Hiap Hoe Limited
(Registration No. : 199400676Z)

Half Year Financial Statement for the Period Ended 30 June 2007

1(a) Income Statement for the Group for the Period Ended 30 June 2007

Unaudited results for the period ended 30 June 2007

(All figures in $'000)	The Group		
	1H2007	1H2006	%
Revenue	55,582	15,389	261.2
Cost of sales	(42,001)	(11,431)	267.4
Gross profit	13,581	3,958	243.1
Distribution and selling expenses	(3,148)	(571)	451.3
Administrative expenses	(1,560)	(1,371)	13.8
Other income	437	4,152	(89.5)
Profit from operating activities	9,310	6,168	50.9
Financial expenses	(252)	(773)	(67.4)
Financial income	82	3	NM
Profit from ordinary activities before taxation	9,140	5,398	69.3
Taxation	(1,097)	(798)	37.5
Net profit for the period	8,043	4,600	74.8
Attributable to :			
Shareholders of the Company	8,043	4,600	74.8

Notes:

1) NM – Not meaningful

Additional Information

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

	The Group		
	01.01.07 to 30.06.07	01.01.06 to 30.06.06	%
Bad debts written off (trade)	-	100	(100.0)
Depreciation of fixed assets	110	112	(1.8)
Loss on disposal of fixed assets	54	66	(18.2)
Gain on disposal of investment property	-	(3,858)	(100.0)
Gain on disposal of quoted investment	-	(1)	(100.0)
Dividend income, gross	(45)	(6)	650.0
Write back of provision for doubtful receivables (trade)	(15)	(3)	400.0
Write (back) / down of quoted investment to market value	(178)	3	NM
Write back of provision for foreseeable losses on development properties	(1,195)	(58)	NM

1(b)(i) Balance Sheet as at 30 June 2007

The Group

(All figures in $'000)	30.06.07	31.12.06	%
ASSETS LESS LIABILITIES			
Non-Current Assets			
Fixed assets	4,037	3,866	4.4%
Investment properties	5,750	5,750	0.0%
Deferred tax assets	1,064	-	NM
	10,851	9,616	12.8%
Current Assets			
Cash, bank balances & fixed deposits	15,806	1,229	NM
Other investments	11,882	175	NM
Trade receivables	38,044	23,203	64.0%
Other receivables and deposits	11,417	9,289	22.9%
Prepaid operating expenses	258	331	-22.1%
Due from related company (non-trade)	10	19	-47.4%
Development properties	124,504	94,294	32.0%
Work-in-progress	174	533	-67.4%
	202,095	129,073	56.6%
Current Liabilities			
Trade payables	1,921	2,927	-34.4%
Other payables and accruals	3,038	3,054	-0.5%
Due to ultimate holding company (non-trade)	-	104	-100.0%
Due to related companies (non-trade)	2	126	-98.4%
Interest-bearing loans and borrowings	2,821	19,128	-85.3%
Provision for taxation	3,432	3,309	3.7%
	11,214	28,648	-60.9%
Net Current Assets	**190,881**	**100,425**	90.1%
Non-Current Liabilities			
Interest-bearing loans and borrowings	97,107	40,631	139.0%
Deferred taxation	1,052	412	155.3%
Net Assets	**103,573**	**68,998**	50.1%
EQUITY			
Share Capital	130,407	100,040	30.4%
Reserves	(26,834)	(31,042)	-13.6%
Total Equity	**103,573**	**68,998**	50.1%

