



Hiap Hoe Limited
(Registration No. : 199400676Z)

First Quarter Financial Statement for the Period Ended 31 March 2010

1(a) Income Statement, together with Statement of Comprehensive Income for the Group for the First Quarter Ended 31 March 2010

Unaudited results for the first quarter ended 31 March 2010

(All figures in \$'000)

	The Group		
	3 months ended		%
	31-Mar-10	31-Mar-09	
Revenue	25,954	15,388	68.7
Cost of sales	(13,459)	(6,646)	102.5
Gross profit	12,495	8,742	42.9
Other items of income			
Other income	161	112	43.8
Financial income	136	227	(40.1)
Other items of expenses			
Distribution and selling expenses	(6,563)	(21)	31,152.4
Administrative expenses	(776)	(635)	22.2
Other expenses	(2)	(4)	(50.0)
Financial expenses	(188)	(158)	19.0
Profit before taxation	5,263	8,263	(36.3)
Tax expenses	(1,392)	(1,378)	1.0
Net profit for the period	3,871	6,885	(43.8)
Attributable to :			
Shareholders of the Company	3,896	6,895	(43.5)
Minority interests	(25)	(10)	150.0

Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2010

(All figures in \$'000)

	<u>The Group</u>	
	3 months ended	
	31-Mar-10	31-Mar-09
Profit, net of tax	3,871	6,885
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	<u>3,871</u>	<u>6,885</u>
Total comprehensive income attributable to :		
Shareholders of the Company	3,896	6,895
Minority interests	<u>(25)</u>	<u>(10)</u>

Additional Information

Profit from operation is determined after charging / (crediting) :

(All figures in S\$'000)

	<u>The Group</u>		
	3 months ended		%
	31-Mar-10	31-Mar-09	
Depreciation of property, plant and equipment	47	40	17.5
Write back of allowance for doubtful receivables (trade)	-	(2)	(100.0)
Fair value loss on financial instruments - quoted investments held for trading	2	4	(50.0)

1(b)(i) Balance Sheet as at 31 March 2010
The Group

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

	31-Mar-10	31-Dec-09	%
Property, plant and equipment	6,232	6,277	-0.7%
Investment properties	5,410	5,410	0.0%
Trade and other receivables	37	30	23.3%
	11,679	11,717	-0.3%

Current Assets

Cash, bank balances & fixed deposits	53,444	3,521	1417.9%
Other investments	232	234	-0.9%
Trade and other receivables	34,242	855	3904.9%
Deposits	47	66	-28.8%
Prepaid operating expenses	172	141	22.0%
Due from ultimate holding company (non-trade)	2	2	0.0%
Due from an associate (non-trade)	2	2	0.0%
Due from related companies (trade)	3	8	-62.5%
Due from related companies (non-trade)	24	24	0.0%
Due from joint venture (trade)	44	37	18.9%
Due from joint ventures (non-trade)	49,732	48,707	2.1%
Development properties	391,651	536,601	-27.0%
Tax recoverable	1,726	9	19077.8%
	531,321	590,207	-10.0%

Current Liabilities

Trade and other payables	3,085	3,367	-8.4%
Other liabilities	17,487	12,173	43.7%
Derivatives	208	348	-40.2%
Due to related companies (trade)	868	510	70.2%
Due to a related company (non-trade)	14,583	13,664	6.7%
Interest-bearing loans and borrowings ¹	1,727	58,759	-97.1%
Tax payable	9,016	776	1061.9%
	46,974	89,597	-47.6%

Net Current Assets

484,347 **500,610** **-3.2%**

Non-Current Liabilities

Trade and other payables	377	201	87.6%
Other liabilities	25	25	0.0%
Interest-bearing loans and borrowings	313,043	326,512	-4.1%
Deferred taxation	3,725	10,605	-64.9%

Net Assets

178,856 **174,984** **2.2%**

EQUITY

Share capital	84,446	84,446	0.0%
Treasury shares	(159)	(159)	0.0%
Reserves	94,376	90,479	4.3%
	178,663	174,766	2.2%
Minority Interests	193	218	-11.5%
Total Equity	178,856	174,984	2.2%

Note :

1) This included bank overdraft of approximately \$nil (31 December 2009:\$202,000).

