



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

**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a) **An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group		
	3 months ended		
	31-Mar-16	31-Mar-15	%
	\$'000	\$'000	
		(restated)	
Revenue	19,740	21,186	(6.8)
<b><u>Other items of income/(loss)</u></b>			
Dividend income	338	219	54.3
Financial income	209	105	99.0
Fair value changes in financial instruments	181	(1,733)	(110.4)
Other income	14,203	2,314	513.8
	14,931	905	NM
<b><u>Other items of expenses</u></b>			
Employee benefits expense	(5,912)	(4,981)	18.7
Depreciation expense	(5,255)	(5,709)	(8.0)
Other expenses	(8,317)	(9,613)	(13.5)
Foreign exchange loss	(1,063)	(2,356)	(54.9)
Finance cost	(3,565)	(4,511)	(21.0)
	(24,112)	(27,170)	(11.3)
<b>Profit/(loss) before tax</b>	10,559	(5,079)	(307.9)
Income tax expense	(3,908)	(884)	342.1
<b>Profit/(loss) for the period</b>	6,651	(5,963)	(211.5)
<b>Attributable to :</b>			
Owners of the Company	6,633	(6,094)	(208.8)
Non-controlling interests	18	131	(86.3)
Total	6,651	(5,963)	(211.5)

Note: The comparative figures in the income statement have been reclassified to conform to the current year's presentation by nature of expense method.

## Statement of Comprehensive Income for the Group for the First Quarter Ended 31 March 2016

	The Group	
	3 months ended	
	31-Mar-16	31-Mar-15
	\$'000	\$'000
		(restated)
<b>Profit/(loss) for the period</b>	6,651	(5,963)
<b>Other comprehensive income items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation	791	(1,462)
Fair value (loss)/gain on net investment hedge	(45)	804
Other comprehensive income/(loss) for the period, net of tax of nil	746	(658)
<b>Total comprehensive income/(loss) for the period</b>	<b>7,397</b>	<b>(6,621)</b>
<b>Attributable to :</b>		
Owners of the Company	7,379	(6,752)
Non-controlling interests	18	131
<b>Total comprehensive income/(loss) for the period</b>	<b>7,397</b>	<b>(6,621)</b>

### Additional Information

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

	The Group		
	3 months ended		
	31-Mar-16	31-Mar-15	%
	\$'000	\$'000	
		(restated)	
Depreciation of property, plant and equipment	4,173	4,185	(0.3)
Depreciation of investment properties	1,082	1,524	(29.0)
Gain on disposal of property, plant and equipment	(3)	(60)	(95.0)
Gain on disposal of investment property held for sale	(13,203) <sup>(1)</sup>	(1,157)	NM
Property, plant and equipment written off	-	7	NM
Fair value changes in financial assets	530	1,392	(61.9)
Fair value change in derivatives instruments	(711)	341	(308.5)
Write back of allowance for doubtful debts (trade)	-	(6)	NM
Loss/(gain) on disposal of investments	60	(6)	NM
Loss on disposal of subsidiary	-	447	NM