The Company

(All figures in $'000)	30.06.07	31.12.06	%
ASSETS LESS LIABILITIES			
Non-Current Assets			
Fixed assets	100	134	-25.4%
Investments in subsidiary companies	48,083	48,083	0.0%
	48,183	48,217	-0.1%
Current Assets			
Cash, bank balances & fixed deposits	9,755	79	NM
Other investments	11,500	-	NM
Other receivables and deposits	137	130	5.4%
Prepaid operating expenses	15	13	15.4%
Due from subsidiary companies (non-trade)	21,816	4,707	363.5%
Due from subsidiary companies (trade)	712	610	16.7%
	43,935	5,539	693.2%
Current Liabilities			
Other payables and accruals	421	590	-28.6%
Due to subsidiary companies (non-trade)	28,464	16,067	77.2%
Due to subsidiary companies (trade)	25	-	NM
Due to ultimate holding company (non-trade)	-	13	-100.0%
Interest-bearing loans and borrowings	10	10	0.0%
Provision for taxation	-	11	-100.0%
	28,920	16,691	73.3%
Net Current Assets / (Liabilities)	**15,015**	**(11,152)**	NM
Non-Current Liability			
Interest-bearing loans and borrowings	34	39	-12.8%
Net Assets	**63,164**	**37,026**	70.6%
EQUITY			
Share Capital	130,407	100,040	30.4%
Reserves	(67,243)	(63,014)	6.7%
Total Equity	**63,164**	**37,026**	70.6%

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 30.06.07		As at 31.12.06	
Secured	Unsecured	Secured	Unsecured
2,821	-	19,128	-

Amount repayable after one year
($'000)

As at 30.06.07		As at 31.12.06	
Secured	Unsecured	Secured	Unsecured
97,107	-	40,631	-

Details of any collateral

The above borrowings are secured by :

1) Mortgage on subsidiaries' leasehold properties and / or development properties.
2) Mortgage on subsidiaries' investment properties and freehold properties.
3) Legal assignment of balance of 15% sale proceeds to the bank.
4) Assignment of all rights and benefits under
   (i) The Sales and Purchase agreement and/or tenancy agreement;
   (ii) Insurance policies taken up;
   (iii) Performance bonds in relation to the Project.
5) An assignment of the building contracts and drawings.
6) An assignment of the proceeds of the Project account and the rental account maintained with the bank.
7) Deed of Subordination to subordinate all loans / advances from the holding company to the facilities. Repayment of expenses / costs incurred on behalf by the holding company under the project has been allowed.
8) Corporate guarantees given by the holding company.

1(c) Consolidated Cash Flow Statement of the Group

(All figures in $'000)

	01.01.07 to 30.06.07	01.01.06 to 30.06.06
Cash flows from operating activities :		
Profit from ordinary activities before taxation	9,140	5,398
Adjustments :		
Bad Debts	-	100
Depreciation of fixed assets	110	112
Interest expenses	252	773
Interest income	(82)	(3)
Dividend income	(45)	(6)
Loss on disposal of fixed assets	54	66
Gain on disposal of investment property	-	(3,858)
Gain on disposal of quoted investment	-	(1)
Write back of provision for doubtful receivables (trade)	(15)	(3)
Write (back) / down of quoted investment to market value	(178)	3
Write back of provision for foreseeable losses on development properties	(1,195)	(58)
Operating profit before working capital changes	**8,041**	**2,523**
(Increase)/decrease in :		
Development properties	(27,778)	(10,986)
Trade receivables	(14,826)	(1,387)
Other receivables and deposits	(2,230)	(447)
Prepaid operating expenses	73	(66)
Work-in-progress	359	84
(Decrease) / increase in :		
Trade payables	(1,006)	(140)
Other payables and accruals	(16)	(39)
Due to ultimate holding company	(104)	-
Due from related companies	(115)	(20)
Cash flows used in operations	**(37,602)**	**(10,478)**
Income tax paid	(1,398)	(943)
Net cash used in operating activities	**(39,000)**	**(11,421)**

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

(All figures in $'000)

