

AIMING *for* HIGHER GROUND



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This document 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"). The Sponsor has not independently verified the contents of this document.

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

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Corporate Profile

Established since 1978, Hiap Tong Corporation Ltd. is a leading provider of hydraulic lifting and haulage services to the marine, petrochemical and construction industries in Singapore.

From a single 10 tonne mobile crane in 1980, the Group has expanded its combined lifting and haulage fleet size to an aggregate of 242 vehicles as at 31 March 2012, consisting of 110 cranes (with lifting capacities ranging from 10 to 1200 tonnes) and 132 units of haulage equipment.

Hiap Tong offers the largest range of lifting capabilities in the hydraulic mobile crane category and is the only Singapore company with the ability to provide mobile lifting services with lifting capacities of up to 1200 tonnes. Our current lifting capabilities of up to 1200 tonnes allow us to undertake specialised lifting jobs.

We pride ourselves as an integrated one-stop service provider, offering a complete solution to customers from lifting services, with our extensive fleet of mobile cranes, to transportation services, with our haulage fleet.

With an established customer base of more than 200 customers, some of our notable customers include business units and affiliates of SembCorp Industries Ltd and Keppel Corporation Limited in the marine industry; Sankyu (S) Pte. Ltd. and Singapore Takada Industries Pte. Ltd. in the petrochemical industry; as well as Bachy Solentanche Singapore Pte. Ltd. and Rotary Engineering Ltd in the construction industry. With our strong track record, business reputation and superior quality services, many of our major customers are repeat customers who have been doing business with us for more than 10 years.

Our Industries

We service a large and diverse customer base, mainly from the marine, petrochemical and construction industries. We have also started servicing the renewable energy industry since the last financial year.

Marine



Petrochemical



Construction



Renewable energy



Scope of business

- Conversion and repairs of vessels
- Lifting cranes and equipment onto vessels
- Construction and lifting of large containers
- Construction of plants and refineries
- Maintenance of plants and refineries
- Boiler maintenance
- Lifting of steel structures and parts
- Lifting of pre-cast slabs, steel fittings and beams in construction works
- Installation and maintenance of windmills

Our Business

1 Leasing of cranes and haulage equipment

Our focus has always been primarily on the provision of leasing services. As part of our total lifting and haulage solutions service, we provide on-site consultation and inspection services.

Our Lifting Fleet

- Our lifting fleet totals 110 cranes as at 31 March 2012, which comprises rough terrain cranes, mobile truck cranes, all terrain cranes, telescopic crawler cranes, and mobile tower crane.
- Our current lifting capabilities range from 10 to 1200 tonnes, allowing us to undertake specialised lifting jobs requiring heavy lifting beyond the capability of most conventional cranes commonly found in the market.

Rough Terrain Crane



Mobile Truck Crane



Crawler Crane



All Terrain Crane



Telescopic Crawler Crane



Mobile Tower Crane



Our Business

2 Trading of cranes and haulage equipment

Our trading activities are opportunistic. There are no trading activities in both current and previous financial year.

Our Haulage Fleet

- Our haulage fleet totals 132 units as at 31 March 2012, which comprises trailers, prime movers and lorry cranes capable of lifting between 10 tonnes to 75 tonnes, as well as Cometto trailers.
- Our haulage fleet is often employed for transportation of accessories for heavy cranes and provides support services for our lifting business. Our haulage services enable large cranes to be disassembled and their components transported in parts to job sites.
- We believe that our 75-tonne lorry crane has the largest lifting capacity in its class in Singapore.

Trailer



Lorry Crane



Prime Mover



Cometto Trailer



Chairman's Message

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended 31 March 2012.

Financial Review

The Company made a change of financial year from 31 December to 31 March in the previous financial year, which covered a 15-month period ("FY2011") whereas the current financial year covers a 12-month period ("FY2012"). As such, the percentage of decrease in revenue and gross profit compared with the previous year is due largely to the different length of the corresponding period.

During the year, revenue decreased by approximately S\$6.7 million or 19.9% from approximately S\$33.8 million for FY2011 to approximately S\$27.1 million for FY2012. The decrease was mainly attributed to the additional 3-month period in the prior financial period.

Even though the revenue for FY2012 decreased when compared to the previous financial period, the current financial year's average monthly leasing revenue is higher than that of the previous financial period. This is mainly due to a slight improvement in rental rates in the second half of the current financial year. Overall, the utilisation rate of our leasing equipment has also improved during the second half of the current financial year.

There was no trading income in both financial year ended 31 March 2012 and financial period ended 31 March 2011 due to a lack of demand in the market.

Gross profit decreased by S\$2.4 million or 22.1% from S\$11.0 million (representing a gross margin of 32.5%) for FY2011 to S\$8.6 million (representing a gross margin of 31.7%) for FY2012. The decrease in gross profit was mainly due to the shorter period in the current financial year as compared to the prior period as explained above.

On an operating level, the Group's distribution expenses increased by approximately S\$31,000 or 12.9% from approximately S\$240,000 for FY2011 to approximately S\$271,000 for FY2012, mainly due to an increase in commission expenses of about S\$36,000. Administrative expenses decreased by approximately S\$1.5 million or 25.4% from S\$5.8 million for FY2011 to S\$4.4 million for FY2012. Generally, the administrative expenses for FY2012 are lower as it covers a 12-month period, whereas FY2011 covered a 15-month period.

Taking into consideration the net financial expenses, the Group's profit for the year decreased by S\$1.9 million or 41.4% from S\$4.6 million for FY2011 to S\$2.7 million for FY2012 due to the reasons explained above.

Earnings per share declined from 2.0 cents in FY2011 to 1.1 cents in FY2012, whereas net asset value per share increases from 21.68 cents as at 31 March 2011 to 22.92 cents as at 31 March 2012.

Business Review

Singapore operation

Our Singapore operation went through another challenging year with business environment remaining competitive and rental rates continue to be depressed.



Chairman's Message

Nevertheless, with our extensive fleet of mobile cranes and established customer base, we are still able to consistently provide reliable services to our customers. The management team has also managed to keep the operation lean and cost efficient so as to remain profitable for FY2012.

Overseas expansion

The Group will continue to be cautious in exploring any new growth opportunities in the region.

With the robust growth in certain sectors of Malaysia, the Group expects its business activities in Malaysia to increase in the next 12 months. As for our operation in China and India, we do not expect these segments to have any significant contribution to the Group in the near future.

Outlook and Strategy

The business environment in our industry is expected to remain competitive due to the continued over supply of cranes. Rising costs and uncertainty in rental rates will inevitably make the operating environment of our leasing business more challenging. The trading business will also likely to be weak due to the uncertainty in the global economies.

To maintain our competitive advantage in this challenging environment, the Group will enhance our core strength as a leading provider of lifting and haulage services to our established customers, as well as to secure new customers. With our experienced team and our extensive lifting and haulage fleet, the Group will continue to explore all opportunities and growth prospects both in Singapore and overseas.

Dividend

To reward our shareholders, the Board has proposed a first and final tax-exempt dividend of 0.5 cents per ordinary share for FY2012, which represents 45.4% of our profit attributable to the shareholders. The proposed dividend will be subjected to shareholders approval at the Annual General Meeting (AGM) on 27 July 2012.

Note of Appreciation

I would like to extend my gratitude to our shareholders, customers and business associates for their support throughout the years. I would also like to thank our directors, management team and employees for their invaluable contribution and dedication to the Group.

Although we have a challenging year ahead, I am confident that we will be able to ride through the challenges with your continued support.

Mr Ong Teck Meng

Executive Chairman and Chief Executive Officer





We pride ourselves as an integrated one-stop service provider, offering a complete solution to customers from lifting services, with our extensive fleet of mobile cranes, to transportation services, with our haulage fleet.

Milestones

2011 / 2012

Took delivery of a 300-tonne & a 500-tonne mobile crane, thus expanding the range of our lifting capacity in our Singapore's operation.

2010 / 2011

Took delivery of our first 1200-tonne mobile crane.
Incorporated a subsidiary which started its mobile lifting operation in China.
Incorporated a subsidiary in India and Malaysia.



2009

Listed on the Catalist Board of the SGX-ST.
As at 31 December 2009, we have expanded our combined lifting fleet and haulage fleet size to an aggregate of 230 vehicles.

2003

Received the ISO 9001:2000 Certification by the International Organisation for Standardisation.

2002

Seized the opportunity to purchase more cranes from Japan, increasing our fleet size to over 50 cranes.

1991

Started our haulage service business with our first prime mover and trailer.

1984

Took delivery of our first 90-tonne mobile crane, which was then the largest mobile crane of its kind in Singapore.



1980

Ventured into the provision of crane rental services with a single 10-tonne mobile crane.

1978

Hiap Tong Trading was established with the primary business of trading and renting commercial vehicles, such as pick-up trucks and passenger vehicles.

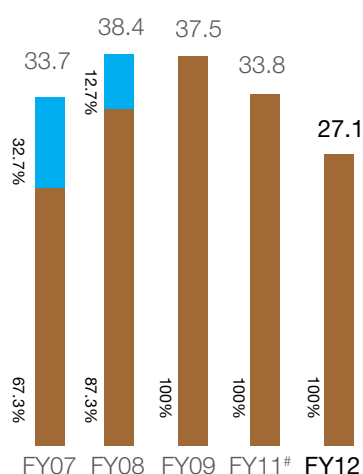
Our strong track record and business reputation of providing superior quality services has earned us many major customers, some of them even doing business with us for more than 10 years - a proof of our commitment to excellence.



Financial Highlights

\$'000	FY2007	FY2008	FY2009	FY2011 [#]	FY 2012
Revenue	33,654	38,421	37,514	33,832	27,087
Cost of sales	(20,296)	(19,366)	(18,336)	(22,813)	(18,498)
Gross profit	13,358	19,055	19,178	11,019	8,589
Other income	6,619	981	919	1,272	3,255
Distribution expenses	(345)	(195)	(155)	(240)	(271)
Administrative expenses	(2,122)	(3,797)	(4,190)	(5,844)	(4,360)
Other expenses	-	-	(17)	-	(380)
Net finance costs	(1,365)	(3,815)	(1,249)	(1,660)	(3,325)
Profit before income tax	16,145	12,229	14,486	4,547	3,508
Income tax (expense)/credit	(2,271)	(2,026)	(1,614)	52	(814)
Net profit for the year/period	13,874	10,203	12,872	4,599	2,694

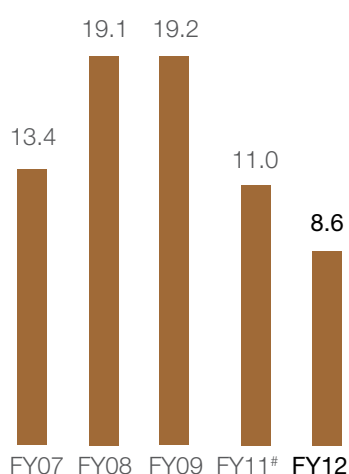
Revenue (\$'m)