Note: NM – Not meaningful

<sup>(1)</sup> This relates to the gain on disposal of 206 Bourke Street, Melbourne, Australia.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	31-Mar-16 \$'000	31-Dec-15 \$'000	31-Mar-16 \$'000	31-Dec-15 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	713,995	712,679	400	421
Investment properties	223,286	223,511	-	-
Investment in subsidiaries	-	-	188,352	188,352
Investment in joint venture	-	-	6,168	5,402
Other assets	27,954	26,882	-	-
Other receivables	24	35	-	-
Due from subsidiary (non-trade)	-	-	53,800	38,200
Deferred tax assets	7,543	12,478	-	-
	<u>972,802</u>	<u>975,585</u>	<u>248,720</u>	<u>232,375</u>
<b>Current Assets</b>				
Cash and short-term deposits	29,084	37,645	1,275	791
Other investments <sup>(1)</sup>	44,649	36,998	-	-
Trade and other receivables	5,398	6,856	-	-
Other assets	401	413	-	-
Derivatives assets	2,461	2,947	-	-
Prepaid operating expenses	679	903	12	3
Due from subsidiaries (trade)	-	-	1,741	1,743
Due from subsidiaries (non-trade)	-	-	315,515	342,854
Due from related companies (trade)	46	11	-	-
Due from related companies (non-trade)	6	4	-	-
Due from joint ventures (trade)	-	-	27	-
Development properties	78,503	60,947	-	-
Properties held for sale	124,276	124,276	-	-
Inventories	2,046	2,049	-	-
Tax recoverable	105	145	-	-
	<u>287,654</u>	<u>273,194</u>	<u>318,570</u>	<u>345,391</u>
<b>Assets held for sale</b>	-	105,218	-	-
	<u>287,654</u>	<u>378,412</u>	<u>318,570</u>	<u>345,391</u>
<b>Current Liabilities</b>				
Trade and other payables	19,939	20,502	105	42
Other liabilities	11,214	15,240	705	2,225
Derivatives liabilities	1,278	2,936	-	-
Due to subsidiaries (trade)	-	-	37	163
Due to subsidiaries (non-trade)	-	-	67,049	77,185
Due to related companies (trade)	79	244	-	-
Due to related companies (non-trade)	61	24	-	-
Due to joint venture (trade)	-	-	-	60
Due to joint venture (non-trade)	-	-	3,025	2,095
Interest-bearing loans and borrowings	65,734	158,259	20	27
Medium Term Notes	114,932	114,917	114,932	114,917
Tax payable	10,428	10,432	411	411
	<u>223,665</u>	<u>322,554</u>	<u>186,284</u>	<u>197,125</u>
<b>Net Current Assets</b>	<b>63,989</b>	<b>55,858</b>	<b>132,286</b>	<b>148,266</b>
<b>Non-Current Liabilities</b>				
Other liabilities	29,093	27,527	-	-
Interest-bearing loans and borrowings	239,205	241,390	51	51
Deferred tax liabilities	84,368	85,794	-	-
	<u>352,666</u>	<u>354,711</u>	<u>51</u>	<u>51</u>
<b>Net Assets</b>	<b>684,125</b>	<b>676,732</b>	<b>380,955</b>	<b>380,590</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	84,445	84,445	84,445	84,445
Treasury shares	(1,101)	(1,101)	(1,101)	(1,101)
Reserves	597,102	589,723	297,611	297,246
	<u>680,446</u>	<u>673,067</u>	<u>380,955</u>	<u>380,590</u>
Non-controlling Interests	3,679	3,665	-	-
<b>Total Equity</b>	<b>684,125</b>	<b>676,732</b>	<b>380,955</b>	<b>380,590</b>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (Cont'd)**

Notes to the statement of financial position of the Group:

<sup>(1)</sup> This included short-term commercial papers and trading investments.

**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 16		As at 31 Dec 15	
Secured	Unsecured <sup>(1)</sup>	Secured	Unsecured <sup>(1)</sup>
65,734	115,336	158,259	116,683

**Amount repayable after one year**

(\$'000)

As at 31 Mar 16		As at 31 Dec 15	
Secured	Unsecured	Secured	Unsecured
239,205	-	241,390	-

**Details of any collateral**

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

- 1) Legal mortgages on the Group's property, plant and equipment and investment properties and properties held for sale;
- 2) First legal mortgage over development properties and properties held for sale;
- 3) First legal assignment of all rights and benefits under the sales and purchase agreements and/or tenancy agreements;
- 4) A charge over the Project Accounts;
- 5) The building contracts of certain development properties;
- 6) Assignment of all insurance policies for certain development properties;
- 7) Deed of subordination to subordinate all loans and advances from the Company to the facilities; and
- 8) Corporate guarantees given by the Company.

