



Hiap Hoe Limited
(Registration No. : 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2014

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, or a 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			6 months ended		
	30-Jun-14	30-Jun-13	%	30-Jun-14	30-Jun-13	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	27,817	80,301	(65.4)	59,012	110,648	(46.7)
Cost of sales	(7,952)	(42,034)	(81.1)	(22,019)	(58,404)	(62.3)
Gross profit	19,865	38,267	(48.1)	36,993	52,244	(29.2)
Other items of income						
Other income	3,903	305	1,179.7	6,773	586	1,055.8
Financial income	271	144	88.2	491	260	88.8
Negative goodwill arising from acquisitions ⁽¹⁾	(1,200)	-	NM	147,544	-	NM
Gain on remeasurement of investment in joint venture company to fair value upon business combination achieved in stages ⁽²⁾	420	-	NM	200,353	-	NM
Other items of expenses						
Distribution and selling expenses	(343)	(1,667)	(79.4)	(495)	(2,059)	(76.0)
Administrative expenses	(20,063)	(1,824)	999.9	(28,466)	(3,469)	720.6
Other expenses	265	(340)	(177.9)	(636)	(396)	60.6
Financial expenses	(5,901)	(515)	1,045.8	(9,121)	(1,046)	772.0
Share of results of joint venture	-	957	(100.0)	(2)	936	(100.2)
(Loss)/profit before tax	(2,783)	35,327	(107.9)	353,434	47,056	651.1
Income tax expense	(2,922)	(6,321)	(53.8)	(4,914)	(8,266)	(40.6)
Net (loss)/profit for the period	(5,705)	29,006	(119.7)	348,520	38,790	798.5
Attributable to :						
Owners of the Company	(5,564)	29,343	(119.0)	348,673	39,516	782.4
Non-controlling interests	(141)	(337)	(58.2)	(153)	(726)	(78.9)
Total	(5,705)	29,006		348,520	38,790	

Notes to the consolidated income statement of the Group:

- (1) Negative goodwill arising from the acquisition of SuperBowl Holdings Limited and its subsidiaries ("SuperBowl"). The negative goodwill is the excess of net acquisition-date amounts of the identifiable fair value assets acquired and the liabilities assumed over the amount of consideration transferred. There is a decrease in current quarter as we have recognised the amounts to reflect the fact that only 98.91% of the shares was acquired (negative goodwill recognised in Q1 was on the basis of 100% acquisition of shares). This decrease was partially mitigated by an additional negative goodwill of \$420,000, the change is because the previous figure was based on HH Properties Pte. Ltd. ("HHP") draft financial numbers which has since been finalised.
- (2) The Group recognised a gain of \$200.4m as a result of measuring at fair value its 50% equity interest in HHP held before the business combination. There is an increase of \$420,000 in the current quarter as the previous figure is based on HHP draft financial numbers which has since been finalised.
- (3) NM – Not meaningful

Statement of Comprehensive Income for the Group for the Second Quarter and First Half Year Ended 30 June 2014

	The Group			
	3 months ended		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
(Loss)/profit for the period	(5,705)	29,006	348,520	38,790
Foreign currency translation	822	-	3,777	-
Fair value gain on net Investment hedge	(40)	-	2,276	-
Total other comprehensive income	782	-	6,053	-
Total comprehensive income for the period	(4,923)	29,006	354,573	38,790
Attributable to :				
Owners of the Company	(4,782)	29,343	354,726	39,516
Non-controlling interests	(141)	(337)	(153)	(726)
Total comprehensive income for the period	(4,923)	29,006	354,573	38,790

Additional Information

The Group's profit before tax is arrived after charging/(crediting) :

	The Group					
	3 months ended			6 months ended		
	30-Jun-14	30-Jun-13	%	30-Jun-14	30-Jun-13	%
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	3,129	57	5,389.5	5,816	130	4,373.8
Depreciation of investment properties	1,407	-	NM	1,791	-	NM
Loss on disposal of property, plant and equipment	70	-	NM	70	5	1,300.0
Property, plant and equipment written off	5	-	NM	5	-	NM
Profit on disposal of quoted investment	(88)	-	NM	(88)	-	NM
Amortisation of transaction costs	27	-	NM	54	-	NM
Dividend income, gross	(416)	(12)	3,366.7	(464)	(18)	2,477.8
Fair value (gain) / loss on financial instruments - unquoted investments held for trading	(106)	258	(141.1)	(143)	233	(161.4)
Fair value (gain) / loss on financial instruments - quoted investments held for trading	(1,190)	107	(1,212.1)	(254)	158	(260.8)
Fair value change in derivatives instruments	1,340	-	NM	1,564	-	NM
Bad debts	8	-	NM	8	-	NM