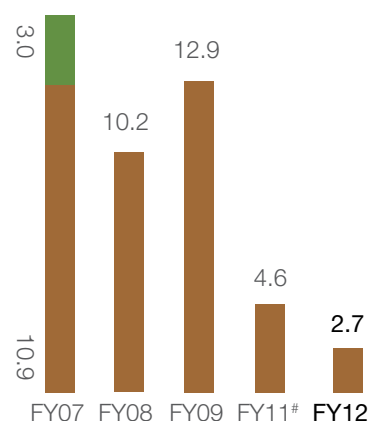
■ Leasing Business

■ Trading Business

Gross Profit (\$'m)



Net Profit (\$'m)

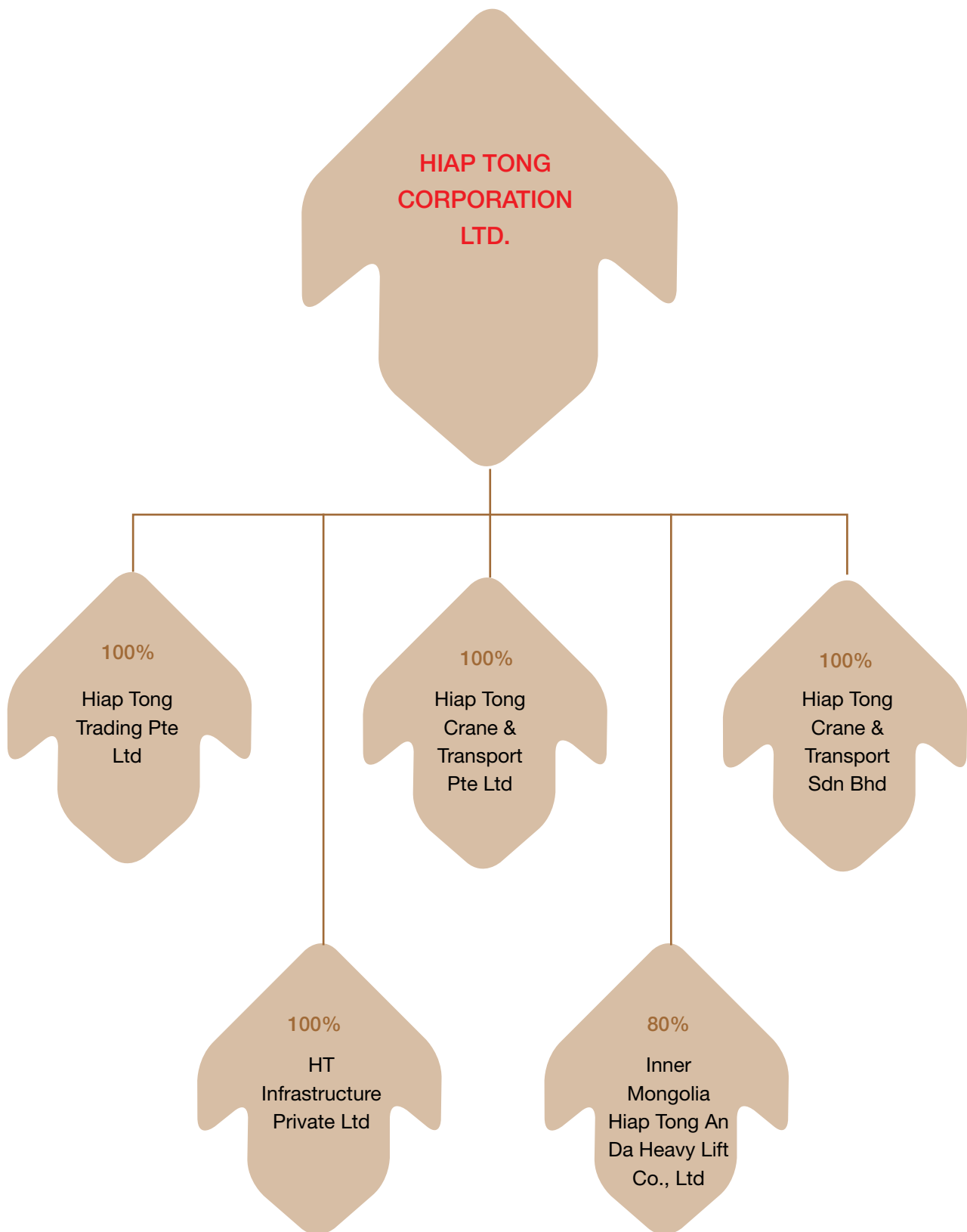


■ Exceptional item of \$3.0 million from the dilution of interest in a subsidiary.

[#] FY2011 is for a 15-month period from 1 January 2010 to 31 March 2011.



Group Structure



Board of Directors & Senior Management

Mr Ong Teck Meng

Executive Chairman and Chief Executive Officer

As the Executive Chairman and Chief Executive Officer and the founder, Mr Ong Teck Meng is responsible for managing the Group's overall business development.

Mr Ong has been the managing director of Hiap Tong Trading since 1978 and has 33 years of experience in the crane industry. He established Hiap Tong Trading in 1978 to engage in the business of trading and renting commercial vehicles. Under his leadership, the Group has developed from a small commercial vehicle leasing and trading company to a small crane leasing company with a single crane, and has now emerged as a leading integrated lifting and haulage solutions provider in Singapore.

Mr Ong received primary school level education and was appointed to the Board on 8 January 2008.

Mr Ong Boon Tat Alvin

Executive Director

Mr Ong Boon Tat Alvin assists the Chief Executive Officer in the day-to-day management of the Group, as well as managing the Group's strategic planning functions.

Mr Ong has more than 7 years of experience in the crane industry. From 2002 to 2004, he was a manager at Hiap Tong Crane and was responsible for its accounts and payroll. In 2005, he joined Kim Eng Securities Pte Ltd as a dealer involved in retail and institutional dealing. In mid-2007, Mr Ong returned to Hiap Tong Crane as a director in charge of corporate finance and the operations of the company.

Mr Ong graduated from the National University of Singapore in 2002 with a Bachelor of Arts degree, majoring in Economics and Statistics, and was appointed to the Board on 8 January 2008.

Mr Ong Lim San

Executive Director

With extensive technical experience in the crane industry, Mr Ong Lim San oversees the technical aspects and managing the maintenance department of the Group, which involves all maintenance, repair and reconditioning works done on our lifting and haulage fleets.

Mr Ong joined the Group in 1978, and was appointed as a director of Hiap Tong Trading and Hiap Tong Crane in 1980 and 1988 respectively.

Mr Ong graduated from Singapore Polytechnic with a certificate in mechanical draughting in 1974, and was appointed to the Board on 6 October 2008.

Mr Ng Eng Joo

Executive Director

Together with the CEO, Mr Ng Eng Joo is jointly responsible for overseeing the Group's trading business. With 13 years of experience in the crane industry under his belt, he is also in charge of managing the deployment of the Group's resources for its leasing business.

Mr Ng joined Hiap Tong in 1998 and has held various positions in the administration, as well as sales and trading functions. He had also worked in the Finance and Insurance industry sector between 1993 to 1998.

Mr Ng holds a diploma in business studies from Ngee Ann Polytechnic in 1993, and was appointed to the Board on 6 October 2008.

Mr Yong Yean Chau

Lead Independent Director

Mr. Yong is the Chief Executive Officer (CEO) and Executive Director of Parkway Trust Management Limited, the manager of Parkway Life REIT. He joined Parkway Trust Management Limited as Chief Financial Officer (CFO) in February 2008 and was promoted to CEO in December 2008. Mr. Yong was previously the CFO of the Singapore Tourism Board, overseeing its finance and corporate services functions. Prior to that, he was the CFO of Ascendas Pte Ltd (Ascendas). During his tenure with Ascendas, he was seconded to China-Singapore Suzhou Development Ltd and Singapore- Suzhou Township Development Pte Ltd as the CFO, in Suzhou, China. Before joining Ascendas, Mr. Yong held other finance and audit positions in Beijing ISS International School, Housing and Development Board and Arthur Andersen.

Mr. Yong graduated from the National University of Singapore in 1992 with a Bachelor of Accountancy (Honours) and was conferred a Fellow Certified Public Accountant (FCPA) by the Institute of Certified Public Accountants of Singapore. He has also completed the Advanced Management Programme with Harvard Business School.

Mr Yong was appointed to the Board on 6 October 2008.

Board of Directors & Senior Management

Mr Tan Eng Ann

Independent Director

Mr Tan Eng Ann is currently the Executive Director and Chief Financial Officer of R H Energy Ltd, a publicly-listed company in Singapore.

Mr Tan began his career in 1992 as an audit assistant with Ernst & Young. He has over 18 years of experience in the financial field, having held managerial positions with Yamaichi Merchant Bank, AIB Govett (Asia) Ltd and Standard Chartered Bank and held Chief Financial Officer positions with Beijing Concept Holdings Pte Ltd and Technics Oil & Gas Limited.

He is a qualified Chartered Financial Analyst of the Association for Investment Management and Research (USA) and a Fellow Member of the Institute of Certified Public Accountant of Singapore. He holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University.

Mr Tan was appointed to the Board on 10 November 2009.

Mr Ng Sey Ming

Independent Director

Mr Ng Sey Ming is a practising Advocate and Solicitor of the Supreme Court of Singapore. Mr Ng was called to the Singapore Bar in 2000. In 2007, he was admitted as a Solicitor of England and Wales. In the same year, he was also admitted as an Advocate and Solicitor of the High Court of Malaya.

Mr Ng is currently a partner in the Banking and Finance Practice Group in Rajah & Tann LLP, which he joined as a pupil in 1999. He is also a director of XMH Holdings Ltd. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Mr Ng was appointed to the Board on 6 October 2008.

Senior Management

Mr Sukhmunder Singh s/o Jugjit Singh

General Manager

Mr Sukhmunder Singh s/o Jugjit Singh is responsible for advising the Group's customers on the technical and sales aspects of our leasing business. He is also in charge of the on-site deployment of the Group's vehicles.

Mr Singh started work as a crane operator in 1981, and worked for various construction and logistics companies until 1994. In 1994, Mr Singh joined Neo Corporation Pte Ltd as a plant supervisor, where he stayed till 1997. He then joined Chin Guan Transport & Warehousing Pte Ltd as a heavy lift supervisor. Mr Singh was engaged by Mammoet (S) Pte Ltd as a crane operator in 2000.

He joined our Group in 2002 and held various positions, such as heavy lift supervisor and sales manager, and was eventually appointed as our General Manager in June 2008. In November 2009, Mr Singh completed the Specialist Diploma in Safety and Risk Management Programme with Global School of Technology and Management. The Diploma was awarded by the Universiti Teknologi Malaysia.

Mr Loh Boon Wah

Group Financial Controller

Mr Loh Boon Wah joined the Group in October 2008 as a Senior Finance Manager and was subsequently promoted to the position of Group Financial Controller in 2010. He oversees the financial and accounting aspects of the Group. Mr Loh has more than 16 years of accounting and financial management experience.

Mr Loh joined KPMG Peat Marwick as an Audit Assistant in 1994 and subsequently joined Keppel Land Limited as an Accountant in 1996. He then went on to be the Finance Manager of I.R.E. Corporation Limited in 2001, and of A & P Maintenance Services Pte Ltd in 2003. In 2004, he joined Friven & Co Ltd as their Finance Manager until 2007, during which he was promoted to be the Financial Controller. He then went on to become the Group Financial Controller of TTL Holdings Limited and was working as the Financial Controller of Guangzhao Industrial Forest Biotechnology Group Limited before he joined the Group.