Notes:

<sup>(1)</sup> Unsecured borrowings refers to the drawdown of \$115 million from \$500 million Multicurrency Medium Term Notes Programme due on 5 September 2016, net of issuance costs.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group	
	3 months ended	
	31-Mar-16	31-Mar-15
	\$'000	\$'000
		(restated)
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	10,559	(5,079)
Adjustments for:		
Exchange difference	1,457	2,226
Depreciation of property, plant and equipment	4,173	4,185
Depreciation of investment properties	1,082	1,524
Gain on disposal of property, plant and equipment	(3)	(60)
Gain on disposal of investment properties held for sale	(13,203)	(1,157)
Property, plant and equipment written off	-	7
Loss/(gain) on disposal of investments	60	(6)
Amortisation of transaction cost	15	29
Interest expenses	3,565	4,511
Interest income	(209)	(105)
Dividend income from investments	(338)	(219)
Fair value loss on held-for-trading investments	530	1,392
Fair value change in derivative instruments	(711)	341
Write back of allowance for doubtful debts - trade	-	(6)
Loss on disposal of subsidiary	-	447
<b>Operating cash flows before changes in working capital</b>	<b>6,977</b>	<b>8,030</b>
<u>Changes in working capital</u>		
(Increase)/decrease in :		
Development properties	(16,754)	(3,354)
Inventories	3	13
Trade and other receivables	1,412	3,268
Other assets	7	434
Prepaid operating expenses	227	(537)
Due from related company, trade	(35)	7
Due from related company, non-trade	(2)	(19)
Increase / (decrease) in :		
Trade and other payables	(582)	(3,497)
Other liabilities	(3,107)	(3,133)
Due to related company, trade	(165)	(80)
Due to related company, non-trade	37	(16)
	<b>(11,982)</b>	<b>1,116</b>
Income tax paid	(382)	(214)
Compensation received for tax losses transferred	-	-
<b>Net cash flows (used in)/generated from operating activities carried forward</b>	<b>(12,364)</b>	<b>902</b>

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	The Group	
	3 months ended	
	31-Mar-16	31-Mar-15
	\$'000	\$'000
		(restated)
<b>Net cash flows (used in)/generated from operating activities brought forward</b>	<b>(12,364)</b>	<b>902</b>
<b>Cash flows from investing activities</b>		
Interest income received	348	105
Dividend income received	338	219
Purchase of property, plant and equipment	(5,483)	(436)
Purchase of financial assets	(10,357)	(4,109)
Proceeds from disposal of investments	1,493	461
Proceeds from disposal of property, plant and equipment	132	72
Proceeds from disposal of investment properties	118,421	14,280
Net cash effect on disposal of subsidiary <sup>(1)</sup>	-	72,307
<b>Net cash flows generated from investing activities</b>	<b>104,892</b>	<b>82,899</b>
<b>Cash flow from financing activities</b>		
Acquisition of non-controlling interest	(4)	(2)
Interest paid	(6,065)	(5,065)
Repayment of bank borrowings	(137,893)	(12,500)
Repayment of lease obligations	(15)	(8)
Proceeds from loans and borrowings	42,888	-
Dividend (uncashed distribution)	-	10
<b>Net cash flows used in financing activities</b>	<b>(101,089)</b>	<b>(17,565)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(8,561)</b>	<b>66,236</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>27,645</b>	<b>33,581</b>
<b>Cash and cash equivalents at end of period</b>	<b>19,084</b>	<b>99,817</b>
<u>Cash and cash equivalents comprise of:</u>		
Cash and bank balances	10,551	26,879
Fixed deposits	18,533	72,938
	29,084	99,817
Fixed deposits (pledged)	(10,000)	-
Cash and cash equivalents	19,084	99,817

<sup>(1)</sup> This relates to the disposal of a subsidiary, Hiap Hoe SuperBowl JV Pte Ltd to its immediate and ultimate holding company on 26 March 2015.