The Company

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

Investments in subsidiary companies
Trade and other receivables

Current Assets

Cash, bank balances & fixed deposits
Trade and other receivables
Prepaid operating expenses
Due from subsidiary companies (non-trade)
Due from subsidiary companies (trade)
Due from joint ventures (non-trade)
Due from joint venture (trade)
Due from a related company (non-trade)
Due from an associate (non-trade)

Current Liabilities

Trade and other payables
Other liabilities
Derivatives
Due to subsidiary companies (non-trade)
Interest-bearing loans and borrowings
Provision for taxation

Net Current Assets

Non-Current Liability

Interest-bearing loans and borrowings

Net Assets

EQUITY

Share capital
Treasury shares
Reserves

Total Equity

	31-Mar-10	31-Dec-09	%
	48,683	48,683	0.0%
	37	30	23.3%
	48,720	48,713	0.0%
	30,383	63	48127.0%
	3	11	-72.7%
	16	11	45.5%
	70,572	75,562	-6.6%
	1,316	1,369	-3.9%
	44,163	43,136	2.4%
	42	32	31.3%
	24	24	0.0%
	2	2	0.0%
	146,521	120,210	21.9%
	281	221	27.1%
	247	261	-5.4%
	208	295	-29.5%
	93,525	67,051	39.5%
	10	10	0.0%
	42	42	0.0%
	94,313	67,880	38.9%
	52,208	52,330	-0.2%
	7	9	-22.2%
	100,921	101,034	-0.1%
	84,446	84,446	0.0%
	(159)	(159)	0.0%
	16,634	16,747	-0.7%
	100,921	101,034	-0.1%

1 (b)(ii) Aggregate amount of Group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

(\$'000)

As at 31 Mar 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
1,727	-	58,759	-

Amount repayable after one year

(\$'000)

As at 31 Mar 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
313,043	-	326,512	-

Details of any collateral

The above borrowings are from financial institutions and are secured by :

- 1) Mortgage on subsidiaries' development properties.
- 2) Mortgage on subsidiaries' investment properties and freehold properties.
- 3) Assignment of interest over property under sale & purchase agreements and tenancy agreements including sales & rental proceeds.
- 4) Assignment of all rights and benefits under
 - (i) Insurance policies taken up;
 - (ii) Performance bonds in relation to the Project.
- 5) Deed of Subordination to subordinate all loans / advances from the company to the facilities. Repayment of expenses / costs incurred on behalf by the company under the project has been allowed.
- 6) Corporate guarantees given by the company.

1(c) Consolidated Cash Flow Statement of the Group

(All figures in \$'000)

	3 months ended	
	31-Mar-10	31-Mar-09
Cash flows from operating activities :		
Profit before taxation	5,262	8,263
Adjustments :		
Depreciation of property, plant and equipment	47	40
Interest expenses	188	158
Interest income	(136)	(227)
Write back of allowance for doubtful receivables		
- trade	-	(2)
Fair value loss on financial instruments - quoted investments held for trading	2	4
Operating profit before working capital changes	5,363	8,236
Changes in working capital		
(Increase)/decrease in :		
Development properties	145,121	(11,606)
Trade and other receivables	(33,393)	(453)
Other assets	28	9
Prepaid operating expenses	(31)	(1)
Due from related companies, trade	6	-
Due from a joint venture, trade	(7)	(32)
Due from joint ventures, non-trade	7	(24)
(Decrease) / increase in :		
Trade and other payables	(106)	(53)
Other liabilities	5,314	(116)
Derivatives	(140)	(283)
Due to related companies, trade	358	58
Due to related companies, non-trade	-	30
Cash flows generated from / (used in) operations	122,520	(4,235)
Income tax paid	(31)	(69)
Net cash generated from / (used in) operating activities	122,489	(4,304)

1(c) Consolidated Cash Flow Statement of the Group (cont'd)

(All figures in \$'000)

	31-Mar-10	31-Mar-09
Cash flows from investing activities :		
Interest income	(4)	4
Purchase of property, plant and equipment	(7)	(1)
Net cash (used in) / generated from investing activities	(11)	3
Cash flow from financing activities :		
Dividend paid	-	1
Repayment of bank term loans	(75,018)	(3,000)
Borrowings from banks	5,286	2,246
Repayment of hire purchase	(2)	(2)
Interest paid	(2,635)	(1,445)
Loan to joint ventures	(891)	(893)
Loan from related companies	907	340
Net cash used in financing activities	(72,353)	(2,753)
Net increase / (decrease) in cash and cash equivalents	50,125	(7,054)
Cash and cash equivalents at beginning of period	3,319	9,867
Cash and cash equivalents at end of period	53,444	2,813

Note :

Cash and bank balances
Fixed deposits

26,195	913
27,249	1,900
53,444	2,813

1(d)(i) Statements of Changes in Equity

(All figures in \$'000)