Mr Loh obtained his Bachelor of Accountancy degree from the Nanyang Technological University of Singapore in 1993. He has been a member of the Institute of Certified Public Accountants of Singapore (ICPAS) since 1996.

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Corporate Governance Report

The Board of Directors (the “Board”) of Hiap Tong Corporation Ltd. and its subsidiaries (the “Group”) are committed to achieving high standards of corporate governance within the Group and to put in place effective self-regulatory corporate practices to ensure greater transparency, protecting the interests of its shareholders as well as strengthening investors’ confidence in its management and financial reporting.

The Board is pleased to report to the Shareholders on the manner in which it has applied the principles of good governance and the extent to which it has complied with the principles of the Code of Corporate Governance 2005 (“the Code”) pursuant to Rule 710 of the Listing Manual (Section B: Rules of Catalyst) issued by the Singapore Exchange Securities Trading Limited (SGX-ST) (the “Catalist Listing Manual”). These principles have been applied and are regularly reviewed to ensure transparency and accountability.

On 2 May 2012, the revised Code of Corporate Governance 2012 (the “Code 2012”) was issued. As the Code 2012 does not take effect yet, the Company will comply with the revised guidelines which will be effective for financial year commencing on or after 1 November 2012.

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments of the Company. Apart from its fiduciary duties and statutory responsibilities, the principal functions of the Board are to:

- ⌘ guide the corporate strategy and direction of the Group, including decisions on strategic directions and guidelines and the approval of major funding, investments and divestments;
- ⌘ oversee the business and affairs of the Group, establish with Management, the strategies and financial objectives to be implemented by Management, and monitor their performance;
- ⌘ oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance; and
- ⌘ approve the nomination of new Directors and appointment of key management personnel.

The Board plans to meet at least four times a year, with additional meetings where necessary to deliberate on specific issues including share issuance, recommendation of any declaration of dividends, significant transactions, investments and disposals, the annual budget, review of performance of the Group and approval of the half year and year-end results.

During the financial period from 1 April 2011 to 31 March 2012, the members of the Board and their attendance at the meetings are disclosed below:

Name of Directors	No. of meetings attended
Ong Teck Meng	4 out of 4
Ong Boon Tat Alvin	3 out of 4
Ong Lim San	3 out of 4
Ng Eng Joo	4 out of 4
Yong Yean Chau	4 out of 4
Ng Sey Ming	4 out of 4
Tan Eng Ann	4 out of 4

Corporate Governance Report

All Directors are provided with the agenda and a set of Board papers prior to Board meetings. These are issued in sufficient time to enable the Directors to better understand the matters to be discussed and to have sufficient time to obtain further explanation where necessary to ensure that they are adequately informed for the Board meetings. The Company fully recognizes that the continuous flow of relevant information on an accurate and timely basis is critical for the Board to be effective in discharging its duties.

The Articles of Association of the Company provides for Directors to convene any Board meeting by teleconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. In the event that any person is appointed as a Director, he will be given briefings by Management on the business activities and the strategic directions of the Group.

The Board is supported by three Board committees with specific terms of reference. These committees are the Audit Committee, Nominating Committee and Remuneration Committee. All Board committees have written terms of reference.

Principle 2: Board Composition and Guidance

The current Board has seven members comprising three independent non-executive and four executive Directors. More than one-third of the Directors are non-executive Directors and are independent of Management. The three independent non-executive Directors are Mr. Yong Yean Chau, Mr. Ng Sey Ming and Mr. Tan Eng Ann. For good corporate governance, Mr Yong Yean Chau had been appointed as the Lead Independent Director, who is available to the shareholders in situations where they have concerns or issues which communication through the normal channels with the Executive Chairman and Chief Executive Officer, and Group Financial Controller has failed to resolve or where such communication is inappropriate. He can be contacted at yeanchau@hiaptong.com.

Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The independence of each Director is reviewed annually by the Nominating Committee and it is of the view that the current Board has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from Management. The Nominating Committee is also of the view that no individual or small group of individuals dominates the Board's decision making process.

A brief profile of each director is set out on pages 11 and 12 in the Annual Report.

Principle 3: Chairman and Chief Executive Officer

Mr. Ong Teck Meng, the founder and Chief Executive Officer of the Group, also assumes the role of Chairman of the Board. The Board is mindful of the dual roles held but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide the necessary check and balance. Further, the dual roles have to a certain extent been balanced by the presence of the other executive Directors.

The Chairman ensures that Board meetings are held when necessary and sets the meeting agenda in consultation with the other executive Directors. He and the executive Directors review the Board papers before they are presented to the Board and ensure that Board members are provided with adequate and timely information. He also assists to ensure that the Company complies with the Code.

All major decisions made by the Chairman are reviewed by the Audit Committee. The Nominating Committee reviews his performance and appointment to the Board and the Remuneration Committee reviews his remuneration package periodically. Both the Nominating Committee and Remuneration Committee comprise a majority of Independent Directors of the Company. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.



Corporate Governance Report

Principles 4 & 5: Board Membership and Performance

The Nominating Committee comprises Mr Ng Sey Ming, Mr Yong Yean Chau, Mr Tan Eng Ann and Mr Ong Boon Tat Alvin, with Mr Ng Sey Ming as Chairman. The Nominating Committee will be responsible for the re-nomination of Directors having regard to each Director's contribution and performance; determining annually whether or not a Director is independent; and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

Article 91 of the Articles of Association requires one-third of the Directors to retire and subject themselves to re-election by shareholders at every annual general meeting ("AGM"). The Directors must submit themselves for re-nomination and re-election at regular interval of at least once every three years. In addition, Article 97 requires that a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years.

The Directors standing for re-election at the forthcoming AGM under Article 91 are Mr. Ong Teck Meng and Mr Tan Eng Ann. The Nominating Committee recommends their re-election, after assessing their contribution and performance (including attendance, preparedness, participation and candour).

The Nominating Committee will, subject to the approval of the Board, decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

The search and nomination process for new Directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. New Directors are appointed after the Nominating Committee has reviewed and nominated them for appointment.

The Nominating Committee is of the opinion that the Board has been effective due to the active participation of Board members during each meeting.

Principle 6: Access to Information

To enable the Board to fulfill its responsibilities, Management provides the Board members with quarterly management accounts and other financial statements within 30 days after the end of each quarter. In addition, the Directors are provided with half-yearly reports on the Group's activities and performance. Board members have separate and independent access to senior management and the company secretary at all times. Board member may also obtain independent professional advice in furtherance of their duties, at the Company's expense. No such advice was sought by any Board Member during FY2012.

The company secretary attended all Board meetings and Board committee meetings. The company secretary is responsible to ensure that board procedures are followed and is also responsible for ensuring that the Company complies with the requirements of the Companies Act, the Code and other rules and regulations, which are applicable to the Company. The Directors have separate and independent access to the company secretary at all times. The appointment and removal of the company secretary should be a matter for the Board as a whole.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company's Board of Directors and Board committees.

Corporate Governance Report

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr Tan Eng Ann, Mr Yong Yean Chau and Mr Ng Sey Ming, with Mr Tan Eng Ann as Chairman. The Remuneration Committee recommends to the Board a remuneration framework for the Directors and Executive Officers and determines specific remuneration packages for each Executive Director and Executive Officer. The recommendations of the Remuneration Committee will be submitted for endorsement by the Board.

Principle 8: Level and Mix of Remuneration

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind will be considered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his own remuneration package.

Principle 9: Disclosure on Remuneration

The level and mix of remuneration (in percentage terms) for the Directors for the financial year ended 31 March 2012 are set out below:

Directors' Remuneration

Remuneration band and Name of Director	Base Salary	Variable Bonus	Director's Fees*	Total Remuneration
\$250,000 to \$500,000				
Ong Teck Meng**	86.1%	13.9%	—	100%
Below \$250,000				
Ong Boon Tat Alvin**	86.2%	13.8%	—	100%
Ong Lim San**	86.6%	13.4%	—	100%
Patrick Ng**	86.4%	13.6%	—	100%
Yong Yean Chau	—	—	100%	100%
Ng Sey Ming	—	—	100%	100%
Tan Eng Ann	—	—	100%	100%

* These fees are subject to approval by the shareholders at the AGM for the financial year ended 31 March 2012.

** The Chief Executive Officer and Executive Directors have a 3-year service contract that expires on 2 December 2012.

Key Executives' Remuneration

Remuneration Band	Base Salary	Variable Bonus	Total Remuneration
Below \$250,000			
Sukhmunder Singh s/o Jugjit Singh	93.1%	6.9%	100%
Loh Boon Wah	91.7%	8.3%	100%



Corporate Governance Report

The Group presently does not have any share schemes for its Directors or employees, and as such there were no options granted to any of its Directors or employees during the financial year ended 31 March 2012.

During the financial year ended 31 March 2012, and save as disclosed above, no employees of the Company or its subsidiaries who are immediate family members of a Director received remuneration exceeding \$200,000.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board provides shareholders with half-yearly and annual financial results of the Group in accordance with the requirement under the Catalist Listing Manual. In presenting the Group's half-yearly and annual financial results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

Management currently provides all Directors with quarterly financial summary of the Group's performance.

Principle 11: Audit Committee

The Audit Committee comprises Mr Yong Yean Chau, Mr Ng Sey Ming and Mr Tan Eng Ann, with Mr Yong Yean Chau as Chairman.

The Audit Committee will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Group. The Audit Committee will provide a channel of communication between the Board, Management and external auditors on matters relating to audit.

The Audit Committee held four meetings during the period from 1 April 2011 to 31 March 2012. The attendance at Audit Committee meetings were as follows:

Name of member	No. of meetings attended
Yong Yean Chau	4 out of 4
Ng Sey Ming	4 out of 4
Tan Eng Ann	4 out of 4

The Audit Committee performs the following functions:

- i. review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and Management's response;
- ii. review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Listing Manual and any other relevant statutory or regulatory requirements;
- iii. review the internal control procedures and ensure co-ordination between the external auditors and Management, review the assistance given by Management to the auditors, discuss problems and concerns, if any, arising from audits and any matters which the auditors may wish to discuss (in the absence of Management, where necessary);

Corporate Governance Report

- iv. review and discuss with the external auditors any suspected fraud or irregularity, suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;
- v. consider and evaluate the performance of the external auditors and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of auditors;
- vi. review and ratify interested person transactions (if any) falling within the scope of the Catalist Listing Manual;
- vii. review the procedures by which employees of the Group may, in confidence, report to the Chairman of the Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigations and follow-up actions in relation thereto;
- viii. review potential conflicts of interests (if any);
- ix. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and
- x. generally undertake such other functions and duties as may be required by statute or the Catalist Listing Manual and by such amendments as may be made thereto from time to time.

Apart from the above functions, the Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls, infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position. Each member of the Audit Committee will abstain from voting in respect of matters in which he is interested.

To effectively discharge its responsibilities, the Audit Committee has full access to and the co-operation of Management and full discretion to invite any Director and executive to attend its meetings. It is also able to obtain external professional advice, if necessary. Full resources have been made available to the Audit Committee to enable it to discharge its function properly.