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to equity holders of the Company										Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Accumulated profits	Dividend reserve	Capital reserve	Foreign currency reserve	Hedging reserve	Gain on reissuance of treasury shares	Other reserve	Total reserves			
<b>The Group</b> (All figures in \$'000)													
At 1 January 2016	84,445	(1,101)	607,773	-	(7,672)	(10,475)	45	52	-	589,723	673,067	3,665	676,732
Profit for the period	-	-	6,633	-	-	-	-	-	-	6,633	6,633	18	6,651
Fair value loss on net investment hedge	-	-	-	-	-	-	(45)	-	-	(45)	(45)	-	(45)
Foreign currency translation	-	-	-	-	-	791	-	-	-	791	791	-	791
Other comprehensive income/(loss) net of tax of nil	-	-	-	-	-	791	(45)	-	-	746	746	-	746
<b>Total comprehensive income/(loss) for the period</b>	-	-	6,633	-	-	791	(45)	-	-	7,379	7,379	18	7,397
<u>Contributions by and distributions to owners</u>													
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	-	-	-	-	-	-	-	(4)	(4)
<b>At 31 March 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>614,406</b>	<b>-</b>	<b>(7,672)</b>	<b>(9,684)</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>597,102</b>	<b>680,446</b>	<b>3,679</b>	<b>684,125</b>
At 1 January 2015	84,445	(1,101)	614,647	4,706	(7,672)	(7,244)	(934)	52	(1,823)	601,732	685,076	4,088	689,164
Loss for the period	-	-	(6,094)	-	-	-	-	-	-	(6,094)	(6,094)	131	(5,963)
Fair value gain on net investment hedge	-	-	-	-	-	-	804	-	-	804	804	-	804
Foreign currency translation	-	-	-	-	-	(1,462)	-	-	-	(1,462)	(1,462)	-	(1,462)
Other comprehensive (loss)/income net of tax of nil	-	-	-	-	-	(1,462)	804	-	-	(658)	(658)	-	(658)
<b>Total comprehensive (loss)/income for the period</b>	-	-	(6,094)	-	-	(1,462)	804	-	-	(6,752)	(6,752)	131	(6,621)
<u>Contributions by and distributions to owners</u>													
Dividends on ordinary shares (uncashed) distribution)	-	-	10	-	-	-	-	-	-	10	10	-	10
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Disposal of subsidiary	-	-	-	-	-	-	-	-	1,836	1,836	1,836	-	1,836
<b>Total contributions by and distributions to owners</b>	-	-	10	-	-	-	-	-	1,836	1,846	1,846	(2)	1,844
<b>At 31 March 2015</b>	<b>84,445</b>	<b>(1,101)</b>	<b>608,563</b>	<b>4,706</b>	<b>(7,672)</b>	<b>(8,706)</b>	<b>(130)</b>	<b>52</b>	<b>13</b>	<b>596,826</b>	<b>680,170</b>	<b>4,217</b>	<b>684,387</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

<u>The Company</u> (All figures in \$'000)	Share capital	Treasury shares	Accumulated profits	Dividend reserve	Gain on reissuance of treasury shares	Total reserves	Total equity
At 1 January 2016	84,445	(1,101)	297,194	-	52	297,246	380,590
Profit for the period	-	-	365	-	-	365	365
<b>Total comprehensive income for the period</b>	-	-	365	-	-	365	365
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	-	-
<b>Total contributions by and distribution to owners</b>	-	-	-	-	-	-	-
<b>At 31 March 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>297,559</b>	<b>-</b>	<b>52</b>	<b>297,611</b>	<b>380,955</b>
At 1 January 2015	84,445	(1,101)	173,141	4,706	52	177,899	261,243
Profit for the period	-	-	852	-	-	852	852
<b>Total comprehensive income for the period</b>	-	-	852	-	-	852	852
<u>Contributions by and distributions to owners</u>							
Dividends on ordinary shares	-	-	-	-	-	-	-
<b>Total contributions by and distribution to owners</b>	-	-	-	-	-	-	-
<b>At 31 March 2015</b>	<b>84,445</b>	<b>(1,101)</b>	<b>173,993</b>	<b>4,706</b>	<b>52</b>	<b>178,751</b>	<b>262,095</b>



