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	0.45	0.49
(b) On a fully diluted basis	0.45	0.49

Basic earnings per share and fully diluted earnings per share for the six-month period ended 30 September 2017 were computed based on net profit attributable to shareholders of S\$1,372,643 (30 September 2016: S\$1,519,579) and weighted average number of shares of 308,065,282 (30 September 2016: 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	
	30.09.2017 (cents)	31.03.2017 (cents)	30.09.2017 (cents)	31.03.2017 (cents)
Net asset value per ordinary share based on issued share capital at the end of the period	27.40	26.96	7.37	6.65

As at 30 September 2017, the number of issued ordinary shares is 308,065,282 (31 March 2017: 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\$2.0 million or 8.8% from approximately S\$22.4 million for the six months ended 30 September 2016 ("HY2017") to approximately S\$24.4 million for the six months ended 30 September 2017 ("HY2018"). 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\$2.0 million or 8.8% from approximately S\$22.4 million in HY2017 to approximately S\$24.4 million in HY2018. The increase was mainly due to higher contribution from the Exxon project for the period.

Trading business

There is no trading income for the period.

Cost of sales and gross profit

Cost of sales increased by approximately S\$1.9 million or 11.1% from approximately S\$17.2 million for HY2017 to approximately S\$19.1 million for HY2018, mainly due to higher salary-related costs of approximately S\$1.1 million, higher rental expenses of approximately S\$0.7 million and higher depreciation expense of approximately S\$0.1 million.

Gross profit increased by approximately S\$0.1 million or 1.3% from approximately S\$5.2 million (representing a gross margin of 23.4%) for HY2017 to approximately S\$5.3 million (representing a gross margin of 21.8%) for HY2018. The increase in gross profit was mainly due to the increase in leasing revenue which was partially offset by higher cost of sales as explained above.

Other income

Other income decreased by approximately S\$0.2 million or 14.2% from approximately S\$1.4 million for HY2017 to approximately S\$1.2 million for HY2018, mainly due to a decrease in net gain from disposal of property, plant and equipment of approximately S\$0.5 million. This was partly offset by an increase in sundry income of approximately S\$0.3 million.

Distribution expenses

Distribution expenses decreased by approximately S\$0.1 million or 46.4% from approximately S\$0.2 million for HY2017 to approximately S\$0.1 million for HY2018, mainly due to a decrease in commission expenses.

Administrative expenses

Administrative expenses increased by approximately S\$0.3 million or 7.3% from approximately S\$3.7 million for HY2017 to approximately S\$4.0 million for HY2018. The increase was mainly due to an increase in salary related costs.

Finance costs

Finance costs increased by approximately S\$18,000 or 2.6% from approximately S\$681,000 for HY2017 to approximately S\$699,000 for HY2018. The increase was mainly due to an increase in net exchange rate loss of approximately S\$51,000 and increase in interest expense of approximately S\$41,000. This was partly offset by a decrease in recovery of bad debts of approximately S\$23,000 and decrease in net allowance for impairment loss on trade and other receivables of approximately S\$51,000.

Income tax

Income tax expense decreased by approximately S\$0.1 million or 23.0% from approximately S\$0.5 million for HY2017 to approximately S\$0.4 million for HY2018. This was in line with the lower profit before income tax generated by the Group for HY2018.

Profit for the period

Net profit for HY2018 decreased by approximately S\$0.1 million or 9.7% from approximately S\$1.5 million for HY2017 to approximately S\$1.4 million for HY2018 due to the reasons explained above.

Review of Financial Position

Non-Current Assets

The Group's non-current assets as at 30 September 2017 amounted to approximately S\$127.3 million or 86.7% of total assets of approximately S\$146.8 million. The decrease in non-current assets of approximately S\$5.4 million or 4.0% compared to as at 31 March 2017 was mainly due to depreciation charge for the period of approximately S\$5.7 million. This was partly offset by an increase in purchase of property, plant and equipment of approximately S\$0.2 million.

Current Assets

As at 30 September 2017, the Group's current assets amounted to approximately S\$19.5 million or 13.3% of total assets of approximately S\$146.8 million.

The increase in current assets of approximately S\$0.1 million or 0.3% compared to as at 31 March 2017 was mainly due to an increase cash and cash equivalents of approximately S\$2.0 million. This was partly offset by a decrease in trade and other receivables of approximately S\$1.9 million.

Non-Current Liabilities

As at 30 September 2017, the Group's non-current liabilities amounted to approximately S\$37.7 million or 60.4% of total liabilities of approximately S\$62.5 million. The decrease in non-current liabilities of approximately S\$0.9 million or 2.4% compared to as at 31 March 2017 was due to a decrease in loans and borrowings of approximately S\$1.3 million. This was partly offset by an increase in deferred tax liabilities of approximately S\$0.4 million.

Current Liabilities

As at 30 September 2017, the Group's current liabilities amounted to approximately S\$24.8 million or 39.6% of total liabilities of approximately S\$62.5 million. The decrease in current liabilities of approximately S\$5.7 million or 18.8% compared to as at 31 March 2017 was mainly due to a decrease in trade and other payables of approximately S\$4.0 million and a decrease in loans and borrowings of approximately S\$1.7 million.

The Group's net current liabilities decreased from approximately S\$11.0 million as at 31 March 2017 to approximately S\$5.2 million as at 30 September 2017 mainly due to lower loans and borrowings and lower trade and other payables.

Review of Cash flow Statement

The Group's net cash from operating activities for HY2018 decreased by approximately S\$0.9 million as compared to HY2017 due to higher operating profit before working capital changes of approximately S\$0.2 million which was offset by higher net working capital outflow of approximately S\$1.1 million.

The Group's net cash used in investing activities for HY2018 decreased marginally by approximately S\$48,000 as compared to HY2017. This was mainly due to a decrease in acquisition of property, plant and equipment of approximately S\$0.2 million which was partially offset by a decrease in proceeds from disposal of property, plant and equipment of approximately S\$0.2 million.

The Group's net cash used in financing activities for HY2018 decreased by approximately S\$2.9 million compared to HY2017. This was mainly due to an increase in proceeds from loans and borrowings of approximately S\$3.2 million which was partly offset by an increase in repayment of finance lease, loans and borrowings of approximately S\$0.3 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 HY2018 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 2017 dated 25 May 2017.

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

The Group expects the industry to remain competitive for the next 12 months. Despite the challenging conditions, the Group will continue to harness its core strength with its extensive fleet of mobile cranes. At the same time, the group will also continue to explore new crane leasing and related business opportunities both in the local and regional markets.

The Group's trading business is expected to remain weak for the next twelve months.

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 HY2018.

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.

14. Confirmation by Directors pursuant to Rule 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 2017 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company hereby confirms that it has already procured undertakings from all its Directors and executive officers in the format as set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

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

Ong Boon Tat
Executive Director

9 November 2017

*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 Lee Chee Cheong, 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.