



**Hiap Hoe Limited**  
(Registration No. : 199400676Z)

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**First Quarter Financial Statement for the Period Ended 31 March 2009**

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**1(a) Income Statement, together with Statement of Comprehensive Income for the Group for the Quarter ended 31 March 2009**

Unaudited results for the first quarter ended 31 March 2009

(All figures in \$'000)

	The Group		
	1Q2009	Restated 1Q2008	%
<b>Revenue</b>	15,388	8,032	91.6
Cost of sales	(6,646)	(3,407)	95.1
<b>Gross profit</b>	<u>8,742</u>	<u>4,625</u>	89.0
<b>Other items of income</b>			
Other income	112	98	14.3
Financial income	227	71	219.7
<b>Other items of expenses</b>			
Distribution and selling expenses	(21)	(571)	(96.3)
Administrative expenses	(635)	(764)	(16.9)
Other expenses	(4)	(46)	(91.3)
Financial expenses	(158)	(19)	731.6
Share of results of joint ventures	-	(13)	(100.0)
<b>Profit before taxation</b>	<u>8,263</u>	<u>3,381</u>	144.4
Tax (expenses) / credit	(1,378)	823	(267.4)
<b>Net profit for the period</b>	<u>6,885</u>	<u>4,204</u>	63.8
<b>Attributable to :</b>			
Shareholders of the Company	6,895	4,247	62.3
Minority interests	<u>(10)</u>	<u>(43)</u>	(76.7)

Notes:

- 1) NM – Not meaningful

Consolidated Statement of Comprehensive Income for the Quarter ended 31 March 2009

(All figures in \$'000)

	The Group	
	1Q2009	1Q2008
<b>Profit, net of tax</b>	6,885	4,204
Other comprehensive income :		
Net fair value changes on cash flow hedge	-	77
Other comprehensive income for the period, net of tax	-	77
<b>Total comprehensive income for the period</b>	<u>6,885</u>	<u>4,281</u>
<b>Total comprehensive income attributable to :</b>		
Shareholders of the Company	6,895	4,324
Minority interests	<u>(10)</u>	<u>(43)</u>

Additional Information

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

(All figures in \$'000)

	The Group		
	1Q2009	1Q2008	%
Depreciation of fixed assets	40	51	(21.6)
Write back of provision for doubtful receivables (trade)	(2)	(2)	-
Impairment loss on value of quoted investment	4	51	(92.2)

## 1(b)(i) Balance Sheet as at 31 March 2009

### The Group

(All figures in \$'000)

#### **ASSETS LESS LIABILITIES**

##### **Non-Current Assets**

	31.03.09	31.12.08	%
Fixed assets	3,702	3,741	-1.0%
Investment properties	7,192	7,192	0.0%
	<b>10,894</b>	<b>10,933</b>	<b>-0.4%</b>

##### **Current Assets**

Cash, bank balances & fixed deposits	2,813	9,873	-71.5%
Other investments	90	94	-4.3%
Trade and other receivables	605	150	303.3%
Other assets	165	174	-5.2%
Prepaid operating expenses	62	61	1.6%
Due from an associate (non-trade)	1	1	0.0%
Due from related companies (non-trade)	51	25	104.0%
Due from joint venture (trade)	112	80	40.0%
Due from joint ventures (non-trade)	48,703	47,564	2.4%
Development properties	474,920	463,097	2.6%
Work-in-progress	3,489	2,280	53.0%
	<b>531,011</b>	<b>523,399</b>	<b>1.5%</b>

##### **Current Liabilities**

Trade and other payables	1,877	2,042	-8.1%
Other liabilities	3,395	3,511	-3.3%
Derivatives	271	554	-51.1%
Due to related companies (trade)	639	581	10.0%
Due to a related company (non-trade)	12,458	12,047	3.4%
Interest-bearing loans and borrowings	1,180	1,064	10.9%
Tax payable	1,610	1,121	43.6%
	<b>21,430</b>	<b>20,920</b>	<b>2.4%</b>

##### **Net Current Assets**

**509,581**      **502,479**      1.4%

##### **Non-Current Liabilities**

Trade payables	576	463	24.4%
Interest-bearing loans and borrowings	366,890	367,645	-0.2%
Deferred taxation	4,505	3,686	22.2%

