



Hiap Hoe Limited
(Registration No. : 199400676Z)

First Quarter Financial Statement for the Period Ended 31 March 2008

1(a) Income Statement for the Group for the Quarter ended 31 March 2008

Unaudited results for the first quarter ended 31 March 2008

(All figures in \$'000)

	The Group		
	1Q2008	1Q2007	%
Revenue	8,027	27,551	(70.9)
Cost of sales	(3,407)	(18,124)	(81.2)
Gross profit	4,620	9,427	(51.0)
Other items of income			
Other income	98	199	(50.8)
Financial income	61	13	369.2
Other items of expenses			
Distribution and selling expenses	(576)	(1,884)	(69.4)
Administrative expenses	(777)	(759)	2.4
Other expenses	(46)	(7)	557.1
Financial expenses	(18)	(340)	(94.7)
Profit before taxation	3,362	6,649	(49.4)
Tax expenses	831	(709)	(217.2)
Net profit for the period	4,193	5,940	(29.4)
Attributable to :			
Shareholders of the Company	4,236	5,940	(28.7)
Minority interests	(43)	-	NM

Notes:

- 1) NM – Not meaningful

Additional Information

Profit from operation is determined after charging :

(All figures in \$'000)

	The Group		
	01.01.08 to 31.03.08	01.01.07 to 31.03.07	%
Depreciation of fixed assets	51	56	(8.9)
Loss on disposal of fixed assets	-	7	(100.0)
(Write back of) / Provision for doubtful receivables (trade)	(2)	(14)	(85.7)
Impairment loss / (Write back of impairment) on value of quoted investment	51	(53)	(196.2)
Write back of provision for foreseeable losses on development properties	-	(331)	(100.0)

1(b)(i) Balance Sheet as at 31 March 2008

The Group

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

	31.03.08	31.12.07	%
Fixed assets	3,872	3,923	-1.3%
Investment properties	5,750	5,750	0.0%
	9,622	9,673	-0.5%

Current Assets

Cash, bank balances & fixed deposits	8,460	30,235	-72.0%
Other investments	238	289	-17.6%
Trade and other receivables	516	4,608	-88.8%
Other assets	9,469	34,371	-72.5%
Prepaid operating expenses	112	138	-18.8%
Due from related company (non-trade)	24	-	NM
Due from joint venture partner (non-trade)	20	32	-37.5%
Development properties	405,092	136,015	197.8%
Work-in-progress	1,310	282	364.5%
	425,241	205,970	106.5%

Current Liabilities

Trade and other payables	994	1,240	-19.8%
Other liabilities	3,954	5,047	-21.7%
Derivatives	368	99	271.7%
Due to related companies (trade)	220	359	-38.7%
Due to related companies (non-trade)	11,599	6,998	65.7%
Due to joint venture partner (non-trade)	12	-	NM
Interest-bearing loans and borrowings	6,911	11,197	-38.3%
Tax payable	2,650	2,569	3.2%
	26,708	27,509	-2.9%

Net Current Assets

Non-Current Liabilities

Trade payables	343	243	41.2%
Interest-bearing loans and borrowings	285,094	70,047	307.0%
Deferred taxation	2,826	2,222	27.2%

Net Assets

EQUITY

Share Capital	63,453	63,453	0.0%
Reserves	56,111	51,798	8.3%
	119,564	115,251	3.7%
Minority Interests	328	371	-11.6%
Total Equity	119,892	115,622	3.7%

1(b)(i) Balance Sheet as at 31 March 2008 (cont'd)

The Company

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

Fixed assets
Investments in subsidiary companies

Current Assets

Cash, bank balances & fixed deposits
Trade and other receivables
Other assets
Prepaid operating expenses
Due from subsidiary companies (non-trade)
Due from subsidiary companies (trade)
Due to related companies (non-trade)

Current Liabilities

Trade and other payables
Other liabilities
Derivatives
Due to subsidiary companies (non-trade)
Due to subsidiary companies (trade)
Due to related 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
Reserves
Total Equity