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	
	30-Jun-14 \$'000	31-Dec-13 \$'000	30-Jun-14 \$'000	31-Dec-13 \$'000
Non-Current Assets				
Property, plant and equipment	716,032	29,642	130	154
Investment properties	364,980	137,906	-	-
Investment in subsidiaries	-	-	163,700	163,700
Investments in joint ventures	-	6,729	-	-
Trade and other receivables	51	16	-	-
Deferred tax assets	372	356	-	-
	1,081,435	174,649	163,830	163,854
Current Assets				
Cash and short-term deposits	72,008	115,932	675	33,342
Other investments ⁽¹⁾	36,024	24,640	-	-
Trade and other receivables	9,841	12,202	-	-
Other assets	1,473	10,352	-	1
Prepaid operating expenses	803	613	13	8
Derivatives assets	4,214	934	-	-
Due from subsidiaries (trade)	-	-	1,801	1,139
Due from subsidiaries (non-trade)	-	-	297,871	267,793
Due from related companies (trade)	30	622	-	-
Due from related companies (non-trade)	8	-	-	-
Due from joint ventures (trade)	135	12,202	176	166
Due from joint ventures (non-trade)	-	1,951	134	1,915
Due from an associate (non-trade)	-	3	3	3
Development properties	272,412	254,972	-	-
Properties held for sale	216,070	217,882	-	-
Inventories	2,145	-	-	-
	615,163	652,305	300,673	304,367
Current Liabilities				
Trade and other payables	11,749	16,278	43	101
Other liabilities	31,811	28,355	1,915	2,351
Derivatives liabilities	3,090	515	-	-
Due to subsidiaries (non-trade)	-	-	71,495	68,503
Due to related companies (trade)	316	346	-	-
Due to related companies (non-trade)	8	42,075	-	1
Due to joint venture (non-trade)	-	130	-	-
Interest-bearing loans and borrowings	287,556	147,930	-	-
Tax payable	7,345	10,224	79	144
	341,875	245,853	73,532	71,100
Net Current Assets	273,288	406,452	227,141	233,267
Non-Current Liabilities				
Trade and other payables	1,834	1,946	-	-
Other liabilities	4,511	1,643	-	-
Interest-bearing loans and borrowings	400,317	70,300	-	-
Other financial liabilities ⁽²⁾	114,744	114,689	114,744	114,689
Deferred taxation	105,357	19,653	-	-
	626,763	208,231	114,744	114,689
Net Assets	727,960	372,870	276,227	282,432
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	84,445	84,445	84,445	84,445
Treasury shares	(1,101)	(1,101)	(1,101)	(1,101)
Reserves	640,331	291,192	192,883	199,088
	723,675	374,536	276,227	282,432
Non-controlling Interests	4,285	(1,666)	-	-
Total Equity	727,960	372,870	276,227	282,432

Notes to the statement of financial position of the Group:

- (1) This included short-term commercial papers and quoted investments.
- (2) The other financial liabilities comprise Fixed Rate Notes of \$115m issued from \$500m Multicurrency Medium Term Notes Programme due in 2016, net of issuance costs.

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

- Amount repayable in one year or less, or on demand

As at 30 Jun 14		As at 31 Dec 13	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
287,556	1,766	147,930	1,766

- Amount repayable after one year

As at 30 Jun 14		As at 31 Dec 13	
Secured \$'000	Unsecured ⁽¹⁾ \$'000	Secured \$'000	Unsecured ⁽¹⁾ \$'000
400,317	114,744	70,300	114,689

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, investment properties and properties held for sale;
- 2) first legal mortgage over development properties;
- 3) first legal assignment of all rights and benefits under sales & purchase agreements and / or tenancy agreements;
- 4) assignment of proceeds of the Project Accounts and the rental account maintained with the bank;
- 5) the building contracts of the 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 Group.