##### **Net Assets**

**148,504**      **141,618**      4.9%

##### **EQUITY**

Share capital	84,446	84,446	0.0%
Treasury shares	(159)	(159)	0.0%
Reserves	63,969	57,073	12.1%
	<b>148,256</b>	<b>141,360</b>	<b>4.9%</b>
Minority Interests	248	258	-3.9%

##### **Total Equity**

**148,504**      **141,618**      4.9%

## 1(b)(i) Balance Sheet as at 31 March 2009 (cont'd)

### The Company

(All figures in \$'000)

#### **ASSETS LESS LIABILITIES**

##### **Non-Current Assets**

	31.03.09	31.12.08	%
Fixed assets	13	19	-31.6%
Investments in subsidiary companies	48,683	48,683	0.0%
	<b>48,696</b>	<b>48,702</b>	0.0%

##### **Current Assets**

Cash, bank balances & fixed deposits	36	3,466	-99.0%
Trade and other receivables	2	1	100.0%
Other assets	127	128	-0.8%
Prepaid operating expenses	16	12	33.3%
Due from subsidiary companies (non-trade)	73,137	72,257	1.2%
Due from subsidiary companies (trade)	1,262	1,075	17.4%
Due from joint ventures (non-trade)	43,147	42,013	2.7%
Due from joint venture (trade)	112	80	40.0%
Due from a related company (non-trade)	24	-	NM
Due from an associate (non-trade)	1	1	0.0%
	<b>117,864</b>	<b>119,033</b>	-1.0%

##### **Current Liabilities**

Trade and other payables	245	214	14.5%
Other liabilities	238	253	-5.9%
Derivatives	328	531	-38.2%
Due to subsidiary companies (non-trade)	63,384	64,380	-1.5%
Interest-bearing loans and borrowings	8	10	-20.0%
Provision for taxation	45	35	28.6%
	<b>64,248</b>	<b>65,423</b>	-1.8%

##### **Net Current Assets**

	<b>53,616</b>	<b>53,610</b>	0.0%
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##### **Non-Current Liability**

Interest-bearing loans and borrowings	18	19	-5.3%
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##### **Net Assets**

	<b>102,294</b>	<b>102,293</b>	0.0%
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##### **EQUITY**

Share capital	84,446	84,446	0.0%
Treasury shares	(159)	(159)	0.0%
Reserves	18,007	18,006	0.0%
<b>Total Equity</b>	<b>102,294</b>	<b>102,293</b>	0.0%

## 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 31.03.09		As at 31.12.08	
Secured	Unsecured	Secured	Unsecured
1,180	-	1,064	-

### Amount repayable after one year

(\$'000)

As at 31.03.09		As at 31.12.08	
Secured	Unsecured	Secured	Unsecured
366,890	-	367,645	-

### 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)

### Cash flows from operating activities :

Profit before taxation

Adjustments :

Depreciation of fixed assets

Interest expenses

Interest income

Write back of provision for doubtful receivables (trade)

Fair value loss on financial instrument-quoted investments held for trading

Fair value gain on derivatives

Share of results of joint ventures

### Operating cash flows before working capital changes

Changes in working capital

(Increase)/decrease in :

Development properties

Trade and other receivables

Other assets

Prepaid operating expenses

Work-in-progress

Due from joint venture (trade)

Due from joint ventures (non-trade)

(Decrease) / Increase in :

Trade and other payables

Other liabilities

Derivatives

Due to related companies (trade)

Due to related companies (non-trade)