- 1(d)(ii) **Details of any 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 (excluding Treasury Shares)**

	<u>Number of Ordinary Shares</u>	
	<u>31-Mar-16</u>	<u>31-Mar-15</u>
Balance as at	<u>470,557,541</u>	<u>470,557,541</u>

**Treasury Shares**

	<u>Number of Treasury Shares</u>	
	<u>31-Mar-16</u>	<u>31-Mar-15</u>
Balance as at	<u>3,999,850</u>	<u>3,999,850</u>

During the period ended 31 March 2016, there was no change to 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 2016 is 470,557,541 (31 December 2015: 470,557,541).

- 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 Company's auditors.

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 Note 5, 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 2015.

**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.**

In the current financial period, the Group and the Company adopted the new Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2016.

The adoption of the new FRSs and Amendments to FRSs did not result in any substantial change to the Group and the Company's accounting policies or any material impact on the financial statements of the Group.

**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-16	31-Mar-15
Earning per share (cents)		
Basic	1.41	(1.30)
Diluted	1.41	(1.30)
Weighted average number of shares		
Basic	470,557,541	470,557,541
Diluted	470,557,541	470,557,541

Earnings per share are calculated based on the net profit/(loss) 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 period reported on and (b) immediately preceding financial year.**

	The Group		The Company	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net assets value per share (cents)	144.60	143.04	80.96	80.88
Based on number of shares	470,557,541	470,557,541	470,557,541	470,557,541

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the non-controlling interests divided by the number of shares excluding treasury shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

**Consolidated Income Statement – first quarter ended 31 March 2016 (“1Q2016”) performance**

**Revenue**

	3 months ended 31-Mar-16		3 months ended 31-Mar-15		
	\$'000	%	\$'000	%	
Development properties	-	-	22	0.1	NM
Rental	7,602	38.5	9,287	43.8	(18.1)
Hotel operations	10,394	52.7	10,197	48.1	1.9
Leisure business	1,744	8.8	1,680	8.0	3.8
	19,740	100	21,186	100	(6.8)

The Group recorded revenue of \$19.7 million for the first quarter ended 31 March 2016 (“1Q2016”), a 6.8% decrease from \$21.2 million recorded in the previous corresponding period ended 31 March 2015 (“1Q2015”).

Rental revenue decreased by \$1.7 million from \$9.3 million in 1Q2015 to \$7.6 million in 1Q2016 mainly due to the absence of rental revenue from 206 Bourke Street, Melbourne, Australia following the sale of the property which was completed on 22 January 2016.

Hotel operations in 1Q2016 recorded increased revenue of \$0.2 million due to improved occupancy and the leisure business also saw higher revenue of \$0.1 million as compared to 1Q2015.

**Profit before tax**

The Group registered a profit before tax of \$10.6 million in 1Q2016 as compared to a loss before tax of \$5.1 million in 1Q2015.

Fair value changes in financial instruments include mark-to-market losses on the Group's 14.9% investment in Ley Choon Group Holdings Limited of \$1.0 million in 1Q2016 and \$2.1 million in 1Q2015, partly mitigated by the fair value gain from other trading investments.

Other income in 1Q2016 includes the gain on the disposal of 206 Bourke Street, Melbourne, Australia of \$13.2 million. In 1Q2015, a gain on the disposal of two Singapore investment properties of \$1.2 million was recorded.

Other expenses decreased by \$1.3 million to \$8.3 million in 1Q2016 compared to \$9.6 million in 1Q2015 mainly due to lower property taxes and utilities of the Group's properties. The sale of 206 Bourke Street also further reduced these expenses. In 1Q2015, a loss on disposal of subsidiary of \$0.4 million was recorded. This relates to the disposal of 100% of the issued and paid-up share capital of Hiap Hoe SuperBowl JV Pte Ltd to Hiap Hoe Holdings Pte Ltd, its immediate and ultimate holding company.