The Group has put in place a Whistle Blowing Policy ("the Policy") which provides a channel for employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the Audit Committee in managing allegations of fraud or other misconduct which may have occurred, so that;

- investigations are carried out in an appropriate and timely manner;
- administrative, disciplinary and civil actions that are initiated following the completion of the investigations, are appropriate and fair; and
- actions are taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence.

The Audit Committee confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence of the external auditors. The current KPMG LLP audit partner-in-charge for the Group and the Company took over from the previous audit partner-in-charge with effect from the year ended 31 March 2012. It is satisfied with the independence and objectivity of the external auditors and recommends to the Board, the nomination of KPMG LLP for reappointment as the external auditors at the forthcoming Annual General Meeting. The fees payable to the auditors are set out on page 61 of this Annual Report.



Corporate Governance Report

In appointing the audit firms for the Group, the Audit Committee is satisfied that the Company has complied with Rules 712 and 715 of the Catalist Listing Manual.

Principle 12: Internal Controls

The Board is responsible for maintaining a sound system of internal controls, covering not only financial controls but also operational and compliance controls including risk management to safeguard shareholders' investments and the Group's assets. The Board is continuously reviewing the adequacy of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board and the Audit Committee are informed of all control issues pertaining to internal control and regulatory compliance.

External auditors have conducted audits that involve testing the effectiveness of the material internal controls in terms of financial reporting systems in the Group. Internal auditors have conducted audits that cover not only financial controls but also operational and compliance controls. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors are reported to the Audit Committee. Based on the internal controls established and maintained by the Group, works performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board and the Audit Committee are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks were adequate.

The Audit Committee will, for a period of at least two years after its admission to Catalist:

- i. ensure that internal control weaknesses are satisfactorily and properly rectified; and
- ii. update CIMB (as continuing sponsor) on the findings of the independent external auditor or accounting firm, and any follow up action taken by the Audit Committee.

The findings of the review will be disclosed in the Company's annual report.

Principle 13: Internal Audit

The Company has outsourced the internal audit function to Transfingo Pte Ltd. The internal auditor reports directly to the Audit Committee, which assists the Board in monitoring and managing internal controls and risks of the Group. The Audit Committee will approve the internal audit plan and ensure adequacy of internal audit resources to perform its tasks.

COMMUNICATION WITH SHAREHOLDERS

Principles 14 & 15: Regular, Effective and Fair Communication with Shareholders and Shareholder Participation

The Board believes in regular, timely and effective communication with shareholders. In addition to the mandatory public announcements made through the SGXNET, timely release of the financial results provides shareholders with an overview of the Group's performance and operations. The principal forum for dialogue with shareholders remains in the AGM, during which shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. Any queries and concerns regarding the Group can be conveyed to the following person:

Mr. Ong Boon Tat Alvin, Executive Director
 Telephone No: (65) 6779 5050
 Fax No: (65) 6777 0841
 E-mail: alvinong@hiaptong.com

Corporate Governance Report

The Group also maintains a website at <http://www.hiaptong.com> at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group.

SECURITIES TRANSACTIONS

The Company observes closely the Best Practice Guide on Securities Transactions ("Securities Transaction Guide") on dealings in the Company's shares by Directors and employees. The Securities Transaction Guide provides guidance to the Directors and employees of the Group with regard to dealing in the Company's shares. It emphasises that the law on insider trading is applicable at all times notwithstanding the window periods for dealing in the shares. The Securities Transaction Guide also enables the Company to monitor such share transactions by requiring employees to report to the Company whenever they deal in the Company's shares.

The Company issues circulars or electronic mails to its Directors, executives and employees that they must not trade in the shares of the Company one month before the release of the half year and year-end financial results. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are discouraged from dealing in the Company's shares on short term considerations.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and are reviewed by the Audit Committee. There is no interested person transactions conducted during the year, which exceeds \$100,000 in value.

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalyst Listing Manual.

The Board is satisfied with the Group's commitment to comply with the Code of Corporate Governance.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, and the non-trade amounts due to various interested persons as disclosed in Note 13 on page 58 of the Annual Report, there were no material contracts entered into by the Company, or any of its subsidiary companies involving the interest of the Chief Executive Officer, any Director or controlling shareholder still subsisting at the end of the financial year.

NON SPONSOR FEES

No fees relating to non-sponsorship activities or services were paid to the Company's sponsor for the financial year ended 31 March 2012.



Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2012.

Directors

The directors in office at the date of this report are as follows:

Ong Lim Wan @ Ong Teck Meng
 Ong Boon Tat Alvin
 Ong Lim San
 Ng Eng Joo
 Yong Yean Chau
 Ng Sey Ming
 Tan Eng Ann

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
<i>Hiap Tong Corporation Ltd.</i>		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	630,060	630,060
- deemed interests	182,490,000	182,490,000
Ong Lim San		
- ordinary shares		
- direct interests	2,100,000	2,100,000
- deemed interests	180,390,000	180,390,000
Ong Boon Tat Alvin		
- ordinary shares		
- direct interests	2,100,000	2,100,000
- deemed interests	75,000	75,000

Directors' Report

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company <i>Hiap Tong Corporation Ltd.</i>		
Ng Eng Joo		
- ordinary shares		
- direct interests	100,000	100,000
The immediate and ultimate holding company <i>Tembusu Asia Holdings Pte. Ltd.</i>		
Ong Lim Wan @ Ong Teck Meng		
- ordinary shares		
- direct interests	910,001	910,001
- deemed interests	525,000	525,000
Ong Lim San		
- ordinary shares		
- direct interests	689,500	689,500

By virtue of Section 7 of the Act, Ong Lim Wan @ Ong Teck Meng and Ong Lim San are deemed to have interests in the other subsidiaries of Hiap Tong Corporation Ltd. in Singapore, all of which are wholly-owned, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2012.

Except as disclosed under the "Share options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in note 24 to the financial statements, since the end of the last financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.



Directors' Report

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Yong Yean Chau (Chairman), non-executive director
- Ng Sey Ming, non-executive director
- Tan Eng Ann, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual)

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Report

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

29 June 2012

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 28 to 73 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ong Lim Wan @ Ong Teck Meng
Director

Ong Lim San
Director

29 June 2012

Independent Auditors' Report

Members of the Company Hiap Tong Corporation Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Hiap Tong Corporation Ltd. (the Company) and its subsidiaries (the Group), which comprise the statement of financial position of the Group and the Company as at 31 March 2012, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 73.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

29 June 2012

Statement of Financial Position

As at 31 March 2012

		Group		Company	
	Note	31/3/2012 \$'000	31/3/2011 \$'000	31/3/2012 \$'000	31/3/2011 \$'000
Non-current assets					
Property, plant and equipment	4	89,902	90,678	–	–
Other long term assets	5	–	468	–	–
Subsidiaries	6	–	–	8,758	10,058
Deferred tax assets	7	293	214	–	–
		90,195	91,360	8,758	10,058
Current assets					
Other investments		1	1	–	–
Assets held-for-sale	5	735	–	–	–
Trade and other receivables	8	13,754	11,151	5,732	661
Cash and cash equivalents	9	4,479	3,680	96	1,077
		18,969	14,832	5,828	1,738
Total assets		109,164	106,192	14,586	11,796
Equity					
Share capital	10	12,898	12,898	12,898	12,898
Merger reserve	11	(1,670)	(1,670)	–	–
Translation reserve		(74)	(408)	–	–
Retained earnings		45,691	42,958	1,472	(1,433)
Equity attributable to owners of the Company		56,845	53,778	14,370	11,465
Non-controlling interest		1,201	1,159	–	–
Total equity		58,046	54,937	14,370	11,465
Non-current liabilities					
Loans and borrowings	12	20,017	20,931	–	–
Trade and other payables	13	3,990	3,401	–	–
Provision	14	100	100	–	–
Deferred tax liabilities	7	5,356	4,393	–	–
		29,463	28,825	–	–
Current liabilities					
Loans and borrowings	12	15,301	15,978	–	–
Trade and other payables	13	5,926	5,954	205	320
Current tax payable		428	498	11	11
		21,655	22,430	216	331
Total liabilities		51,118	51,255	216	331
Total equity and liabilities		109,164	106,192	14,586	11,796

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 March 2012

		Group	
	Note	Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
Revenue		27,087	33,832
Cost of sales		(18,498)	(22,813)
Gross profit		8,589	11,019
Other income	15	3,255	1,272
Distribution expenses		(271)	(240)
Administrative expenses		(4,360)	(5,844)
Other expenses		(380)	–
Results from operating activities		6,833	6,207
Finance income		1	1,869
Finance costs		(3,326)	(3,529)
Net finance costs	16	(3,325)	(1,660)
Profit before income tax		3,508	4,547
Income tax (expense)/credit	17	(814)	52
Profit for the year/period	18	2,694	4,599
Profit attributable to:			
Owners of the Company		2,733	4,972
Non-controlling interest		(39)	(373)
Profit for the year/period		2,694	4,599
Earnings per share			
Basic earnings per share (cents)	19	1.10	2.00
Diluted earnings per share (cents)	19	1.10	2.00

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

	Group	
	Year ended	Period from
	31/3/2012	1/1/2010 to
	\$'000	31/3/2011
		\$'000
Profit for the year/period	2,694	4,599
Other comprehensive income		
Foreign currency translation differences - foreign operations	415	(507)
Other comprehensive income for the year/period, net of tax	415	(507)
Total comprehensive income for the year/period	3,109	4,092
Total comprehensive income attributable to:		
Owners of the Company	3,148	4,465
Non-controlling interest	(39)	(373)
Total comprehensive for the year/period	3,109	4,092

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 March 2012

Group	Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Share capital	Merger reserve	Translation reserve	Retained earnings	Total equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2010	12,898	(1,670)	–	37,986	49,214	–	49,214
Total comprehensive income for the period:							
Profit or loss	–	–	–	4,972	4,972	(373)	4,599
Other comprehensive income, net of tax							
Foreign currency translation differences	–	–	(408)	–	(408)	(99)	(507)
Total other comprehensive income	–	–	(408)	–	(408)	(99)	(507)
Total comprehensive income for the period	–	–	(408)	4,972	4,564	(472)	4,092
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners							
Incorporation of a subsidiary	–	–	–	–	–	1,631	1,631
Total transactions with owners	–	–	–	–	–	1,631	1,631
At 31 March 2011	12,898	(1,670)	(408)	42,958	53,778	1,159	54,937
Group	Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Share capital	Merger reserve	Translation reserve	Retained earnings	Total equity		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2011	12,898	(1,670)	(408)	42,958	53,778	1,159	54,937
Total comprehensive income for the year:							
Profit or loss	–	–	–	2,733	2,733	(39)	2,694
Other comprehensive income, net of tax							
Foreign currency translation differences	–	–	334	–	334	81	415
Total other comprehensive income	–	–	334	–	334	81	415
Total comprehensive income for the year	–	–	334	2,733	3,067	42	3,109
At 31 March 2012	12,898	(1,670)	(74)	45,691	56,845	1,201	58,046

The accompanying notes form an integral part of these financial statements.