	The Group		The Company	
	1Q2010	1Q2009	1Q2010	1Q2009
Issued capital				
Balance at beginning / end of period	84,446	84,446	84,446	84,446
Treasury shares				
Balance at beginning / end of period	(159)	(159)	(159)	(159)
Capital reserve				
Balance at beginning / end of period	(7,671)	(7,671)	-	-
Dividend reserve				
Balance at beginning / end of period	1,182	945	1,182	945
Accumulated profits				
Balance at beginning of period	96,969	63,799	15,565	17,061
Total comprehensive income for the period	3,896	6,895	(113)	-
Dividend on ordinary shares	-	1	-	1
Balance at end of period	100,865	70,695	15,452	17,062
Minority interest				
Balance at beginning of period	218	258	-	-
Total comprehensive income for the period	(25)	(10)	-	-
Balance at end of period	193	248	-	-
Equity at end of period	178,856	148,504	100,921	102,294

1(d)(ii) Details of Changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Shares

	Number of Ordinary Shares	
	3 months ended	
	31-Mar-10	31-Mar-09
Balance at 1 January	378,193,363	378,193,363
Bonus issue	94,547,778	-
Balance at 31 March	472,741,141	378,193,363

Treasury Shares

	Number of Treasury Shares	
	3 months ended	
	31-Mar-10	31-Mar-09
Balance at 1 January	1,453,000	1,453,000
Bonus issue	363,250	-
Balance at 31 March	1,816,250	1,453,000

During the period ended 31 March 2010, the Company had a bonus issue of 94,911,028 new ordinary shares in the capital of the Company to be allotted and issued on the basis of one Bonus Share for every four existing ordinary shares in the capital of the Company held by shareholders of the Company. These shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 24 March 2010.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The number of issued shares as at 31 March 2010 is 472,741,141 (31 December 2009 : 378,193,363).

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

Not applicable.

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

These figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial year ended 31 December 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group

	3 months ended	
	31-Mar-10	31-Mar-09
Earning per share (cents)		
Basic	1.01	1.82
Diluted	1.01	1.82
Weighted average number of shares		
Basic	386,597,610	378,193,363
Diluted	386,597,610	378,193,363

Earnings per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	31-Mar-10	31-Mar-09
Net assets value per share (cents)		
The Group	37.79	39.20
The Company	21.35	27.05
Based on number of shares		
The Group	472,741,141	378,193,363
The Company	472,741,141	378,193,363

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the minority interest divided by the number of shares excluding treasury shares.

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

Income Statement

The three months ended 31 March 2010 (1Q2010) was a fruitful one for the Group. On the back of successful sale of units and the commencement of construction of *Signature at Lewis* and *Skyline 360°*, 4.2% and 5.0% of revenue from these developments were recognized respectively. In addition, with *Cuscaden Royale* and *Oxford Suites* having received their Temporary Occupation Permits, a further 7.8% and 2.9% of revenue from the developments were recognized respectively.

This had the effect of lifting Group revenue by 68.7% to \$26.0m, compared to \$15.4m recorded in the previous corresponding period (1Q2009). To date, 95.4%, 95.2%, 25.9% and 16.6% of revenue have been recognized for *Cuscaden Royale*, *Oxford Suites*, *Signature at Lewis* and *Skyline 360°* respectively.

In line with the higher revenue achieved, gross profit increased 42.9% to \$12.5m, versus \$8.7m in 1Q2009.

The Group also launched *Waterscape at Cavenagh* to much success in 1Q2010, following an intensive marketing and advertising campaign. Against this backdrop, the Group's selling and distribution expenses increased significantly from \$21,000 to \$6.5m, while revenue from the sale of *Waterscape at Cavenagh* was not recognized as construction has not commenced.

This mismatch in the timing of cost incurred versus revenue recognition was the key reason for the 43.8% decline in net profit from \$6.9m in 1Q2009 to \$3.9m in 1Q2010.

Balance Sheet

Development properties decreased from \$536.6m as at 31 December 2009 to \$391.6m as at 31 March 2010, largely due to an increase in progress billings received for uncompleted projects. The increase in progress billings helped to offset the higher development cost incurred in 1Q2010.

Cash and bank balances increased from \$3.5m to \$53.4m, as an additional 25.0% of total sales proceeds was received in 1Q2010 after the TOP was obtained for *Oxford Suites* and *Cuscaden Royale* in January and February 2010 respectively. The proceeds received were used to pay down most of the Group's short term bank borrowings, and part of its long term bank borrowings. This resulted in a substantial decrease in interest-bearing loans and borrowings under current liabilities from \$58.8m as at 31 December 2009 to \$1.7m as at 31 March 2010.