### Cash flows used in operations

Income tax (paid)/refunded

### Net cash flows used in operating activities

### Cash flows from investing activities :

Interest income

Loan to joint ventures

Purchase of fixed assets

### Net cash flows used in investing activities

### Cash flows from financing activities :

Dividend paid

Repayment of bank term loans

Borrowings from banks

Loan from related companies

Repayment of hire purchase

Interest paid

### Net cash flows (used in) / generated from financing activities

### Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

	1Q2009	1Q2008
Profit before taxation	8,263	3,381
Adjustments :		
Depreciation of fixed assets	40	51
Interest expenses	158	19
Interest income	(227)	(71)
Write back of provision for doubtful receivables (trade)	(2)	(2)
Fair value loss on financial instrument-quoted investments held for trading	4	51
Fair value gain on derivatives	-	(5)
Share of results of joint ventures	-	13
<b>Operating cash flows before working capital changes</b>	<b>8,236</b>	<b>3,437</b>
Changes in working capital		
(Increase)/decrease in :		
Development properties	(10,397)	(223,212)
Trade and other receivables	(453)	4,350
Other assets	9	20,629
Prepaid operating expenses	(1)	25
Work-in-progress	(1,209)	(1,028)
Due from joint venture (trade)	(32)	-
Due from joint ventures (non-trade)	(24)	(362)
(Decrease) / Increase in :		
Trade and other payables	(53)	(164)
Other liabilities	(116)	(1,094)
Derivatives	(283)	351
Due to related companies (trade)	58	(6)
Due to related companies (non-trade)	30	23
<b>Cash flows used in operations</b>	<b>(4,235)</b>	<b>(197,051)</b>
Income tax (paid)/refunded	(69)	1,391
<b>Net cash flows used in operating activities</b>	<b>(4,304)</b>	<b>(195,660)</b>
<b>Cash flows from investing activities :</b>		
Interest income	4	71
Loan to joint ventures	(893)	(3,065)
Purchase of fixed assets	(1)	(1)
<b>Net cash flows used in investing activities</b>	<b>(890)</b>	<b>(2,995)</b>
<b>Cash flows from financing activities :</b>		
Dividend paid	1	1
Repayment of bank term loans	(3,000)	(4,979)
Borrowings from banks	2,246	178,113
Loan from related companies	340	4,502
Repayment of hire purchase	(2)	(28)
Interest paid	(1,445)	(1,071)
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(1,860)</b>	<b>176,538</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,054)</b>	<b>(22,117)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,867</b>	<b>30,235</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,813</b>	<b>8,118</b>

Note :

Cash and bank balances

Fixed deposits

Less Bank overdraft

913	1,610
1,900	6,800
-	(292)
<b>2,813</b>	<b>8,118</b>

## 1(d)(i) Statement of Changes in Equity

(All figures in \$'000)

	The Group		The Company	
	1Q2009	Restated 1Q2008	1Q2009	1Q2008
<b>Issued Capital</b>				
Balance at beginning / end of period	84,446	63,453	84,446	63,453
<b>Treasury shares</b>				
Balance at beginning / end of period	(159)	-	(159)	-
<b>Capital reserve</b>				
Balance at beginning / end of period	(7,671)	(7,671)	-	-
<b>Other reserve</b>				
Balance at beginning of period	-	-	-	-
Total comprehensive income for the period	-	77	-	-
Balance at end of period	-	77	-	-
<b>Dividend reserve</b>				
Balance at beginning / end of period	945	3,037	945	3,037
<b>Accumulated profits / (losses)</b>				
Balance at beginning of period	63,799	56,432	17,061	13,871
Effect of change in accounting policy	-	20	-	-
Balance at beginning of year, restated	63,799	56,452	17,061	13,871
Dividend in respect of FY2008/FY2007 paid	1	1	1	1
Total comprehensive income for the period	6,895	4,247	-	2,313
Balance at end of period	70,695	60,700	17,062	16,185
<b>Minority interest</b>				
Balance at beginning of period	258	371	-	-
Total comprehensive income for the period	(10)	(43)	-	-
Balance at end of period	248	328	-	-
<b>Equity at end of period</b>	<b>148,504</b>	<b>119,924</b>	<b>102,294</b>	<b>82,675</b>

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	
	31-Mar-09	31-Mar-08
Balance at 1 January	379,646,363	303,717,091
Balance at 31 March	379,646,363	303,717,091

### Treasury Shares

	Number of Treasury Shares	
	31-Mar-09	31-Mar-08
Balance at 1 January	1,453,000	-
Balance at 31 March	1,453,000	-

During the first quarter ended 31 March 2009, there was no change in the issued share capital of the Company.

**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 2009 is 378,193,363 (31 December 2008 : 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.**

Except as disclosed in Section 5 below, 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 2008.

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

The Group adopted the following new and revised FRS that are mandatory for the financial periods beginning on or after 1 January 2009 :

FRS 1	: Presentation of financial statements – Revised presentation
FRS 23	: Borrowing Costs
FRS 108	: Operating segments

The adoption of new and revised FRS did not have any impact on the results of the Group for the financial period ended 31 March 2009.



**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

	31-Mar-09	31-Mar-08
Earning per share (cents)		
Basic	1.82	1.40
Diluted	1.82	1.40
Weighted average number of shares		
Basic	378,193,363	303,717,091
Diluted	378,193,363	303,717,091

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-09	31-Dec-08
Net assets value per shares (cents)		
The Group	39.20	37.38
The Company	27.05	27.05
Based on number of shares		
The Group	378,193,363	378,193,363
The Company	378,193,363	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.