	01.01.07 to 30.06.07	01.01.06 to 30.06.06
Cash flows from investing activities :		
Dividend income	45	6
Interest income	58	3
Proceeds from disposal of fixed assets	-	114
Proceeds from disposal of quoted investments	-	47
Proceeds from disposal of investment property	-	8,558
Purchase of fixed assets	(335)	(10)
Purchase of quoted investment	(29)	-
Purchase of unquoted investment	(11,500)	-
Net cash (used in) / generated from investing activities	**(11,761)**	**8,718**
Cash flow from financing activities :		
Dividend paid	(2,752)	(1,420)
Repayment of bank term loans	(29,814)	(12,192)
Borrowings from banks	70,195	17,115
Placement of shares, net of expenses	23,617	-
Proceeds from exercise of share options	151	-
Repayment of hire purchase	(55)	(5)
Hire purchase loan	200	-
Interest paid	(1,245)	(740)
Proceeds from conversion from warrants to shares	5,642	677
Net cash generated from financing activities	**65,939**	**3,435**
Net increase in cash and cash equivalents	**15,178**	**732**
Cash and cash equivalents at beginning of period	**344**	**212**
Cash and cash equivalents at end of period	**15,522**	**944**

Note :		
Cash and bank balances	1,406	1,552
Fixed deposits	14,400	500
Less Bank overdraft	(284)	(1,108)
	15,522	944

1(d)(i) Statement of Changes in Equity
(All figures in $'000)

	The Group		The Company	
	01.01.07 to 30.06.07	01.01.06 to 30.06.06	01.01.07 to 30.06.07	01.01.06 to 30.06.06
Issued Capital				
Balance at beginning of period	100,040	27,733	100,040	27,733
Transfer of share premium reserve to share capital upon implementation of Companies (Amendment) Act 2005	-	71,028	-	71,028
Issue of shares	29,410	792	29,410	792
Warrants exercised during the period	957	-	957	-
Balance at end of period	130,407	99,553	130,407	99,553
Warrant Reserves				
Balance at beginning of period	979	1,156	979	1,156
Exercise during the period	(957)	(115)	(957)	(115)
Balance at end of period	22	1,041	22	1,041
Capital reduction reserve				
Balance at beginning / end of period	5,773	5,773	5,773	5,773
Share premium				
Balance at beginning of period	-	71,028	-	71,028
Transfer of share premium reserve to share capital upon implementation of Companies (Amendment) Act 2005	-	(71,028)	-	(71,028)
Balance at end of period	-	-	-	-
Capital reserve				
Balance at beginning / end of period	(81,003)	(81,003)	-	-
Other reserve				
Balance at beginning of period	418	395	418	395
Net fair value changes on cash flow hedge	(126)	119	(126)	119
Balance at end of period	292	514	292	514
Dividend reserve				
Balance at beginning of period	2,767	1,387	2,767	1,387
Dividend in respect of FY2006/FY2005 paid	(2,767)	(1,387)	(2,767)	(1,387)
Balance at end of period	-	-	-	-
Retained earnings/(accumulated losses)				
Balance at beginning of period	40,024	30,236	(72,951)	(73,406)
Dividend in respect of FY2006	15	(33)	15	(33)
Profit / (Loss) for the period	8,043	4,600	(394)	(312)
Balance at end of period	48,082	34,803	(73,330)	(73,751)
Equity at end of period	103,573	60,681	63,164	33,130

With the implementation of the Companies (Amendment) Act 2005 on 30 January 2006, the concept of authorised share capital is abolished and the shares of the Company have no par value. Consequently, the balance in share premium within equity as at 30 January 2006 had been classified to the Company's share capital.

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 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.