In line with the increase in sales activity, trade and other receivables increased from \$0.9m as at 31 December 2009 to \$34.2m as at 31 March 2010.

Other liabilities increased from \$12.2m as at 31 December 2009 to \$17.5m as at 31 March 2010 mainly due to the increase in unpaid sales commissions that were accrued for residential units sold.

Deferred tax for the two projects, *Oxford Suites* and *Cuscaden Royale*, which obtained TOP in 1Q2010 have been reclassified and are now liable for tax.

Cash Flow

The Group generated a net cash of \$122.5m from operating activities. This arose mainly from more progress billings made on the back of an increase in the sale of residential units, as also reflected in the increase in trade and other receivables.

Net cash used in financing activities was \$72.4m. The significant increase in net cash used for financing activities was mainly due to the repayment of bank borrowings amounting to \$75.0m, higher interest paid on bank borrowings of \$2.6m, as interest rates went up, and \$0.9m used for funding the residential projects and hotel projects along Balestier Road/Ah Hood Road, as indicated under loan to joint ventures. During the quarter, \$0.9m worth of funds were also injected into the Group by a related company, SuperBowl Holdings Limited for the joint-venture residential development project, *Treasure on Balmoral*.

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

There was no financial forecast made in the Group's announcement dated 11 February 2010.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Singapore experienced a strong GDP growth of 13.1% in the first quarter of 2010, versus a 2.1% contraction in 2009.

Buying interest in the local private residential property market continued to show signs of growth with more than 4,400 homes being sold in 1Q2010, surpassing the 2,596 units sold in the same period last year.

Riding on such firm property demand, the Group launched *Waterscape at Cavenagh* in 1Q2010, and has to date, sold more than 65% of total units.

Skyline 360°, which had a soft launch by way of invitation has sold more than 40% of total units.

With regard to the integrated hotel/commercial park to be built on Balestier Road/Ah Hood Road, the Group has commenced piling work on the site. This project, jointly developed with SuperBowl Holdings Limited, is slated for completion by 2014.

Against the positive local property landscape and outlook, the Group remains prudent and will continue to take a judicious approach to its sales programs for its various residential developments.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

(c) Date payable

Not applicable

(d) Book closure date

Not applicable.

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

No dividend has been declared / recommended during the financial period.

13. INTERESTED PERSONS TRANSACTIONS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	3 months ended 31 March 2010	3 months ended 31 March 2010
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries : - Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$460,000) - Oxford Development Pte. Ltd. (Value of transactions amounting to \$14,000) - Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$18,000) - Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$9,000) - Leong Hoe Development Pte. Ltd. (Value of transactions amounting to \$10,000) Provision of Project and Construction Management Service to the Company's 60% owned subsidiary : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$198,000)	NA
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Contribution by the Company of its 60% proportion of the loan extended to : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 31 March 2010 amounting to \$21,648,000) Interest income amounting to \$17,000 Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan as at 31 March 2010 amounting to \$39,279,000) Interest income amounting to \$134,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd., Contract value of \$29,481,000 (inclusive of GST) (Value of transaction amounted to \$nil)

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	3 months ended 31 March 2010	3 months ended 31 March 2010
SuperBowl Management Pte Ltd (A subsidiary of SuperBowl Holdings Limited)	Contribution by the Group of its 60% proportion of the loan : - Goodluck View Development (Value of loan as at 31 March 2010 amounting to \$8,720,000) Interest income amounting to \$6,700	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to \$nil)

Hiap Hoe SuperBowl JV Pte. Ltd. ("HHSB") is a subsidiary company which is 60% owned by Hiap Hoe Limited (the "Company") and 40% by SuperBowl Holdings Limited ("SBH"). Similarly, Goodluck View Development ("GLV") is a joint venture business formed under Wah Hoe Development Pte Ltd ("Wah Hoe"), a subsidiary of the Company. This joint venture is 60% owned by Wah Hoe and 40% by SuperBowl Management Pte Ltd.

HH Properties Pte. Ltd. ("HHP") is a joint venture company which is 50% owned by the Company and 50% owned by SBH.

The Audit Committee of the Company is satisfied that the Investments in HHSB, GLV and HHP are on commercial terms which are fair and reasonable and are not prejudicial to the interest of the minority shareholders of the Company. The Audit Committee is of the view that the risk and rewards are in proportion to the equity of each of the joint venture partner in HHSB and GLV.

The Investment in the joint ventures and the related loans extended to HHSB and GLV fall within the exception of Rule 916(2) and 916(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Shareholders' approval is, therefore, not required for the Company to enter into the investment.

BY ORDER OF THE BOARD

Lai Foon Kuen
 Company Secretary
 12 May 2010

Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director