**FINANCIAL HIGHLIGHTS**

**Revenue**

Group revenue rose by 91.6% to \$15.4m for the three months ended 31 March 2009 ("1Q 2009"), compared to \$8.0m in the corresponding period in FY 2008 ("1Q 2008"), due to progressive revenue recognition for Cuscaden Royale (7.1%) and Oxford Suites (12.1%), as well as final revenue recognition for the completion of City Edge (2.0%).

To date, 38.3% of revenue and 39.5% of revenue have been recognized for Cuscaden Royale and Oxford Suite respectively.

### **Profit**

Cost of sales increased in line with the increase in revenue, and resulted in a growth of 89.0% in gross profit from \$4.6m in 1Q 2008 to \$8.7m in 1Q 2009 .

Distribution and selling expenses fell 96.3%, from \$0.6m to \$21,000, as marketing expenses incurred for joint venture project, The Beverly, were recognized by the group using equity accounting, and was hence not booked as a direct expense.

Administrative expenses decreased by 17% to \$0.6m as a result of cost savings measures implemented. Other expenses amounting to \$4,000 was mainly due to a provision for diminution in value of quoted investment.

Interest expense in 1Q 2009 amounted to \$158,000 which was higher than \$19,000 incurred in 1Q 2008, mainly due to the Group's draw-down of part of its bank credit facilities for working capital purpose.

The Group recorded a tax expense of \$1.4m comprising of deferred tax of \$0.9m, under-provision for tax in prior years of \$0.4m and current tax of \$0.1m. Deferred tax was incurred as profit was recognized on some projects prior to their TOP.

Taking into consideration the above factors, the Group's net profit after tax rose 63.8% to \$6.9m in 1Q 2009, compared to \$4.2m in 1Q 2008.

### **Balance Sheet (Group)**

Development properties increased from \$463.1m to \$474.9m mainly due to construction and development cost incurred for the uncompleted projects. This explained for the decrease in cash, bank balances and fixed deposits from \$9.9m to \$2.8m.

The increase of \$0.5m in trade and other receivables was mainly due to the progress payment receivables from purchasers of Oxford Suites.

### **Cash Flow**

The Group recorded net cash used in operating activities of approximately \$4.2m. This was mainly used in expenses incurred for the construction of its residential development projects.

Investing activities registered a net cash used of \$0.9m, due to loans extended to joint ventures.

Financing activities registered a net cash used of \$1.9m. Bank borrowings and funds injected by a related company for a joint-venture totaling \$2.6m were partially off-set by a repayment of bank borrowings amounting to \$3.0m and payment of interest on borrowings amounting to \$1.4m.

**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 26 February 2009.

**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.**

Following the Singapore economy's 11.5% contraction in 1Q2009, the Singapore government has revised the country's economic growth forecast for 2009 ranging from -6.0 to -9.0 per cent.

The weak economy continues to impact the domestic property market. Real estate statistics for 1Q2009 by the Urban Redevelopment Authority of Singapore has revealed a significant 15.1% decline in the average price of non-landed private residential properties for 1Q 2009 compared with 4Q 2008.

In this regard, the rest of 2009 is expected to remain challenging for the Group. The Group, together with its joint-venture partner has launched The Beverly in 1Q2009 and more than 25% of the 31 units launched in phase 1 has been taken up. Nevertheless, given the current economic uncertainties, the Group will adopt a cautious stance with regard to its other projects and will monitor the market closely before launching these other new projects at an opportune time.

**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 QUARTER ENDED 31 MARCH 2009

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 2009	3 months ended 31 March 2009
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 :  - Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$55,000)  - Oxford Development Pte. Ltd. (Value of transactions amounting to \$9,000)  - Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$26,000)  - Leong Hoe Development Pte. Ltd. (Value of transactions amounting to \$8,000)	—
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 09 amounting to \$18,424,000)  Interest income amounting to \$17,000  Contribution by the Company to an associate company, HH Properties Pte. Ltd. of its 50% proportion of the loan:  - Value of loan as at 31 March 09 amounting to \$38,149,000  Interest income amounting to \$214,000	—
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 09 amounting to \$9,641,000)  Interest income amounting to \$7,700	—

Hiap Hoe SuperBowl JV Pte. Ltd. (“HHSB”) is a joint venture 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 an associate 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  
8 May 2009

#### **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 2009 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