

**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 2016 TO 30 SEPTEMBER 2016**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 30.09.2016	6 months ended 30.09.2015	Change
	S\$'000	S\$'000	%
Revenue	22,404	19,228	16.5
Cost of sales	(17,159)	(14,832)	15.7
Gross profit	5,245	4,396	19.3
Other income	1,361	904	50.6
Distribution expenses	(153)	(166)	(7.8)
Administrative expenses	(3,714)	(3,313)	12.1
Results from operating activities	2,739	1,821	50.4
Finance income	-	1	(100.0)
Finance costs	(681)	(895)	(23.9)
Net finance costs	(681)	(894)	(23.8)
Profit before income tax	2,058	927	122.0
Income tax expense	(538)	(237)	127.0
Profit for the period	1,520	690	120.3
Profit attributable to:			
Owners of the company	1,520	690	120.3
Non-controlling interest	-	-	-
Profit for the period	1,520	690	120.3

NM: Not Meaningful

Consolidated Statement of Comprehensive Income

	Group		
	6 months ended 30.09.2016 S\$'000	6 months ended 30.09.2015 S\$'000	Change %
Profit for the period	1,520	690	120.3
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	26	24	8.3
Other comprehensive income for the period, net of tax	26	24	8.3
Total comprehensive income for the period	1,546	714	116.5
Total comprehensive income attributable to:			
Owners of the company	1,546	714	116.5
Non-controlling interest	-	-	-
Total comprehensive income for the period	1,546	714	116.5

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 30.09.2016 S\$'000	6 months ended 30.09.2015 S\$'000	Change %
Interest expense	643	729	(11.8)
Depreciation of property, plant and equipment	5,609	5,612	(0.1)
Allowance for impairment loss on trade receivables	24	63	(61.9)
Reversal of impairment on trade and other receivables	-	(111)	(100.0)
Net exchange loss	38	199	(80.9)
Gain on disposal of property, plant and equipment	(525)	(166)	216.3
Recovery of bad debts previously written off	(31)	-	NM
Property, plant and equipment written off	-	164	(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	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	123,502	125,900	18,183	16,102
Investment property	1,079	1,056	-	-
Subsidiaries	-	-	3,500	3,500
	<u>124,581</u>	<u>126,956</u>	<u>21,683</u>	<u>19,602</u>
Current assets				
Inventories	1,103	1,122	-	-
Trade and other receivables	18,014	15,081	9,866	13,050
Cash and cash equivalents	3,302	3,373	290	278
	<u>22,419</u>	<u>19,576</u>	<u>10,156</u>	<u>13,328</u>
Total assets	<u>147,000</u>	<u>146,532</u>	<u>31,839</u>	<u>32,930</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	31	5	-	-
Retained earnings	56,960	55,440	(3,949)	(3,089)
	<u>79,771</u>	<u>78,225</u>	<u>20,501</u>	<u>21,361</u>
Non-controlling interests	<u>(53)</u>	<u>(53)</u>	<u>-</u>	<u>-</u>
Total equity	<u>79,718</u>	<u>78,172</u>	<u>20,501</u>	<u>21,361</u>
Non-current liabilities				
Loans and borrowings	23,496	29,516	8,552	9,436
Deferred tax liabilities	9,901	9,363	-	-
	<u>33,397</u>	<u>38,879</u>	<u>8,552</u>	<u>9,436</u>
Current liabilities				
Trade and other payables	10,189	7,446	899	187
Loans and borrowings	23,696	22,035	1,887	1,946
Current tax payable	-	-	-	-
	<u>33,885</u>	<u>29,481</u>	<u>2,786</u>	<u>2,133</u>
Total liabilities	<u>67,282</u>	<u>68,360</u>	<u>11,338</u>	<u>11,569</u>
Total equity and liabilities	<u>147,000</u>	<u>146,532</u>	<u>31,839</u>	<u>32,930</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 30.09.2016	
Secured (1)	Unsecured
S\$'000	S\$'000
17,913	5,792

As at 31.03.2016	
Secured (1)	Unsecured
S\$'000	S\$'000
19,535	2,500

Amount repayable after one year

As at 30.09.2016	
Secured (1)	Unsecured
S\$'000	S\$'000
23,487	-

As at 31.03.2016	
Secured (1)	Unsecured
S\$'000	S\$'000
29,474	42

Details of any collateral

- 1) As at 30 September 2016, term loans payable of approximately S\$24.3 million (31.03.2016: S\$18.3 million) were secured by fixed charges over certain property, plant and equipment of the Group with a carrying amount of approximately S\$30.2 million (31.03.2016: S\$37.1 million) and corporate guarantees executed by the Company.