Notes:

- (1) Unsecured borrowings repayable after one year refers to the drawdown of \$115m from \$500m Multicurrency Medium Term Notes Programme due in 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		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(2,783)	35,327	353,434	47,056
Adjustments for:				
Translation difference	(1,016)	-	(3,255)	-
Depreciation of property, plant and equipment	3,129	57	5,816	130
Depreciation of investment properties	1,407	-	1,791	-
Amortisation of transaction costs	27	-	54	-
Loss on disposal of property, plant and equipment	70	-	70	5
Profit on disposal of quoted investment	(88)	-	(88)	-
Property, plant and equipment written off	5	-	5	-
Interest expense	5,901	515	9,121	1,046
Interest income	(271)	(144)	(491)	(260)
Dividend income from quoted investments	(416)	(12)	(464)	(18)
Fair value (gain)/loss on financial instruments - quoted investments held for trading	(1,190)	107	(254)	158
Fair value (gain)/loss on financial instruments - unquoted investments held for trading	(106)	258	(143)	233
Share of joint ventures' results	-	(957)	2	(936)
Negative goodwill arising from acquisitions	1,200	-	(147,544)	-
Gain on remeasurement of investment in joint venture company to fair value upon business combination achieved in stages	(420)	-	(200,353)	-
Operating cash flows before changes in working capital	5,449	35,151	17,701	47,414
Changes in working capital				
(Increase) / decrease in :				
Development properties	(906)	(6,631)	(17,089)	(15,473)
Properties held for sale	1,280	17,988	1,812	22,624
Inventories	(8)	-	-	-
Trade and other receivables	578	(8,982)	6,487	(15,837)
Other assets	10,933	68	10,130	85
Prepaid operating expenses	(2)	(13)	99	(25)
Due from associate (non-trade)	-	-	43,145	-
Due from related company (trade)	-	(23)	593	(31)
Due from related company (non-trade)	(3)	-	1	2
Due from a joint venture (trade)	1	(18,800)	15,967	(19,364)
Due from a joint venture (non-trade)	-	69	9,068	69
Due from a hotel operators (other)	213	-	194	-
Increase / (decrease) in :				
Trade and other payables	(2,605)	3,386	(8,703)	1,282
Other liabilities	299	11,323	(4,948)	10,017
Due to a joint venture (non-trade)	-	(2,460)	(48,305)	(2,457)
Due to related company (trade)	(131)	29	(16,344)	(327)
Due to related company (non-trade)	8	-	(138)	-
	15,106	31,105	9,670	27,979
Income tax paid	(6,986)	(4,362)	(7,198)	(4,434)
Net cash flows generated from operating activities	8,120	26,743	2,472	23,545
Cash flows from investing activities				
Interest income received	271	144	491	190
Dividend income received	416	11	464	16
Repayment of loan from / (Loan to) joint ventures	-	275	-	(1,117)
Proceeds from disposal of investment properties	-	-	-	3,520
Proceeds from disposal of quoted investments	276	-	276	-
Purchase of property, plant and equipment	(1,160)	(301)	(1,442)	(314)
Purchase of investment properties	(105,721)	-	(105,721)	-
Purchase of quoted investments	(354)	(1,052)	(360)	(1,052)
Purchase of unquoted investments	-	(2,005)	-	(2,005)
Net cash outflow on acquisitions of subsidiaries ⁽¹⁾	-	-	(197,216)	-
Net cash flows used in investing activities	(106,272)	(2,928)	(303,508)	(762)

	The Group			
	3 months ended		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Cash flow from financing activities				
Interest paid	(1,708)	(562)	(6,412)	(1,250)
Proceeds from loans and borrowings	82,467	-	290,567	33,000
Repayment of bank borrowings	(11,668)	(21,760)	(23,237)	(60,123)
Repayment of lease obligations	(35)	80	(42)	38
Loan from /(Repayment of loan to) related companies	-	188	-	8,560
Dividend paid	(3,764)	(2,345)	(3,764)	(2,345)
Net cash flows generated from / (used in) financing activities	65,292	(24,399)	257,112	(22,120)
Net (decrease)/increase in cash and cash equivalents	(32,860)	(584)	(43,924)	663
Cash and cash equivalents at beginning of period	104,868	21,847	115,932	20,600
Cash and cash equivalents at end of period	72,008	21,263	72,008	21,263
Cash and bank balances	36,448	3,463	36,448	3,463
Fixed deposits	35,560	17,800	35,560	17,800
	72,008	21,263	72,008	21,263

Notes to the consolidated statement of cash flows of the Group:

(1) Acquisitions of subsidiaries and joint ventures

The fair value of the identifiable assets and liabilities of SuperBowl, GLV and HHP as at the acquisition date on 28 February 2014 were:

	Fair value of identifiable assets and liabilities \$'000
Cash and cash equivalents	39,473
Trade and other receivables	54,118
Inventories	2,145
Other current assets	1,548
Other investments	10,799
Property, plant and equipment	722,826
Investment properties	87,750
Other non-current assets	38
Total assets	<u>918,697</u>
Trade and other payables	34,819
Current income tax liabilities	2,085
Deferred income tax liabilities	83,621
Interest-bearing loans and borrowings	197,785
Total liabilities	<u>318,310</u>
Identifiable net assets acquired	600,387
Fair value of equity interest in GLV held by the Group immediately before the acquisition	(6,728)
Negative goodwill arising from acquisition	(147,544)
Gain on remeasurement of investment in joint venture company to fair value upon business combination achieved in stages	<u>(200,353)</u>
Fair value of consideration	245,762
Fair value of non-controlling interest	(1,619)
Acquisition date fair value	244,143
Unpaid portion of purchase consideration	<u>(7,454)</u>
Cash consideration paid	236,689
Cash and cash equivalents in subsidiaries acquired	<u>(39,473)</u>
Net cash outflow on acquisitions	<u>197,216</u>

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.

Statement of changes in equity for the period from 1 April 2014 to 30 June 2014 and 1 April 2013 to 30 June 2013

	Attributable to equity holders of the Company										Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Capital reserve \$'000	Foreign currency reserve \$'000	Hedging reserve \$'000	Gain on reissuance of treasury shares \$'000	Other reserve \$'000	Total reserves \$'000			
The Group													
At 1 April 2014	84,445	(1,101)	652,306	3,764	(7,672)	(1,000)	3,250	52	(1,654)	649,046	732,390	(12)	732,378
Loss for the period	-	-	(5,564)	-	-	-	-	-	-	(5,564)	(5,564)	(141)	(5,705)
Fair Value gain on net investment hedge	-	-	-	-	-	-	(40)	-	-	(40)	(40)	-	(40)
Foreign currency translation	-	-	-	-	-	822	-	-	-	822	822	-	822
Other Comprehensive Income net of tax	-	-	-	-	-	822	(40)	-	-	782	782	-	782
Total comprehensive income for the period	-	-	(5,564)	-	-	822	(40)	-	-	(4,782)	(4,782)	(141)	(4,923)
Contributions by and distributions to owners													
Dividends on ordinary shares	-	-	-	(3,764)	-	-	-	-	-	(3,764)	(3,764)	-	(3,764)
Premium for acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(169)	(169)	(169)	169	-
Non-controlling interest's share of acquiree's net tangible assets	-	-	-	-	-	-	-	-	-	-	-	4,269	4,269
Total contributions by and distributions to owners	-	-	-	(3,764)	-	-	-	-	(169)	(3,933)	(3,933)	4,438	505
At 30 June 2014	84,445	(1,101)	646,742	-	(7,672)	(178)	3,210	52	(1,823)	640,331	723,675	4,285	727,960
At 1 April 2013	84,445	(1,101)	237,689	2,353	(7,671)	-	-	52	-	232,423	315,767	(663)	315,104
Profit for the period	-	-	29,343	-	-	-	-	-	-	29,343	29,343	(337)	29,006
Fair Value gain on net investment hedge	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	29,343	-	-	-	-	-	-	29,343	29,343	(337)	29,006
Contributions by and distributions to owners													
Dividends on ordinary shares	-	-	7	(2,353)	-	-	-	-	-	(2,346)	(2,346)	-	(2,346)
Transfer from unappropriated profit to dividend reserve	-	-	(5,647)	5,647	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(5,640)	3,294	-	-	-	-	-	(2,346)	(2,346)	-	(2,346)
At 30 June 2013	84,445	(1,101)	261,392	5,647	(7,671)	-	-	52	-	259,420	342,764	(1,000)	341,764

Statement of changes in equity for the period from 1 January 2014 to 30 June 2014 and 1 January 2013 to 30 June 2013