Consolidated Statement of Cash Flows

Year ended 31 March 2012

		Group	
	Note	Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
Cash flows from operating activities			
Profit for the year/period		2,694	4,599
Adjustments for:			
Depreciation	4	7,852	9,274
Gain on sale of property, plant and equipment	15	(2,980)	(809)
Gain on sale of available for sale equity securities		–	(6)
Net change in fair value of financial derivatives		10	(1,571)
Provision/(reversal) of impairment loss on trade and other receivables	16	578	(278)
Impairment loss on property, plant and equipment	18	300	–
Dividend income		–	(3)
Interest income	16	(1)	(11)
Interest expense	16	1,825	2,379
Income tax expense/(credit)	17	814	(52)
		11,092	13,522
Change in trade and other receivables		441	5,375
Change in trade and other payables		(1,685)	(685)
Cash generated from operations		9,848	18,212
Income tax refunded		–	544
Income tax paid		–	(951)
Net cash from operating activities		9,848	17,805
Cash flows from investing activities			
Acquisition of property, plant and equipment		(5,329)	(17,923)
Dividends received		–	3
Interest received		1	11
Proceeds from sale of available for sale equity securities		–	186
Proceeds from sale of property, plant and equipment		3,746	2,403
Net cash used in investing activities		(1,582)	(15,320)
Cash flows from financing activities			
Change in non-trade amounts due to directors and shareholders		2,399	3,169
Interest paid		(1,825)	(2,379)
Payments of financial lease liabilities		(14,677)	(21,084)
Proceeds from borrowings		19,121	12,360
Proceeds from non-controlling interest		–	1,532
Repayment of borrowings		(12,610)	(1,364)
Net cash used in financing activities		(7,592)	(7,766)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Note	Group	
		Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
Net increase/(decrease) in cash and cash equivalents		674	(5,281)
Cash and cash equivalents at beginning of the year/period		3,580	9,269
Effect of exchange rate of fluctuation on cash held		125	(408)
Cash and cash equivalents at end of the year/period	9	<u>4,379</u>	<u>3,580</u>

During the year, the Group acquired property, plant and equipment with an aggregate costs of \$11,895,000 (period ended 31/3/2011: \$29,525,000). The cash flows arising from acquisition of property, plant and equipment excluded/included the following items:

- (a) acquisition under finance lease arrangements amounting to \$6,729,000 (period ended 31/3/2011: \$8,831,000);
- (b) increase of \$163,000 (period ended 31/3/2011: decrease of \$2,941,000) arising from exchange differences; and
- (c) for the period ended 31 March 2011, a net increase of \$170,000 related to payments made to suppliers of property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 June 2012.

1. Domicile and activities

Hiap Tong Corporation Ltd. (the “Company”) is a Company incorporated in the Republic of Singapore. The address of the Company’s registered office is 180 Pandan Loop, Singapore 128371.

The Company was admitted to the Official List of the Catalist Board of the SGX on 3 December 2009.

The financial statements of the Company as at and for the year ended 31 March 2012 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in note 6 to the financial statements.

The immediate and ultimate holding company during the year is Tembusu Asia Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements

Year ended 31 March 2012

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4 – estimation of useful life and impairment losses of property, plant and equipment
- Note 6 – estimation of impairment losses of investment in subsidiaries
- Note 8 – estimation of impairment losses of trade and other receivables
- Note 17 – estimation of income tax expense

2.5 Changes in accounting policies

Identification of related party relationships and related party disclosures

From 1 April 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has not resulted in additional parties being identified as related to the Group. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in notes 8, 13 and 24 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries

Investment in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt derivatives issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, provision and trade and other payables.

Share capital - ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Group holds derivative financial instruments, principally forward exchange contracts, to hedge its foreign currency exposures arising from operating activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Changes in the fair value of separable embedded derivatives are recognised immediately in the profit or loss.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Intra-group financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing the individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expense in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is calculated on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

■ Leasehold property	Over the period of the lease terms between 11.5 to 17.5 years
■ Plant and machinery	5 to 20 years from the year of manufacture
■ Renovation	10 years
■ Office equipment	3 to 5 years
■ Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.6 Assets held-for-sale

Assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as assets held-for-sale. Immediately before classification as assets held-for-sale, the assets are measured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.7 Impairment

Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Loans and receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

3.9 Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the profit or loss.

3.10 Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Site restoration

Provision for site restoration is recognised in accordance with the applicable contractual requirements to restore the leasehold property back to its original condition upon expiry of the lease.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.11 Revenue recognition

Rental income

Rental income from the leasing of plant and machinery is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Rental income from subleased property is recognised as other income.

3.12 Lease payments

When the Group is a lessee of an operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When the Group is lessor of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statement of financial position according to their nature and, where applicable, are depreciated in accordance with Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit and loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets of fair value through profit or loss and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.



Notes to the Financial Statements

Year ended 31 March 2012

3. Significant accounting policies (cont'd)

3.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.16 Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer (CEO), who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2011, and have not been applied in preparing these financial statements. The Group is in the process of assessing the impact of these new/revised accounting standards and interpretations. So far, the Group has concluded that the adoption of the new standards, amendments to standards and interpretations is unlikely to have a significant impact on the Group's results of operations and financial position.

Notes to the Financial Statements

Year ended 31 March 2012

4. Property, plant and equipment

	Note	Leasehold property \$'000	Plant and machinery \$'000	Renovation \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Group							
Cost							
At 1 January 2010		2,105	95,734	24	270	763	98,896
Additions		–	29,213	79	92	141	29,525
Disposals		–	(2,496)	–	–	–	(2,496)
At 31 March 2011		2,105	122,451	103	362	904	125,925
Additions		–	11,826	7	31	31	11,895
Reclassifications	8	–	(2,637)	–	–	–	(2,637)
Effect of movements in exchange rates		–	(1,104)	2	1	1	(1,100)
Disposals		–	(3,625)	–	(64)	–	(3,689)
At 31 March 2012		2,105	126,911	112	330	936	130,394
Accumulated depreciation and impairment loss							
At 1 January 2010		2,005	24,306	12	173	381	26,877
Depreciation charge for the period		35	8,979	18	55	187	9,274
Effect of movements in exchange rates		–	(2)	–	–	–	(2)
Disposals		–	(902)	–	–	–	(902)
At 31 March 2011		2,040	32,381	30	228	568	35,247
Depreciation charge for the year		28	7,597	18	50	159	7,852
Impairment loss		–	300	–	–	–	300
Effect of movements in exchange rates		–	15	1	–	–	16
Disposals		–	(2,859)	–	(64)	–	(2,923)
At 31 March 2012		2,068	37,434	49	214	727	40,492
Carrying amounts							
At 1 January 2010		100	71,428	12	97	382	72,019
At 31 March 2011		65	90,070	73	134	336	90,678
At 31 March 2012		37	89,477	63	116	209	89,902

Notes to the Financial Statements

Year ended 31 March 2012

4. Property, plant and equipment (cont'd)

During the year, import tax and value added tax amounting to \$2,637,000 were reclassified from property, plant and equipment to other receivables following the transfer of certain machinery from the People's Republic of China to Singapore (Note 8).

The carrying amount of the property, plant and equipment acquired under finance lease arrangements was \$30,857,000 (31/3/2011: \$54,042,000).

As at 31 March 2012, property, plant and equipment with a carrying amount of \$28,129,000 (31/3/2011: \$17,800,000) was pledged as securities to secure a bank loan of \$15,988,000 (31/3/2011: \$12,373,000).

The depreciation charge for the Group is recognised in the following line items of the profit or loss:

	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
Cost of sales	7,610	8,991
Administrative expenses	242	283
	<u>7,852</u>	<u>9,274</u>

Estimation of useful life of property, plant and equipment

The carrying amounts of the property, plant and equipment are depreciated on a straight-line basis over the remaining useful life of each plant and machinery. Management reviews and revises the estimates of the remaining useful life and residual values of the property, plant and equipment at the end of each financial year based on their age and condition at that time. Changes in the way the property, plant and equipment are used and other factors (such as market or technological factors) could impact the useful life and residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Any changes in the useful life and residual values of the property, plant and equipment would impact the depreciation charges and consequently affect the Group's results.

Impairment losses

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount or value in use is estimated. Determining the value in use or recoverable amount of property, plant and equipment and other long-lived assets requires the determination of future cash flows expected to be generated from the continued use, ultimate disposition of such assets and the business environments. Certain determinations required the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

Based on review performed by the Group, there are no indications of impairment except for certain plant and machinery. An impairment loss amounting to \$300,000 (period ended 31/3/2011: Nil) was recognised under "other expenses". The impairment loss represents the write-down of certain item of plant and machinery to its recoverable amount. The item impaired is primarily leased to third parties. Based on current market conditions, the Group estimated that the recoverable amount of the plant and machinery is lower than its carrying value.

Notes to the Financial Statements

Year ended 31 March 2012

5. Other long term assets and assets held-for-sale

Other long term assets related to monies paid in advance to contractors for land use rights and their related improvement costs.

	Group	
	31/3/2012	31/3/2011
	\$'000	\$'000
At beginning of the year/period	468	–
Additions to other long term assets	267	468
Transfer to assets held-for-sale	(735)	–
At end of the year/period	–	468

On 4 February 2012, the Group entered into a sale agreement to sell the other long term assets to the non-controlling interest at a consideration of \$735,000. Accordingly, the carrying amount of the other long term assets was reclassified as assets held-for-sale.

6. Subsidiaries

	Company	
	31/3/2012	31/3/2011
	\$'000	\$'000
Equity investments, at cost	10,058	10,058
Impairment losses	(1,300)	–
	8,758	10,058

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
			31/3/2012	31/3/2011
			%	%
Hiap Tong Crane & Transport Pte Ltd	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100
Hiap Tong Trading Pte. Ltd.	Rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment	Singapore	100	100



Notes to the Financial Statements

Year ended 31 March 2012

6. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Place of incorporation	Effective equity held by the Group	
			31/3/2012 %	31/3/2011 %
Inner Mongolia Hiap Tong An Da heavy lift Co.,Ltd	Rental of cranes, prime movers, heavy machinery and equipment	People's republic of China ("PRC")	80	80
HT Infrastructure Private Ltd	Dormant	India	100	100
Hiap Tong Crane & Transport Sdn. Bhd.	Rental of cranes, prime movers and heavy machinery and equipment	Malaysia	100	—

The foreign incorporated subsidiaries outside Singapore are not considered significant. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

KPMG LLP, Singapore is the auditor of all Singapore-incorporated subsidiaries.

Impairment losses for subsidiaries

During the year, the PRC subsidiary incurred losses and the Company performed a general impairment review to assess the recoverable amount of the investment in the subsidiary. The estimate of the recoverable amount of the subsidiary was based on the fair value less cost to sell method. The review led to the recognition of an impairment loss amounting to \$1,300,000 (31/3/2011: Nil) by the Company in relation to the investment.