The remaining secured borrowings of approximately S\$17.1 million (31.03.2016: S\$30.7 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\$59.7 million (31.03.2016: S\$64.8 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 30.09.2016 S\$'000	6 months ended 30.09.2015 S\$'000
Cash flows from operating activities		
Profit for the period	1,520	690
Adjustments for:		
Depreciation	5,609	5,612
Gain on disposal of property, plant and equipment	(525)	(166)
Property, plant and equipment written off	-	164
Impairment on trade and other receivables	24	63
Reversal of impairment on trade and other receivables	-	(111)
Recovery of bad debts	(31)	-
Interest expense	643	729
Income tax expense	538	237
	7,778	7,218
Changes in:		
Inventories	19	106
Trade and other receivables	(2,926)	(2,125)
Trade and other payables	1,994	848
Net cash from operating activities	6,865	6,047
Cash flows from investing activities		
Deposit for investment property	(23)	(228)
Acquisition of property, plant and equipment	(830)	(249)
Proceeds from sale of property, plant and equipment	592	166
Net cash used in investing activities	(261)	(311)
Cash flows from financing activities		
Interest paid	(628)	(729)
Proceeds from loans and borrowings	5,523	9,528
Repayment of loans and borrowings	(3,747)	(7,350)
Payment of finance lease liabilities	(7,850)	(7,469)
Net cash used in financing activities	(6,702)	(6,020)
Net decrease in cash and cash equivalents	(98)	(284)
Cash and cash equivalents at beginning of the period	3,373	2,697
Effect of exchange rate changes on balances held in foreign currencies	27	30
Cash and cash equivalents at end of the period	3,302	2,443

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 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
<i>Total comprehensive income for the period</i>	-	-	-	1,520	1,546	-	1,546
At 30 September 2016	24,450	(1,670)	31	56,960	79,771	(53)	79,718

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

Company

	Share capital S\$'000	Retained Earnings S\$'000	Total attributable to equity holders of the Company S\$'000
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
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

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 2016.

As at 30 September 2016 and 30 September 2015, 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.

	30.09.2016 No. of shares	31.03.2016 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 2016 and 31 March 2016.

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 2016.

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 2016. 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 30.09.2016	6 months ended 30.09.2015
	(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	0.49	0.22
(b) On a fully diluted basis	0.49	0.22

Basic earnings per share and fully diluted earnings per share for the six-month period ended 30 September 2016 were computed based on net profit attributable to shareholders of S\$1,519,579 (30 September 2015: S\$689,793) and weighted average number of shares of 308,065,282 (30 September 2015: 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	
	30.09.2016 (cents)	31.03.2016 (cents)	30.09.2016 (cents)	31.03.2016 (cents)
Net asset value per ordinary share based on issued share capital at the end of the period	25.90	25.40	6.65	6.93

As at 30 September 2016, the number of issued ordinary shares is 308,065,282 (31 March 2016: 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\$3.2 million or 16.5% from approximately S\$19.2 million for the six months ended 30 September 2015 ("HY2016") to approximately S\$22.4 million for the six months ended 30 September 2016 ("HY2017"). 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\$3.2 million or 16.7% from approximately S\$19.2 million in HY2016 to approximately S\$22.4 million in HY2017. The increase was mainly due to higher utilisation rates of the lifting and haulage fleet.

Trading business

The lack of demand in the market has led to the slow growth of the trading business.

Cost of sales and gross profit

Cost of sales increased by approximately S\$2.3 million or 15.7% from approximately S\$14.8 million for HY2016 to approximately S\$17.1 million for HY2017, mainly due to higher salary-related costs of approximately S\$2.2 million, higher rental expenses of approximately S\$0.3 million and higher upkeep and maintenance expense of approximately S\$0.1 million. This was partly offset by lower depreciation expense of approximately S\$0.1 million, lower fuel cost of approximately S\$0.1 million and lower freight and handling expenses of approximately S\$0.1 million.

Gross profit increased by approximately S\$0.8 million or 19.3% from approximately S\$4.4 million (representing a gross margin of 22.9%) for HY2016 to approximately S\$5.2 million (representing a gross margin of 23.4%) for HY2017. 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 increased by approximately S\$0.5 million or 50.6% from approximately S\$0.9 million for HY2016 to approximately S\$1.4 million for HY2017, mainly due to an increase in net gain from disposal of property, plant and equipment of approximately S\$0.4 million and increase in sundry income of approximately S\$0.3 million. This was partly offset by a decrease in insurance claims of approximately S\$0.2 million.