	31.03.08	31.12.07	%
	51	67	-23.9%
	48,683	48,683	0.0%
	48,734	48,750	0.0%
	1,722	6,987	-75.4%
	2	2	0.0%
	126	126	0.0%
	17	13	30.8%
	62,233	40,840	52.4%
	624	978	-36.2%
	41	-	NM
	64,765	48,946	32.3%
	223	210	6.2%
	242	530	-54.3%
	445	99	349.5%
	29,857	16,427	81.8%
	9	15	-40.0%
	-	4	-100.0%
	10	10	0.0%
	11	11	0.0%
	30,797	17,306	78.0%
	33,968	31,640	7.4%
	27	29	-6.9%
	82,675	80,361	2.9%
	63,453	63,453	0.0%
	19,222	16,908	13.7%
	82,675	80,361	2.9%

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 31.03.08		As at 31.12.07	
Secured	Unsecured	Secured	Unsecured
6,911	-	11,197	-

Amount repayable after one year

(\$'000)

As at 31.03.08		As at 31.12.07	
Secured	Unsecured	Secured	Unsecured
285,094	-	70,048	-

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) 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 holding company to the facilities. Repayment of expenses / costs incurred on behalf by the holding company under the project has been allowed.
- 6) Corporate guarantees given by the holding company.

1(c) Consolidated Cash Flow Statement of the Group

(All figures in \$'000)

	01.01.08 to 31.03.08	01.01.07 to 31.03.07
Cash flows from operating activities :		
Profit before taxation	3,361	6,649
Adjustments :		
Depreciation of fixed assets	51	56
Interest expenses	19	340
Interest income	(61)	(13)
Loss on disposal of fixed assets	-	7
(Write back of) / Provision for doubtful receivables (trade)	(2)	(2)
Fair value loss /(gain) on financial instrument-quoted investments held for trading	51	(53)
Fair value loss on derivatives	(6)	-
Write back of provision for foreseeable losses on development properties	-	(331)
Operating cash flows before working capital changes	3,413	6,653
Changes in working capital		
(Increase)/decrease in :		
Development properties	(267,513)	(39,235)
Trade and other receivables	4,094	(6,840)
Other assets	25,027	1,274
Prepaid operating expenses	25	29
Work-in-progress	(1,028)	(236)
Due from joint venture partner, net	24	-
(Decrease) / Increase in :		
Trade and other payables	(146)	(1,914)
Other liabilities	(1,092)	9,117
Derivatives	351	-
Due from related companies, net	(88)	(103)
Cash flows used in operations	(236,933)	(31,255)
Income tax refunded/(paid)	1,391	(362)
Net cash flows used in operating activities	(235,542)	(31,617)
Cash flows from investing activities :		
Interest income	61	13
Proceeds from disposal of fixed assets	-	1
Purchase of fixed assets	(1)	(134)
Net cash flows from/(used in) investing activities	60	(120)
Cash flows from financing activities :		
Dividend paid	1	-
Repayment of bank term loans	(4,979)	(17,283)
Borrowings from banks	215,050	49,382
Loan from related companies	4,502	-
Repayment of hire purchase	(28)	(29)
Interest paid	(1,131)	(249)
Exercise of share options	-	151
Conversion from warrants to shares	-	1,189
Net cash flows from financing activities	213,415	33,161

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

(All figures in \$'000)

	01.01.08 to 31.03.08	01.01.07 to 31.03.07
Net (decrease)/increase in cash and cash equivalents	(22,067)	1,424
Cash and cash equivalents at beginning of period	30,235	344
Cash and cash equivalents at end of period	8,168	1,768

Note :

Cash and bank balances
Fixed deposits
Less Bank overdraft

1,660	1,369
6,800	1,500
(292)	(1,101)
8,168	1,768

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

(All figures in \$'000)