7. Deferred tax assets and liabilities

Deferred tax assets and liabilities of the Group are attributable to the following:

	Assets		Liabilities	
	31/3/2012 \$'000	31/3/2011 \$'000	31/3/2012 \$'000	31/3/2011 \$'000
Property, plant and equipment	—	—	(5,378)	(4,427)
Trade and other payables	22	34	—	—
Tax losses carry-forwards	293	214	—	—
Deferred tax assets/(liabilities)	315	248	(5,378)	(4,427)
Set off of tax	(22)	(34)	22	34
Net deferred tax assets/(liabilities)	293	214	(5,356)	(4,393)

Notes to the Financial Statements

Year ended 31 March 2012

7. Deferred tax assets and liabilities (cont'd)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year/period are as follows:

	At 1 January 2010 \$'000	Recognised in profit or loss (note 17) \$'000	At 31 March 2011 \$'000	Recognised in profit or loss (note 17) \$'000	At 31 March 2012 \$'000
Tax losses carry-forwards	–	214	214	79	293
Property, plant and equipment	(4,495)	68	(4,427)	(951)	(5,378)
Trade and other payables	34	–	34	(12)	22
	(4,461)	282	(4,179)	(884)	(5,063)

8. Trade and other receivables

	Group		Company	
	31/3/2012 \$'000	31/3/2011 \$'000	31/3/2012 \$'000	31/3/2011 \$'000
Trade receivables	10,713	9,183	–	–
Allowance for impairment losses	(559)	(331)	–	–
Net trade receivables	10,154	8,852	–	–
Trade amount due from an affiliated company	132	197	–	–
Tax refundable	2,637	–	–	–
Other receivables	905	795	2	2
Allowance for impairment losses	(431)	(81)	–	–
Net other receivables	474	714	2	2
Deposits	74	1,087	–	114
Non-trade amounts due from:				
- subsidiaries	–	–	5,713	526
- ultimate holding company	4	–	–	–
- a director	6	–	–	–
Loans and receivables	13,481	10,850	5,715	642
Prepayments	273	301	17	19
	13,754	11,151	5,732	661



Notes to the Financial Statements

Year ended 31 March 2012

8. Trade and other receivables (cont'd)

An affiliated company is defined as one:

- (a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The non-trade amounts due from subsidiaries, ultimate holding company and a director are unsecured, interest-free and repayable on demand.

Tax refundable relates to import and value added tax on certain machinery, which are refundable on the transfer of the asset from the PRC to Singapore.

The Group's primary exposure to credit risks arises through its trade and other receivables. The Group does not require collateral in respect of trade and other receivables. As at 31 March 2012, the Group has concentration of credit risk in 5 (31/3/2011: 5) major customers, representing approximately 29% (31/3/2011: 38%) of total trade receivables. However, the good credit history of these customers reduces the risk to the Group to an acceptable level.

The Group's customers are mainly from the marine, oil, gas and petrochemical as well as the construction industries in Singapore. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The ageing of loans and receivables at the reporting date is:

	Gross 31/3/2012 \$'000	Impairment losses 31/3/2012 \$'000	Gross 31/3/2011 \$'000	Impairment losses 31/3/2011 \$'000
Group				
Not past due	7,578	349	3,446	–
Past due 1 - 90 days	4,689	2	1,790	1
Past due 91- 180 days	1,514	229	4,845	–
Past due 181- 365 days	338	77	630	57
Past due more than 365 days	352	333	551	354
	14,471	990	11,262	412

Notes to the Financial Statements

Year ended 31 March 2012

8. Trade and other receivables (cont'd)

	Gross 31/3/2012 \$'000	Impairment losses 31/3/2012 \$'000	Gross 31/3/2011 \$'000	Impairment losses 31/3/2011 \$'000
Company				
Not past due	5,715	–	455	–
Past due 1 - 90 days	–	–	18	–
Past due 91- 180 days	–	–	167	–
Past due more than 365 days	–	–	2	–
	<u>5,715</u>	<u>–</u>	<u>642</u>	<u>–</u>

The change in impairment loss in respect of loans and receivables during the year/period is as follows:

	Group	
	Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
At beginning of the year/period	412	690
Impairment loss recognised	578	–
Amount reversed	–	(278)
At end of the year/period	<u>990</u>	<u>412</u>

The Group and Company's exposure to credit and currency risks related to loans and receivables is disclosed in note 21.

9. Cash and cash equivalents

	Group		Company	
	31/3/2012 \$'000	31/3/2011 \$'000	31/3/2012 \$'000	31/3/2011 \$'000
Cash at bank and in hand	4,376	3,577	96	1,077
Fixed deposits	103	103	–	–
Cash and cash equivalents in the statement of financial position	<u>4,479</u>	<u>3,680</u>	<u>96</u>	<u>1,077</u>
Deposit pledged	(100)	(100)		
Cash and cash equivalents in statement of cash flows	<u>4,379</u>	<u>3,580</u>		



Notes to the Financial Statements

Year ended 31 March 2012

9. Cash and cash equivalents (cont'd)

Deposit pledged represents bank balances of a subsidiary pledged as security to obtain credit facilities (see note 12).

The effective interest rate per annum relating to fixed deposits at 31 March 2012 is 0.85% (31/3/2011: 0.52%). Interest rate is repriced at intervals of twelve months.

The Group's exposure to credit risk related to cash and cash equivalents is disclosed in note 21.

10. Share capital

	31/3/2012 No. of shares '000	31/3/2011 No. of Shares '000
Fully paid ordinary shares, with no par value	248,000	248,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors but have not been provided for:

	Group and Company Year ended 31/3/2012 \$'000
0.5 cents per qualifying ordinary share (period ended 31/3/2011: Nil)	1,240

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Group achieved a return on shareholders' equity of 4.8% for the year ended 31 March 2012 compared to 9.2% for the period ended 31 March 2011.

Notes to the Financial Statements

Year ended 31 March 2012

10. Share capital (cont'd)

The Group monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans and borrowings, less cash and cash equivalents. Total equity includes equity attributable to equity holders of the Company and reserves.

	Group	
	31/3/2012	31/3/2011
	\$'000	\$'000
Loans and borrowings	35,318	36,909
Less: cash and cash equivalents	(4,379)	(3,580)
Net debt	30,939	33,329
Total equity	58,046	54,937
Gearing ratio (times)	0.53	0.61

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

11. Merger reserve

The merger reserve represents that difference between the nominal value of shares issued by the Company in exchange for paid-in capital in respect of the acquisition of subsidiaries accounted for under the "pooling of interest" method of accounting.

12. Loans and borrowings

	Group	
	31/3/2012	31/3/2011
	\$'000	\$'000
Non-current		
Finance lease liabilities	8,711	10,773
Secured bank loan	11,306	9,301
Unsecured bank loan	–	857
	20,017	20,931
Current		
Finance lease liabilities	6,523	12,409
Secured bank loan	4,682	3,073
Unsecured bank loan	523	496
Trust receipts	3,573	–
	15,301	15,978
	35,318	36,909



Notes to the Financial Statements

Year ended 31 March 2012

12. Loans and borrowings (cont'd)

Finance leases and bank loans are secured by the following:

- (a) Legal mortgage over the leasehold property and pledge of certain property, plant and equipment of the Group (see note 4);
- (b) Corporate guarantees executed by the Company and subsidiaries; and
- (c) Pledged deposit of \$100,000 by a subsidiary (see note 9).

Trust receipts amounting to \$3,573,000 (31/3/2011: Nil) are unsecured with an effective interest rate per annum of 2.47% to 2.51% (31/3/2011: Nil) at the reporting date. Interest rates are repriced at intervals of four months.

Finance lease liabilities

The Group has obligations under finance leases that are payable as follows:

	Principal \$'000	Interest \$'000	Payments \$'000
At 31 March 2012			
Payable within 1 year	6,523	714	7,237
Payable after 1 year but within 5 years	8,711	666	9,377
Total	15,234	1,380	16,614
At 31 March 2011			
Payable within 1 year	12,409	1,070	13,479
Payable after 1 year but within 5 years	10,773	1,003	11,776
Total	23,182	2,073	25,255

Notes to the Financial Statements

Year ended 31 March 2012

12. Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Carrying amount \$'000
Group			
31 March 2012			
Finance lease liabilities	1.75% – 3.36%	2012 – 2016	15,234
Secured loan	1.65% - 2.01%	2012 – 2016	15,988
Unsecured loan	2.57%	2012	523
Trust receipts	1.33% – 1.35%	2012	3,573
			<u>35,318</u>
31 March 2011			
Finance lease liabilities	2.0% – 5.46%	2011 – 2015	23,182
Secured loan	1.96%	2011 – 2016	12,374
Unsecured loan	2.57%	2011 – 2015	1,353
			<u>36,909</u>

The Group's exposure to liquidity, interest and fair value risks related to loans and receivables is disclosed in note 21.



Notes to the Financial Statements

Year ended 31 March 2012

13. Trade and other payables

	Group		Company	
	31/3/2012	31/3/2011	31/3/2012	31/3/2011
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,411	1,442	38	64
Trade amount due to an affiliated company	3	60	–	–
Other payables	671	1,217	1	1
Accrued expenses	1,137	1,328	166	225
Financial derivatives	10	69	–	30
Non-trade amounts due to:				
- an affiliated company	199	199	–	–
- shareholders	68	68	–	–
- directors of the Company	4,313	3,668	–	–
- directors of the subsidiaries	2,048	1,280	–	–
	9,860	9,331	205	320
Deposits and advances	56	24	–	–
	9,916	9,355	205	320
Non-current	3,990	3,401	–	–
Current	5,926	5,954	205	320
	9,916	9,355	205	320

Financial derivatives represented forward exchange contracts stated at fair value.

The non-trade amount due to an affiliated company is with a company in which a director has substantial financial interests.

The current portion of amounts due to directors and shareholders are unsecured, interest-free and repayable on demand.

The non-current portion represents amounts due to a director, which is unsecured, interest-free and repayable on demand after one year.

The Group and the Company's exposure to liquidity, currency and fair value risks related to trade and other payables is disclosed in note 21.

14. Provision

Provision for site restoration cost relates to the Group's obligation to restore its leasehold property back to its original condition upon expiry of the lease.

Notes to the Financial Statements

Year ended 31 March 2012

15. Other income

	Group	
	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
Rental income from sublease of leasehold property	189	267
Commission income	47	39
Net gain on disposal of property, plant and equipment	2,980	809
Government grants - job credit scheme	—	99
Sundry income	39	58
	<u>3,255</u>	<u>1,272</u>

16. Finance income and costs

	Group	
	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
Recognised in profit or loss		
Interest income from cash and cash equivalents	1	11
Dividend income from equity securities	—	3
Net change in fair value of financial derivatives	—	1,571
Net gain on disposal of investment held for trading	—	6
Reversal of impairment loss on trade and other receivable	—	278
Finance income	<u>1</u>	<u>1,869</u>
Interest expenses on:		
- finance leases	(1,148)	(1,853)
- trust receipts	(7)	(41)
- loans	(667)	(470)
- bank overdrafts	(3)	(4)
- others	—	(11)
Subtotal of interest expenses	(1,825)	(2,379)
Bad debts written off	(49)	(274)
Impairment loss on trade and other receivables	(578)	—
Net change in fair value of financial derivatives	(10)	—
Bank charges	(5)	—
Exchange loss (net)	(859)	(876)
Finance costs	<u>(3,326)</u>	<u>(3,529)</u>
Net finance costs recognised in profit or loss	<u>(3,325)</u>	<u>(1,660)</u>



Notes to the Financial Statements

Year ended 31 March 2012

17. Income tax expense/(credit)

	Group	
	Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
Current tax expense		
Adjustment for prior periods	(70)	230
Deferred tax expense		
Origination and reversal of temporary differences	884	656
Adjustment for prior periods	–	(938)
	884	(282)
Total income tax expense/(credit)	814	(52)
Reconciliation of effective tax rate		
Profit before income tax	3,508	4,547
Tax calculated using Singapore tax rate of 17% (period ended 31/3/2011: 17%)	596	773
Effect of tax rates in foreign jurisdictions	(62)	108
Expenses not deductible for tax purposes	321	324
Income not subject to tax	(25)	(598)
Over provision in prior years	(70)	(708)
Others	54	49
	814	(52)

Estimation of income tax expense

Significant judgement is required in determining the deductibility of certain expenses and taxability of certain income in assessing the adequacy of provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for income tax and deferred income tax provisions in the year in which such determination is made.