<u>The Group</u>	Attributable to equity holders of the Company											Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Capital reserve \$'000	Foreign currency reserve \$'000	Hedging reserve \$'000	Gain on reissuance of treasury shares \$'000	Other reserve \$'000	Total reserves \$'000				
	At 1 January 2014	84,445	(1,101)	298,069	3,764	(7,672)	(3,955)	934	52	-	291,192			
Profit for the period	-	-	348,673	-	-	-	-	-	-	348,673	348,673	(153)	348,520	
Fair Value gain on net investment hedge	-	-	-	-	-	-	2,276	-	-	2,276	2,276	-	2,276	
Foreign currency translation	-	-	-	-	-	3,777	-	-	-	3,777	3,777	-	3,777	
Other Comprehensive Income net of tax	-	-	-	-	-	3,777	2,276	-	-	6,053	6,053	-	6,053	
Total comprehensive income for the period	-	-	348,673	-	-	3,777	2,276	-	-	354,726	354,726	(153)	354,573	
<u>Contributions by and distributions to owners</u>														
Dividends on ordinary shares	-	-	-	(3,764)	-	-	-	-	-	(3,764)	(3,764)	-	(3,764)	
Premium for acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(1,823)	(1,823)	(1,823)	1,835	12	
Non-controlling interest's share of acquiree's net tangible assets	-	-	-	-	-	-	-	-	-	-	-	4,269	4,269	
Total contributions by and distributions to owners	-	-	-	(3,764)	-	-	-	-	(1,823)	(5,587)	(5,587)	6,104	517	
At 30 June 2014	84,445	(1,101)	646,742	-	(7,672)	(178)	3,210	52	(1,823)	640,331	723,675	4,285	727,960	
At 1 January 2013	84,445	(1,101)	227,516	2,353	(7,671)	-	-	52	-	222,250	305,594	(274)	305,320	
Profit for the period	-	-	39,516	-	-	-	-	-	-	39,516	39,516	(726)	38,790	
Fair Value gain on net investment hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign currency translation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Comprehensive Income net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	39,516	-	-	-	-	-	-	39,516	39,516	(726)	38,790	
<u>Contributions by and distributions to owners</u>														
Dividends on ordinary shares	-	-	7	(2,353)	-	-	-	-	-	(2,346)	(2,346)	-	(2,346)	
Transfer from unappropriated profit to dividend reserve	-	-	(5,647)	5,647	-	-	-	-	-	-	-	-	-	
Total contributions by and distributions to owners	-	-	(5,640)	3,294	-	-	-	-	-	(2,346)	(2,346)	-	(2,346)	
At 30 June 2013	84,445	(1,101)	261,392	5,647	(7,671)	-	-	52	-	259,420	342,764	(1,000)	341,764	

Statement of changes in equity for the period from 1 April 2014 to 30 June 2014 and 1 April 2013 to 30 June 2013

The Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Gain on reissuance of treasury shares \$'000	Total reserves \$'000	Total equity \$'000
At 1 April 2014	84,445	(1,101)	193,591	3,765	52	197,408	280,752
Loss for the period	-	-	(760)	-	-	(760)	(760)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(760)	-	-	(760)	(760)
<u>Contributions by and distributions to owners</u>							
Transfer from unappropriated profits to dividend reserve	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	(3,765)	-	(3,765)	(3,765)
Total contributions by and distribution to owners	-	-	-	(3,765)	-	(3,765)	(3,765)
At 30 June 2014	84,445	(1,101)	192,831	-	52	192,883	276,227
At 1 April 2013	84,445	(1,101)	82,818	2,353	52	85,223	168,567
Loss for the period	-	-	(195)	-	-	(195)	(195)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(195)	-	-	(195)	(195)
<u>Contributions by and distributions to owners</u>							
Transfer from unappropriated profits to dividend reserve	-	-	(5,647)	5,647	-	-	-
Dividends on ordinary shares	-	-	7	(2,353)	-	(2,346)	(2,346)
Total contributions by and distribution to owners	-	-	(5,640)	3,294	-	(2,346)	(2,346)
At 30 June 2013	84,445	(1,101)	76,983	5,647	52	82,682	166,026

Statement of changes in equity for the period from 1 January 2014 to 30 June 2014 and 1 January 2013 to 30 June 2013