	The Group		The Company	
	01.01.08 to 31.03.08	01.01.07 to 31.03.07	01.01.08 to 31.03.08	01.01.07 to 31.03.07
Issued Capital				
Balance at beginning of period	63,453	100,040	63,453	100,040
Transfer of share premium reserve to share capital upon implementation of Companies (Amendment) Act 2005	-	-	-	-
Issuance of shares	-	1,542	-	1,542
Balance at end of period	63,453	101,582	63,453	101,582
Warrant Reserves				
Balance at beginning of period	-	980	-	980
Exercise during the period	-	(202)	-	(202)
Balance at end of period	-	778	-	778
Capital reduction reserve				
Balance at beginning / end of period	-	5,773	-	5,773
Capital reserve				
Balance at beginning / end of period	(7,672)	(81,003)	-	-
Other reserve				
Balance at beginning of period	-	418	-	418
Exercise of share options	-	-	-	-
Net fair value changes on cash flow hedge	77	-	-	-
Balance at end of period	77	418	-	418
Dividend reserve				
Balance at beginning of period	3,037	2,767	3,037	2,767
Dividend in respect of FY2007/FY2006 paid	-	-	-	-
Balance at end of period	3,037	2,767	3,037	2,767
Accumulated profits / (losses)				
Balance at beginning of period	56,432	40,023	13,871	(72,952)
Dividend in respect of FY2007/FY2006 paid	1	-	1	-
Profit / (Loss) for the period	4,236	5,940	2,313	(225)
Balance at end of period	60,669	45,963	16,185	(73,177)
Minority interest				
Balance at beginning of period	371	-	-	-
Capital contribution from minority interests	-	-	-	-
Net loss for the period	(43)	-	-	-
Balance at end of period	328	-	-	-
Equity at end of period	119,892	76,278	82,675	38,141

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.

Employees' Stock Options

	Number of Employees' Stock Options (Unexercised)		Exercise Price (\$)	
	31-Mar-08	31-Mar-07	2008	2007
Balance at 1 January	-	5,500,000		0.056
Exercised during the period	-	(100,000)		
Balance before Share Consolidation	-	5,400,000		
Effect of Share Consolidation	-	(4,320,000)		
Balance after Share Consolidation	-	1,080,000		0.280
Exercised during the period	-	(520,000)		
Balance at 31 March	-	560,000		

Warrants

	Number of Warrants (Unexercised)		Exercise Price (\$)	
	31-Mar-08	31-Mar-07	2008	2007
Balance at 1 January	-	231,264,939		0.025
Exercised during the period	-	(34,126,895)		
Balance before Share Consolidation	-	197,138,044		
Effect of Share Consolidation	-	(157,710,435)		
Balance after Share Consolidation	-	39,427,609		0.125
Exercised during the period	-	(2,689,640)		
Balance at 31 March	-	36,737,969		

Ordinary Shares

	Number of Ordinary Shares	
	31-Mar-08	31-Mar-07
Balance at 1 January	303,717,091	1,152,033,508
Conversion from warrants	-	34,126,895
Conversion from employees' stock options	-	100,000
Balance before Share Consolidation	303,717,091	1,186,260,403
Effect of Share Consolidation	-	(949,008,322)
Consolidation adjustment	-	(27)
Balance after Share Consolidation	303,717,091	237,252,054
Conversion from warrants	-	2,689,640
Conversion from employees' stock options	-	520,000
Balance at 31 March	303,717,091	240,461,694

During the first quarter ended 31 March 2008, 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 2008 is 303,717,091 (31 December 2007 : 303,717,091).

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 by the auditor.

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 2007.

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

	31-Mar-08	31-Mar-07
Earning per share (cents)		
Basic	1.39	2.48
Diluted	1.39	2.38
Weighted average number of shares		
Basic	303,717,091	239,748,516
Diluted	303,717,091	249,677,785

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-08	31-Dec-07
Net assets value per shares (cents)		
The Group	39.47	38.07
The Company	27.22	26.46
Based on number of shares		
The Group	303,717,091	303,717,091
The Company	303,717,091	303,717,091

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 decreased 71% for the first three months of the financial period ended 31 March 2008 ("1Q 2008"), compared to the corresponding period in FY 2007 ("1Q 2007"). Net profit after tax decreased by 29% to \$4.2m in 1Q 2008 versus \$5.9m in 1Q 2007.