Notes to the Financial Statements

Year ended 31 March 2012

18. Profit for the year/period

The following items have been included in arriving at profit for the year/period:

	Group	
	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
Audit fees paid to auditors of the Company	96	133
Non-audit fees paid to other auditors	38	40
Operating lease expenses	359	408
Staff costs	9,483	12,593
Contributions to defined contribution plans included in staff costs	761	907
Impairment loss on property, plant and equipment	300	–

19. Earnings per share

	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
The calculation of the earnings per share is based on:		
Net profit attributable to equity holders of the company, net of tax	2,733	4,972
	No. of shares '000	No. of shares '000
<u>Weighted average number of ordinary shares</u>		
Issued ordinary shares at beginning and end of the year/period	248,000	248,000

The weighted average number of ordinary shares detailed above are used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.



Notes to the Financial Statements

Year ended 31 March 2012

20. Segment reporting

The Group's business comprises predominately one business segment, which is the leasing of cranes and haulage equipment. In the prior financial period, the Group has provided segment analysis by geographical segments, namely Singapore and the PRC. Due to the significant decrease in operations, the results of the PRC segment no longer qualified as a reportable segment. Consequently, no analysis by geographical segment has been prepared for the current financial year.

Information about reportable segments for financial period ended 31 March 2011 is presented below:

	Singapore	PRC	Inter-segment eliminations	Total
	Period from 1/1/2010 to 31/3/2011			
	\$'000	\$'000	\$'000	\$'000
External revenue	32,864	968	–	33,832
Inter-segment revenue	–	–	–	–
Interest revenue	11	–	–	11
Interest expense	1,849	530	–	2,379
Depreciation	8,494	780	–	9,274
Reportable segment profit before income tax	3,203	1,344	–	4,547
Other material non-cash items:				
- Net allowance of impairment of trade and other receivables	4	–	–	4
- Net change in fair value of financial derivatives	(1,767)	3,338	–	1,571
Reportable segment assets	84,699	28,051	(6,558)	106,192
Capital expenditure	6,657	22,868	–	29,525
Reportable segment liabilities	32,432	18,823	–	51,255

Business Segment

No business segment information has been prepared as the Group's major business is the provision of lifting and haulage services.

Major customer

Revenue from one customer of the Group's leasing segment represents approximately \$2,092,000 (period ended 31/3/2011: \$3,473,000) of the Group's total revenue.

Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Credit evaluation and exposure to credit risk is monitored on an on-going basis by the Group. In addition, collections and credit limits of customers are monitored by the Group. The Group's concentration of credit risk is disclosed in note 8.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is based on a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical date of payment statistics for similar financial assets.



Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Credit risk (cont'd)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the receivable is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired receivable.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counter-parties that meet the appropriate credit criteria and are of high credit standing. As such, management does not expect any counterparty to fail to meet its obligations.

The Group's policy is to provide financial guarantees to subsidiaries.

The Group and the Company does not provide any guarantees which would expose the Group or the Company to credit risk. The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is \$57,721,000 (31/3/2011: \$72,051,000) if the facilities are drawn down by the subsidiaries.

The carrying amount of financial assets represents the maximum credit exposure. The Group's and Company's maximum exposure to credit risk at the reporting date was:

	Note	Group Carrying amount		Company Carrying amount	
		31/3/2012 \$'000	31/3/2011 \$'000	31/3/2012 \$'000	31/3/2011 \$'000
Trade and other receivables	8	13,481	10,850	5,715	642
Other investments		1	1	–	–
Assets held-for-sale	5	735	–	–	–
Cash and cash equivalents	9	4,479	3,680	96	1,077
		18,696	14,531	5,811	1,719

Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following are the expected contractual undiscounted cash outflow of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows		
		Contractual cash flows	Within 1 year	After 1 year but within 5 years
	\$'000	\$'000	\$'000	\$'000
Group				
31 March 2012				
Non-derivative financial liabilities				
Finance lease liabilities	15,234	(16,614)	(7,238)	(9,376)
Secured loan	15,988	(17,021)	(5,156)	(11,865)
Unsecured loan	523	(551)	(551)	–
Trade and other payables*	9,860	(9,860)	(5,870)	(3,990)
Trust receipts	3,573	(3,603)	(3,603)	–
	45,178	(47,649)	(22,418)	(25,231)
31 March 2011				
Non-derivative financial liabilities				
Finance lease liabilities	23,182	(25,255)	(13,479)	(11,776)
Secured loan	12,374	(13,609)	(3,540)	(10,069)
Unsecured loan	1,353	(1,449)	(553)	(896)
Trade and other payables*	9,331	(9,331)	(5,930)	(3,401)
	46,240	(49,644)	(23,502)	(26,142)
Company				
31 March 2012				
Non-derivative financial liabilities				
Trade and other payables*	205	(205)	(205)	–
31 March 2011				
Non-derivative financial liabilities				
Trade and other payables*	320	(320)	(320)	–

* Excludes deposit and advances



Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Liquidity risk (cont'd)

The Group monitors the working capital requirements periodically to ensure that there are sufficient financial resources available to meet the needs of the business.

The directors have assessed the cash flow forecast of the Group for the twelve months ending 31 March 2013 and have ascertained that adequate liquidity exists to finance its working capital requirements through cash inflow from its operations, cash reserves and its undrawn credit facilities, notwithstanding that the Group was in net current liabilities position of \$2,686,000 (31/3/2011: \$7,598,000).

The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In this connection, the Group maintains approximately \$21,390,000 at 31 March 2012 (31/3/2011: \$25,114,000) of undrawn credit with banks and financial institutions that can be drawn down to meet both short-term and long-term financing needs.

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Group	Within 1 year \$'000	After 1 year but within 5 years \$'000	Total \$'000
31 March 2012			
Financial guarantee	32,859	24,862	57,721
31 March 2011			
Financial guarantee	40,495	31,556	72,051

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-bearing financial liabilities which are all fixed rate financial instruments. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting rates would not affect profit or loss.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries. The currencies giving rise to this risk are primarily Japanese Yen (JPY) and Euro. Exposure to foreign currency risk is monitored on an on-going basis by the Group to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Group's exposures to foreign currencies are as follows:

	31/3/2012		31/3/2011	
	JPY \$'000	Euro \$'000	JPY \$'000	Euro \$'000
Cash and cash equivalents	3	77	3	19
Loans and receivables	–	–	–	(8,336)
	3	77	3	(8,317)

The Group hedges its foreign currency exposure in respect of forecasted capital commitments over the next financial year. The Group uses forward contracts to hedge its foreign currency risk, most with a maturity of less than one year after the reporting date. Where necessary, the forward exchange contract is rolled over at maturity. Such contracts generally are designated as cash flow hedges.

As at 31 March 2012, the Group's forward exchange contracts are stated at fair value as they do not qualify for hedge accounting. The changes in fair value of the forward exchange contracts are recognised as part of "net change in fair value of financial derivatives". The fair value of forward exchange contracts used as hedges of forecasted transactions was \$10,000 (31/3/2011: \$69,000) and had been recognised as an liability under "trade and other payables" on the statement of financial position.

The Group has not entered into any forward exchange contracts for unrecognised capital commitment.

Sensitivity analysis

A 10% strengthening of the respective functional currencies of the Company and its subsidiaries against the following currencies at year/period end would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the period ended 31 March 2011, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Profit or loss \$'000
Year ended 31/3/2012	
Euro	(8)
Period ended 31/3/2011	
Euro	832

A 10% weakening of the respective functional currencies of the Company and its subsidiaries against the above currencies at year/period end would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.



Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Fair values

Determination of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group.

(a) *Derivatives*

The fair value of forward exchange contracts is based on their listed market prices, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

(b) *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(c) *Other financial assets and liabilities*

The national amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalent, trade and other payables and trust receipts) are assumed to approximate their fair value because of the short period of maturity.

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised costs are not materially different from their fair values at reporting dates except as follows:

		31/3/2012		31/3/2011	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Finance lease liabilities	12	15,234	13,857	23,182	23,155
Secured loan	12	15,988	14,257	12,374	12,641
Unsecured loan	12	523	498	1,353	1,324
		31,745	28,612	36,909	37,120

Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Fair values (cont'd)

Interest rates used in determining fair values

The Group uses the market rate of similar financial instruments as at reporting dates to discount financial instruments. The effective interest rates used are as follows:

	31/3/2012	31/3/2011
	%	%
Financial liabilities	5.0	5.0

Fair value hierarchy

The following defines the fair value hierarchy of financial instruments carried at fair value, by valuation method:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group					
31 March 2012					
Quoted equity securities held for trading		1	–	–	1
Financial derivatives	13	–	(10)	–	(10)
		1	(10)	–	(9)
31 March 2011					
Quoted equity securities held for trading		1	–	–	1
Financial derivatives	13	–	(69)	–	(69)
		1	(69)	–	(68)



Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the statement of financial positions.

	Note	Loans and receivables \$'000	Assets at fair value through profit and loss \$'000	Liabilities at amortised cost \$'000	Total \$'000
Group					
Year ended 31/3/2012					
Assets					
Trade and other receivables	8	13,481	–	–	13,481
Other investments		–	1	–	1
Cash and cash equivalents	9	4,479	–	–	4,479
		<u>17,960</u>	<u>1</u>	<u>–</u>	<u>17,961</u>
Liabilities					
Trade and other payables	13	–	–	9,916	9,916
Loans and borrowings	12	–	–	35,318	35,318
Provision	14	–	–	100	100
		<u>–</u>	<u>–</u>	<u>45,334</u>	<u>45,334</u>
Period ended 31/3/2011					
Assets					
Trade and other receivables	8	10,850	–	–	10,850
Other investments		–	1	–	1
Cash and cash equivalents	9	3,680	–	–	3,680
		<u>14,530</u>	<u>1</u>	<u>–</u>	<u>14,531</u>
Liabilities					
Trade and other payables	13	–	–	9,355	9,355
Loans and borrowings	12	–	–	36,909	36,909
Provision	14	–	–	100	100
		<u>–</u>	<u>–</u>	<u>46,364</u>	<u>46,364</u>

Notes to the Financial Statements

Year ended 31 March 2012

21. Financial risk management (cont'd)

Financial instruments by category (cont'd)

	Note	Loans and receivables \$'000	Assets at fair value through profit and loss \$'000	Liabilities at amortised cost \$'000	Total \$'000
Company					
Year ended 31 March 2012					
Assets					
Trade and other receivables	8	5,715	—	—	5,715
Cash and cash equivalents	9	96	—	—	96
		5,811	—	—	5,811
Liabilities					
Trade and other payables	13	—	—	205	205
Period ended 31 March 2011					
Assets					
Trade and other receivables	8	642	—	—	642
Cash and cash equivalents	9	1,077	—	—	1,077
		1,719	—	—	1,719
Liabilities					
Trade and other payables	13	—	—	320	320

22. Operating leases

Non-cancellable operating leases are payable as follows:

	Group	
	31/3/2012 \$'000	31/3/2011 \$'000
Within one year	285	270
After 1 year but within 5 years	83	348
	368	618

The Group leases land under operating leases for a period of 8 years. Lease payments are adjusted every year to reflect market rates. The leases expire in 2013.