Employees' Stock Options

	Number of Employees' Stock Options (Unexercised)		Exercise Price ($)	
	2007	2006 [1]	2007	2006 [1]
Balance at 1 January	1,100,000	6,600,000		
Exercised during the period	(540,000)	-	0.280	0.056
Balance at 30 June	560,000	6,600,000		

Warrants

	Number of Warrants (Unexercised)		Exercise Price ($)	
	2007	2006 [1]	2007	2006 [1]
Balance at 1 January	46,252,988	272,872,689		
Exercised during the period	(45,136,867)	(27,084,750)	0.125	0.025
Balance at 30 June	1,116,121	245,787,939		

Ordinary Shares

	Number of Ordinary Shares	
	2007	2006 [1]
Balance at 1 January	230,406,702	1,109,325,758
Consolidation adjustment	(26)	-
Placement of shares	26,000,000	-
Conversion from warrants	45,136,867	27,084,750
Conversion from employees' stock options	540,000	-
Balance at 30 June	302,083,543	1,136,410,508

For the financial period ended 30 June 2007, the number of warrants and options that were exercised and converted into ordinary shares were stipulated in the above tables. The shares were issued ranking pari passu in all respects with the existing issued ordinary shares in the capital of the Company.

On 28 May 2007, the Company completed the placement of 26,000,000 new ordinary shares in the capital of the Company at an exercise price of $0.93.

Note 1 :

The Share Consolidation was effective on 25 January 2007. Under the Share Consolidation, the Company consolidated every five ordinary shares in the capital of the Company into one ordinary share. The number of shares, options and warrants disclosed on 30 June 2007 was after the Share Consolidation while the number of shares, options and warrants disclosed on 30 June 2006 was before the Share Consolidation. The exercise price for the options and warrants as at 30 June 2007 was adjusted for the Share Consolidation.

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 2006.

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 has adopted the new Financial Reporting Standard (FRS) 40 – Investment Property for the financial years beginning on or after 1 January 2007.

The Standard requires the reporting entity to account for its investment properties either:
(a) at fair value with fair value changes taken to Profit & Loss (Fair Value Model) or
(b) at cost less depreciation any impairment losses (Cost Model).

The Group has previously accounted for its investment properties at valuation under FRS 25, *Accounting for Investments*. Surplus on revaluation is credited directly to revaluation reserve unless it reverses a previous revaluation relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. Any deficit on revaluation is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an investment property, is transferred directly to accumulated profits on retirement or disposal of that property.

With the adoption of FRS 40 on 1 January 2007, the Group has adopted the Fair Value Model whereby all of its investment properties will be measured at fair value with any gain or loss arising from the change in fair value of that investment properties recognised in profit or loss for the period in which its arises.

The adoption of FRS 40 has no impact to the financial statements in the period of initial application.

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

	After Share Consolidation	After Share Consolidation	Before Share Consolidation
	30-Jun-07	30-Jun-06	30-Jun-06
Earning per share (cents)			
Basic	3.14	2.05	0.41
Diluted	2.84	2.05	0.41
Weighted average number of shares			
Basic	256,023,001	224,438,757	1,122,193,783
Diluted	283,211,598	224,438,757	1,122,193,783

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

The average price of the ordinary share during the period ended 30 June 2006 was below the exercise price of the option under the Hiap Hoe Limited Executives' Share Options Scheme 2004. Under FRS 33, these options are considered to be anti-dilutive during that year.

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

	After Share Consolidation	After Share Consolidation	Before Share Consolidation
	30-Jun-07	31-Dec-06	31-Dec-06
Net assets value per shares (cents)			
The Group	34.29	29.95	5.99
The Company	20.91	16.07	3.21
Based on number of shares			
The Group	302,083,543	230,406,702	1,152,033,508
The Company	302,083,543	230,406,702	1,152,033,508

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.

Group Revenue grew more than three-fold to $55.6m for first-half 2007 ("1H2007"), compared to $15.4m for first-half 2006 ("1H2006"). Net profit rose 74.8% to $8.0m, taking into consideration $3.9m non-recurring gain in 1H2006. Excluding non-recurring items, 1H2007 profit registered an 11-fold increase over the previous period.

Revenue

Revenue from the sale of residential development properties grew more than 3.5 times to $55.2m in 1H2007, from $15.2m in 1H2006. This is attributed to strong demand in the property market which led to all the existing completed projects, namely Proximo and Papillon, being fully sold.