Distribution expenses

Distribution expenses decreased by approximately S\$13,000 or 7.8% from approximately S\$166,000 for HY2016 to approximately S\$153,000 for HY2017, mainly due to a decrease in entertainment expenses.

Administrative expenses

Administrative expenses increased by approximately S\$0.4 million or 12.1% from approximately S\$3.3 million for HY2016 to approximately S\$3.7 million for HY2017. The increase was mainly due to an increase in staff-related costs of approximately S\$0.3 million.

Finance income

Finance income decreased by approximately S\$1,000 from HY2016 to HY2017 mainly due to lower interest income.

Finance costs

Finance costs decreased by approximately S\$0.2 million or 23.9% from approximately S\$0.9 million for HY2016 to approximately S\$0.7 million for HY2017. The decrease was mainly due to a decrease in net exchange rate loss of approximately S\$0.1 million and interest expense of approximately S\$0.1 million.

Income tax

Income tax expense increased by approximately S\$0.3 million or 127.0% from approximately S\$0.2 million for HY2016 to approximately S\$0.5 million for HY2017. This was in line with the higher profit before income tax generated by the Group for HY2017.

Profit for the period

Net profit for HY2017 increased by approximately S\$0.8 million or 120.3% from approximately S\$0.7 million for HY2016 to approximately S\$1.5 million for HY2017 due to the reasons explained above.

Review of Financial Position

Non-Current Assets

The Group's non-current assets as at 30 September 2016 amounted to approximately S\$124.6 million or 84.7% of total assets of approximately S\$147.0 million. The decrease in non-current assets of approximately S\$2.4 million or 1.9% compared to as at 31 March 2016 was mainly due to depreciation charge for the period of approximately S\$5.6 million. This was partly offset by an increase in purchase of property, plant and equipment of approximately S\$3.2 million.

Current Assets

As at 30 September 2016, the Group's current assets amounted to approximately S\$22.4 million or 15.3% of total assets of approximately S\$147.0 million.

The increase in current assets of approximately S\$2.8 million or 14.5% compared to as at 31 March 2016 was mainly due to an increase in trade and other receivables of approximately S\$2.9 million.

Non-Current Liabilities

As at 30 September 2016, the Group's non-current liabilities amounted to approximately S\$33.4 million or 49.6% of total liabilities of approximately S\$67.3 million. The decrease in non-current liabilities of approximately S\$5.5 million or 14.1% compared to as at 31 March 2016 was due to a decrease in loans and borrowings of approximately S\$6.0 million. This was partly offset by an increase in deferred tax liabilities of approximately S\$0.5 million.

Current Liabilities

As at 30 September 2016, the Group's current liabilities amounted to approximately S\$33.9 million or 50.4% of total liabilities of approximately S\$67.3 million. The increase in current liabilities of approximately S\$4.4 million or 14.9% compared to as at 31 March 2016 was mainly due to an increase in trade and other payables of approximately S\$2.7 million and an increase in loans and borrowings of approximately S\$1.7 million.

The Group's net current liabilities increased from approximately S\$9.9 million as at 31 March 2016 to approximately S\$11.5 million as at 30 September 2016 mainly due to higher loans and borrowings.

Review of Cash flow Statement

The Group's net cash from operating activities for HY2017 increased by approximately S\$0.8 million as compared to HY2016 due to higher operating profit before working capital changes of approximately S\$0.6 million and higher working capital inflows of approximately S\$0.2 million.

The Group's net cash used in investing activities for HY2017 decreased by approximately S\$0.1 million as compared to HY2016. This was mainly due to a decrease in deposit for investment property of approximately S\$0.2 million and an increase in proceeds from disposal of property, plant and equipment of approximately S\$0.4 million. This was partly offset by an increase in acquisition of property, plant and equipment of approximately S\$0.5 million.

The Group's net cash used in financing activities for HY2017 increased by approximately S\$0.7 million compared to HY2016. This was mainly due to a decrease in proceeds from loans and borrowings of approximately S\$4.0 million which was partly offset by a decrease in repayment of finance lease, loans and borrowings of approximately S\$3.3 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 HY2017 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 2016 dated 30 May 2016.

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

With the uncertain economic outlook and the intensive competition among the crane suppliers, the Group expects the industry to remain challenging for the next 12 months. Nevertheless, the Group will continue to capitalise on its strength in the industry and to secure jobs for both existing and new customers. The Group's trading business is expected to remain weak as well.

The Group will continue to explore any possible crane leasing opportunities in the regional markets.

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/recommended, a statement to that effect

No dividend has been declared or recommended in respect of HY2017.

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 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 2016 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
Non-Executive Director

10 November 2016

*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.