During the year, a panel of the leased land has been sublet by the Group. The sublease was not renewed at year end. In 2011, the future receivables of non-cancellable lease expected to be collected during the following financial year is \$105,000.

Notes to the Financial Statements

Year ended 31 March 2012

23. Capital commitments

At the reporting dates, the Group has capital commitments as follows:

	Group	
	31/3/2012	31/3/2011
	\$'000	\$'000
Contracted but not provided for	257	8,922

24. Significant related party transactions

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel

Key management personnel compensation, included in staff costs, comprise:

	Group	
	Year ended 31/3/2012	Period from 1/1/2010 to 31/3/2011
	\$'000	\$'000
Short-term employee benefits	1,548	1,937
Contributions to defined contribution plans	68	84
	1,616	2,021

Transactions with non-controlling interest

On 4 February 2012, the Group entered into a sale agreement to sell the other long term assets to the non-controlling interest at a consideration of \$735,000 (see note 5).

Notes to the Financial Statements

Year ended 31 March 2012

24. Significant related party transactions (cont'd)

Other related parties transactions

	Year ended 31/3/2012 \$'000	Period from 1/1/2010 to 31/3/2011 \$'000
Related parties:		
- Freight and transportation expenses	25	15
- Income from sale of fuel	215	159
- Rental income for cranes and lorries	48	97
- Repair services expenses	—	43



Statistics of Shareholdings

As at 15 June 2012

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 15 June 2012.

	Note	Direct Interest	%	Indirect Interest	%
Ong Teck Meng	1	630,060	0.25%	182,490,000	73.58%
Ong Lim San	2	2,100,000	0.85%	180,390,000	72.74%
Tembusu Asia Holdings Pte Ltd		180,390,000	72.74%	–	–

Notes:

- (1) Mr Ong Teck Meng is deemed interested in the entire equity stake held by his wife, Ms Tan Siew Duan and Tembusu Asia Holdings Pte Ltd in the Company.
- (2) Mr Ong Lim San is deemed interested in the entire equity stake held by Tembusu Asia Holdings Pte Ltd in the Company.

FREE FLOAT

As at 15 June 2012, approximately 24.40% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Catalist Listing Manual of the Singapore Exchange Securities Trading Limited

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	217	35.57	1,571,000	0.63
10,001 - 1,000,000	376	61.64	33,010,060	13.31
1,000,001 AND ABOVE	17	2.79	213,419,000	86.06
TOTAL	610	100.00	248,000,060	100.00

Statistics of Shareholdings

As at 15 June 2012

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TEMBUSU ASIA HOLDINGS PTE LTD	180,390,000	72.74
2	ESTATE OF CHUA BENG SING, DECEASED	4,200,000	1.69
3	ONG LYE SUM	4,200,000	1.69
4	MAYBANK KIM ENG SECURITIES PTE LTD	3,200,000	1.29
5	ANG LAI HOE	2,640,000	1.06
6	ONG BOON TAT, ALVIN (WANG WENDA, ALVIN)	2,100,000	0.85
7	ONG CHUAN HOCK	2,100,000	0.85
8	ONG LIM SAN	2,100,000	0.85
9	TAN SIEW DUAN	2,100,000	0.85
10	ONG LAY SUAN	2,080,000	0.84
11	MAYBAN NOMINEES (S) PTE LTD	1,796,000	0.72
12	NG CHWEE CHENG	1,200,000	0.48
13	YAP XI MING	1,100,000	0.44
14	ONG LAY GEOK	1,070,000	0.43
15	ONG GEOK SUAN	1,050,000	0.42
16	ONG KAI TAI	1,050,000	0.42
17	TH INVESTMENTS PTE LTD	1,043,000	0.42
18	ONG LYE HOCK	1,000,000	0.40
19	HIAP HENG HEAVYEQUIPMENT CO PTE LTD	900,000	0.36
20	TANG LIN	870,000	0.35
TOTAL		216,189,000	87.15

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Kallang Theatre, Orchid Room (Level 1), 1 Stadium Walk, Singapore 397688 on Friday, 27 July 2012 at 3.00 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

- | | | |
|----|---|--------------|
| 1. | To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 March 2012 together with the Auditors' Report thereon. | Resolution 1 |
| 2. | To declare a one-tier tax exempt first & final dividend of 0.5 cents per ordinary share for the financial year ended 31 March 2012. | Resolution 2 |
| 3. | To approve payment of Directors' fee of S\$130,000 for the financial year ended 31 March 2012 (FY2011: S\$162,500). | Resolution 3 |
| 4. | To approve the payment of Directors' fees of up to S\$130,000 for the financial year ending 31 March 2013, to be paid quarterly in arrears. | Resolution 4 |
| 5. | To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association: | |
| | (i) Mr Ong Lim Wan @ Ong Teck Meng | Resolution 5 |
| | (ii) Mr Tan Eng Ann | Resolution 6 |
| | Mr Tan Eng Ann will, upon re-election as Director of the Company, remain as an Independent Director of the Company, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. | |
| 6. | To re-appoint Messrs KPMG LLP, Public Accountants and Certified Public Accountants and to authorise the Directors to fix the Auditors' remuneration. | Resolution 7 |
| 7. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without modifications) as Ordinary Resolutions:-

- | | | |
|----|---|--------------|
| 8. | Authority to allot and issue new shares in the capital of the Company | Resolution 8 |
| | That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorized to: (i) allot and issue shares in the Company, and (ii) issue convertible securities and any shares in the Company pursuant to the conversion of such convertible securities, (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter upon such terms and conditions whether for cash or otherwise and for such purposes and to | |

Notice of Annual General Meeting

such persons as the Directors may think fit for the benefit of the Company, provided that the aggregate number of shares and convertible securities to be issued pursuant to such authority shall not exceed 100% of all the issued capital of the Company and that the aggregate number of shares to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed 50% of the issued share capital of the Company, and unless revoked or varied by the Company in general meeting, such authority shall continue to be in force until the next annual general meeting or the date by which the next general meeting is required by law or by the Articles to be held, whichever is earlier.

For the purposes of this resolution, the percentage of issued share capital shall be based on the Company's issued share capital at the time of the passing of this resolution after adjusting for:-

- (a) New shares arising from the conversion or exercise of convertible securities;
- (b) New shares arising from the exercise of share options or the vesting of shares awards outstanding or subsisting at the time such authority is given, provided the options or awards were granted in compliance with the SGX-ST;
- (c) Any subsequent consolidation or subdivision of shares.

By Order of the Board

Lo Swee Oi
Company Secretary
Singapore, 11 July 2012

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

- (i) The Ordinary Resolution 4 proposed in item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is during the Financial Year ending 31 March 2013. The amount of Directors' Fees is computed based on the anticipated number of Board Meetings for the financial year ending 31 March 2013, assuming full attendance by all Directors. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.
- (ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total issued shares (excluding treasury shares), of which the aggregate number of shares and/or convertible securities other than on a pro-rata basis to all existing shareholders of the Company shall not exceed 50% of the total issued shares (excluding treasury shares).

Notes:

- 1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 180 Pandan Loop, Singapore 128371 not less than forty-eight hours before the time appointed for holding the Meeting.

PROXY FORM

HIAP TONG CORPORATION LTD.

Company Registration No. 200800657N
Incorporated in the Republic of Singapore

I/We _____ (NRIC/Passport No) _____

of _____

being a member/members of HIAP TONG CORPORATION LTD., hereby appoint:-

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
And/or (deleted as appropriate)			

or failing the person, or either or both the persons, referred to above, the Chairman of the Annual General Meeting of the Company (the "Meeting"), as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at Kallang Theatre, Orchid Room (Level 1), 1 Stadium Walk, Singapore 397688 on Friday, 27 July 2012 at 3.00 p.m. and at any adjournment thereof in the following manner:

No.	Resolutions relating to	For	Against
	Ordinary Business		
1.	To adopt the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 March 2012		
2.	To declare a First and Final Dividend (tax-exempt one-tier) of 0.5 cents per ordinary share for financial year ended 31 March 2012		
3.	To approve the payment of Directors' fees for the financial year ended 31 March 2012		
4.	To approve the payment of Directors' fees for the financial year ending 31 March 2013		
5.	To re-elect Mr Ong Lim Wan @ Ong Teck Meng under Article 91 of the Articles of Association		
6.	To re-elect Mr Tan Eng Ann under Article 91 of the Articles of Association		
7.	To re-appoint Auditors and authorize Directors to fix their remuneration		
	Special Business		
8.	To authorize Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Listing Manual		

Date this _____ day of _____ 2012

Total Number of shares in	No of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal



IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the meeting of the company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the company at 180 Pandan Loop Singapore 128371 not less than forty-eight (48) hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Corporate Information



Board of Directors

Mr Ong Teck Meng
(Executive Chairman and Chief Executive Officer)
Mr Ong Boon Tat Alvin
(Executive Director)
Mr Ong Lim San
(Executive Director)
Mr Ng Eng Joo
(Executive Director)
Mr Yong Yean Chau
(Lead Independent Director)
Mr Tan Eng Ann
(Independent Director)
Mr Ng Sey Ming
(Independent Director)

Audit Committee

Mr Yong Yean Chau (Chairman)
Mr Tan Eng Ann
Mr Ng Sey Ming

Nominating Committee

Mr Ng Sey Ming (Chairman)
Mr Ong Boon Tat Alvin
Mr Tan Eng Ann
Mr Yong Yean Chau

Remuneration Committee

Mr Tan Eng Ann (Chairman)
Mr Yong Yean Chau
Mr Ng Sey Ming

Joint Company Secretaries

Ms Lo Swee Oi, ACIS
Mr Loh Boon Wah, CPA

Registered Office

180 Pandan Loop
Singapore 128371
Telephone: (65) 6779 5050
Facsimile: (65) 6777 0841

Sponsor

CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6337 5115
Contact Person: Mr Benjamin Choy

Principal Bankers

United Overseas Bank Limited
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

Auditors

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Ms Teo Han Jo
(Appointed with effect from year ended 31 March 2012)



HIAP TONG CORPORATION LTD.

180 Pandan Loop

Singapore 128371

Tel: (65) 6779 5050

Fax: (65) 6777 0841

Website: <http://www.hiaptong.com>