Cost of sales increased in conjunction with higher sales generated and includes the write-back of foreseeable loss, which was $1.2m for 1H2007 against $0.1m for 1H2006.

Profit

Gross Profit on the sale of development property grew from $3.9m in 1H2006 to $13.2m in 1H2007.

Distribution and selling expenses increased from $0.6m to $3.1m for the period under review. The increase was mainly due to the launches of Cuscaden Royale and Oxford Suites, where both projects have been fully sold.

Administrative expenses increased by $0.2m mainly due to the increase in group headcount and professional fees incurred for securing financing for the acquisition of land at Le Chateau and Lewis Court.

The decrease in other income was mainly due to the non-recurring capital gain of $3.9m, arising from the sale of investment property in 1H2006.

1H2006 finance expenses included interest expense incurred in relation to the purchase of Cuscaden Royale prior to commencement of construction. In comparison, only interest expense of completed projects was included in finance expenses for 1H2007.

Tax expense for 1H2007 increased by $0.3m to $1.1m due to higher taxable profit generated from the increase in sales. On the contrary lower tax expense was reflected in 1H2006 as the bulk of profit achieved in 1H2006, was nonrecurring capital gain and hence not subject to tax. The tax expense was partially off set by net deferred tax asset of $0.4m.

Cash Flow

Investing activities registered a net cash outflow of $11.8m mainly due to investment in commercial papers of $11.5m and purchase of fixed assets amounting to $0.3m.

Financing activities registered a net cash inflow of $65.9m. The bank borrowings of $70.2m were utilized to fund the completion of acquisition of Le Chateau and Lewis Court and for deposits paid for the en-bloc acquisition of lands at Clemenceau Court and GoodLuck View.

Proceeds from placement of shares and warrants conversions totaled $29.4m have also contributed to the cash inflow.

The above were partially offset by cash outflow pertaining to repayment of bank borrowings, dividend payment and payment of loan interest totaling $33.8m.

Balance Sheet

Other investments increased from $0.2m to $11.9m mainly due to the purchase of commercial paper of $11.5m and upward valuation in fair value of the quoted investment of $0.2m.

Trade receivables increased by $14.8m in line with higher sales activity.

Other deposits and receivables comprised mostly of deposits paid for Phoenix Court, Clemenceau Court and GoodLuck View totaled $11.2m.

Short-term bank borrowings was reduced by repayment of loans by subsidiary companies from sales proceeds received.

The acquisition of Le Chateau and Lewis Court resulted in an increase in long term bank borrowings to $62.8m.This increase was partially offset by net repayments made during the financial period under review and which amounted to $6.3m.

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 14 February 2007.

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.

The Singapore economy registered strong growth in the second quarter. The Advance GDP estimates forecast strong 8.2% increase in 2Q2007 following 6.4% increase in 1Q2007. The URA's price index showed that the prices for non-landed residential property continued to increase by 7.9% for 2Q2007 compared with 4.6% increase for 1Q2007.

The Group has performed well due to strong market demand for residential property. This was reflected by the brisk sales of Cuscaden Royale and Oxford Suites, which were snapped up within a short period since their respective launches. Proceeds from the sale of these two developments will be recognized from the commencement of the construction.

With the Singapore economy expected to remain buoyant, the Group is planning to launch its development project in Bukit Timah in 4Q2007. Other possible launches in 1H2008 include developments at St. Thomas Walk, Cavenagh Road and Toh Tuck Road.

The uptrend in residential property prices is spreading beyond prime districts, as overall demand outpaces supply. Against this backdrop, the Group aims to be a first-mover in seeking out new promising sites for future development.

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.

BY ORDER OF THE BOARD

Sophia Lim Siew Fay
Company Secretary
07/08/07

Confirmation pursuant to Rule 705(4) 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 half year ended 30 June 2007 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