Revenue

Revenue for 1Q 2008 was \$8.0m versus that of \$27.6m in 1Q 2007. Progressive income recognition of residential development projects namely Cuscaden Royale and Oxford Suites contributed primarily to the Group's revenue in 1Q 2008. In the previous corresponding period, Group revenue came from the sales of completed residential units, including Proximo, Moonstone Residences and Papillon, as well as from income recognition of City Edge, which obtained its Temporary Occupation Permit ("TOP") in December 2007.

Cost of sales decreased in conjunction with the lower sales generated.

Profit

Gross profit decreased by 51% from \$9.4m in 1Q 2007 to \$4.6m in 1Q 2008. Gross profit margin however, improved from 34% in 1Q 2007 to 58% in 1Q 2008, due to higher profit margins secured from the sale of units of Cuscaden Royale.

Distribution and selling expenses reduced from \$1.9m to \$0.6m as there were more new launches in 1Q 2007.

Administrative expenses increased marginally by about 2% to \$0.8m. Other expenses amounting to \$46,000 was mainly for provision for diminution in value of quoted investment.

Most of the interest expense in 1Q 2008 pertained to projects under construction and have been capitalized. This resulted in lower financial expense in 1Q 2008 compared to 1Q 2007, when interest cost of completed projects was expensed off.

Tax expense was a credit balance due to tax refund of approximately \$1.4m, arising from a subsidiary company. This was offset partially by deferred tax of about \$0.6m. Deferred tax was incurred as profit was recognized on some projects prior to their TOP.

Cash Flow

The Group recorded net cash used in operating activities of approximately \$235.5m. This was mainly used in the acquisition of land and expenses incurred from construction of the various residential development projects.

Investing activities registered a net cash inflow of \$60,000 due to interest income earned from fixed deposits.

Financing activities registered a net cash inflow of \$213.4m. The bank borrowings of \$215.0m were mainly utilized to fund the completion of the en-bloc acquisitions of Clemenceau Court, The Aspine and Goodluck View. Loan obtained from related company of \$4.5m pertained to contributions from the joint venture partner for The Aspine. Repayment of bank borrowings and interest payment also partially offset the cash inflow in financing activities.

Balance Sheet (The Group)

Cash, bank balances and fixed deposits decreased from \$30.2m in 1Q 2007 to \$8.5m in 1Q2008 mainly due to cash being utilized to fund the Group's purchase considerations which were undertaken without any bank financing.

Upon completion of the land acquisition, the deposits classified under other assets in 4Q2007 was reclassified to development properties. Henceforth, the development properties increased from \$136.0m to \$405.1m mainly due to the three new plots of land acquired for development and the construction cost incurred for the uncompleted projects. This also explained the increase in non-current borrowings from \$70.0m to \$285.1m.

Short term bank borrowings declined by \$4.3m due to repayment of bank loan by subsidiary company from sales proceeds received.

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 21 February 2008.

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.

According to the Urban Redevelopment Authority of Singapore, overall prices of non-landed private properties in the Core Central Region continued its rising trend in 1Q 2008, albeit at a slower pace. The increase in prices was 3.7% in 1Q 2008, versus a 7.5% increase in 4Q 2007.

Progressive recognition of income from the construction of Oxford Suites and Cuscaden Royale is expected to continue to contribute to the Group's revenue and earnings for the rest of the year.

All of the Group's en-bloc acquisitions have been successfully completed, and competitive financing packages have been secured for the future redevelopment of these projects. In addition to bank borrowings, the Company intends to carry out a rights issue exercise to raise additional equity financing to fund its ongoing development and redevelopment projects, as well as to strengthen the capital base of the Company. Please refer to the separate announcement to be made today on this proposed rights issue for further details.

The Group believes in achieving optimum return on all its investments. In line with this objective, the Group will continue to keep a vigilant watch over the property market, in order to seize the opportune time to launch its new development projects.

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

Lai Foon Kuen
Company Secretary
14 May 2008

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 quarter ended 31 March 2008 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