The Group recorded lower finance cost by \$0.9 million which is attributed to lower bank borrowings and lower foreign exchange loss by \$1.3 million in 1Q2016 as compared to 1Q2015.

**Tax Expense**

Tax expense increased by \$3.0 million from \$0.9 million in 1Q2015 to \$3.9 million in 1Q2016 mainly due to the gain on disposal of 206 Bourke Street, Melbourne, Australia.

**Net Profit**

The Group registered a net profit after tax of \$6.7 million in 1Q2016 as compared to a net loss after tax of \$6.0 million in 1Q2015.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

#### **Consolidation Statement of Financial Position as at 31 March 2016**

##### Non-current assets

Non-current assets comprised the increases in deposits held in trust by our lawyers arising from the sale of Marina Tower and additional development cost for the hotel under the Four Points® by Sheraton in Australia. This increase was offset by the depreciation of property, plant and equipment, and investment properties which reduced the overall non-current assets by \$2.8 million as compared to 31 December 2015.

##### Current assets

The decrease in current assets of \$90.7 million or 24.0% from \$378.4 million as at 31 December 2015 to \$287.7 million as at 31 March 2016 was mainly due to:

- Disposal of assets held for sale of \$105.2 million in 1Q2016 in relation to the sale of investment property at 206 Bourke Street, Melbourne, Australia.

The above decrease was offset by the following increases:

- Other investments by \$7.7 million to \$44.6 million due to higher investments held for trading.
- Development properties by \$17.6 million to \$78.5 million due to additional development cost for Marina Tower in Australia.

##### Current liabilities

The decrease in current liabilities of \$98.9 million or 30.7% from \$322.6 million as at 31 December 2015 to \$223.7 million as at 31 March 2016 was mainly due to net repayment of interest-bearing loans and borrowings by \$92.5 million.

##### Non-current liabilities

The decrease in non-current liabilities of \$2.0 million from \$354.7 million as at 31 December 2015 to \$352.7 million as at 31 March 2016 was mainly due to the decrease in interest-bearing loans and borrowings by \$2.2 million.

#### **Consolidated Statement of Cash Flows Position as at 31 March 2016**

The Group recorded \$12.4 million net cash used in operating activities mainly on increased cash outflow of development properties for Marina Tower in Australia.

Net cash generated from investing activities amounted to \$104.9 million in 1Q2016 as compared to \$82.9 million in 1Q2015. The higher cash inflow in 1Q2016 was mainly attributed to the proceeds of \$118.4 million from the disposal of 206 Bourke Street, Melbourne, Australia.

The Group recorded \$101.1 million net cash used in financing activities in 1Q2016 mainly attributed to repayment of bank borrowings and interest paid.

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

There is no forecast, or prospect statement previously disclosed to shareholders.

**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's real estate statistics released for the first quarter of 2016, prices of private residential properties declined as compared to the previous quarter. The Group expects the Singapore residential property market in 2016 to remain challenging.

The Group also expects the hotel sector to remain competitive with increased supply of hotels in Singapore. The decline in tourist receipts, amid an uncertain economic outlook further affects this sector.

The Group entered into a formal Contract of Sale with A. & J. Brady Pty Ltd in relation to the sale of 380 Lonsdale Street, Melbourne, Australia for A\$60.0 million, the settlement of which is scheduled to take place on or before 29 July 2016.

**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. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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 2016	3 months ended 31 March 2016
Nil	Nil	Nil

14. **Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company hereby confirms that it has procured undertaking from all directors and executive officers under Rule 720(1).

**By Order of the Board**

Ong Beng Hong  
 Joint Company Secretary  
 10 May 2016

**Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual**

We, on behalf of the directors of Hiap Hoe Limited, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of Hiap Hoe Limited which may render the unaudited financial results of Hiap Hoe Limited for the first quarter ended 31 March 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors

Teo Ho Beng  
 Executive Chairman / Chief Executive Officer

Roland Teo Ho Kang  
 Managing Director