The Company	Share capital \$'000	Treasury shares \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Gain on reissuance of treasury shares \$'000	Total reserves \$'000	Total equity \$'000
At 1 January 2014	84,445	(1,101)	195,271	3,765	52	199,088	282,432
Loss for the period	-	-	(2,440)	-	-	(2,440)	(2,440)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(2,440)	-	-	(2,440)	(2,440)
<u>Contributions by and distributions to owners</u>							
Transfer from unappropriated profits to dividend reserve	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	(3,765)	-	(3,765)	(3,765)
Total contributions by and distribution to owners	-	-	-	(3,765)	-	(3,765)	(3,765)
At 30 June 2014	84,445	(1,101)	192,831	-	52	192,883	276,227
At 1 January 2013	84,445	(1,101)	82,751	2,353	52	85,156	168,500
Loss for the period	-	-	(128)	-	-	(128)	(128)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(128)	-	-	(128)	(128)
<u>Contributions by and distributions to owners</u>							
Transfer from unappropriated profits to dividend reserve	-	-	(5,647)	5,647	-	-	-
Dividends on ordinary shares	-	-	7	(2,353)	-	(2,346)	(2,346)
Total contributions by and distribution to owners	-	-	(5,640)	3,294	-	(2,346)	(2,346)
At 30 June 2013	84,445	(1,101)	76,983	5,647	52	82,682	166,026

- 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>
Balance at 1 April and 30 June	<u><u>470,557,541</u></u>

Treasury Shares

	<u>Number of Treasury Shares</u>
Balance at 1 April and 30 June	<u><u>3,999,850</u></u>

During the period ended 30 June 2014, 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 30 June 2014 is 470,557,541 (31 December 2013: 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.

- 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 2013.

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 2014.

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 nor 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		6 months ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Earning per share (cents)				
Basic ⁽¹⁾	(1.18)	6.24	74.10	8.40
Diluted ⁽¹⁾	(1.18)	6.24	74.10	8.40
Weighted average number of shares				
Basic	470,557,541	470,557,541	470,557,541	470,557,541
Diluted	470,557,541	470,557,541	470,557,541	470,557,541

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

Notes:

(1) The increase was mainly due to:

- Negative goodwill arising from the acquisition of SuperBowl. The negative goodwill was the excess of net acquisition-date amounts of the identifiable fair value assets acquired and the liabilities assumed over the amount of consideration transferred. (refer to note 1 on page 1)
- The Group recognised a gain of \$200.4m as a result of measuring at fair value its 50% equity interest in HHP held before the business combination. (refer to note 2 on page 1)

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**

	The Group		The Company	
	30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
Net assets value per share (cents) ⁽¹⁾	153.79	79.59	58.70	60.02
Net assets value per share is calculated based on: 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.

Notes:

(1) The increase was mainly due to the net assets acquired in connection with the acquisition of SuperBowl.

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.

Consolidated Income Statement – second quarter ended 30 June 2014 (“2Q2014”) performance

Revenue

	3 months ended 30-Jun-14		3 months ended 30-Jun-13		%
	\$'000	%	\$'000	%	
Development properties	5,506	19.8	80,301	100.0	(93.1)
Rental	9,966	35.8	-	-	NM
Hotel operations	9,889	35.6	-	-	NM
Leisure business	2,456	8.8	-	-	NM
	<u>27,817</u>	100.0	<u>80,301</u>	100.0	(65.4)

The Group recorded revenue of \$27.8m in 2Q2014, a 65.4% decrease from \$80.3m recorded in 2Q2013.

The decrease was mainly due to the decrease of \$74.8m in sales income and project income. The decrease in sales income was due to lesser progressive revenue recognition from *Waterscape at Cavenagh*, with additional 1.67% revenue recognised in 2Q2014 compared with 11.43% revenue recognised in 2Q2013. The decrease was also due to there was a sale of units from *Signature at Lewis* and *Skyline 360^o* totalling \$46.3m revenue recognised in 2Q2013. Whereas the decrease in project income was due to the absence of revenue from construction of the hotel/commercial properties at Zhongshan Park which were completed in 3Q2013.

The above decrease was offset by the increase of \$5.6m rental revenue generated from the investment properties in Australia which were acquired in 4Q2013 and 1Q2014, and from SuperBowl, \$4.3m rental revenue, \$9.9m revenue from hotel operations and \$2.5m revenue from leisure business.

Profit

Gross profit for 2Q2014 decreased by 48.1% from \$38.3m in 2Q2013 to \$19.9m. The decrease was primarily due to lower revenue.

The increase in other income was mainly due to the gain on foreign exchange which arose from the strengthening of the Australian Dollar against the Singapore Dollar.

Financial income increased nearly doubled to \$271,000 in 2Q2014, from \$144,000 in 2Q2013, as the Group purchased more commercial papers and placed more of its funds in fixed deposits.

In the current quarter, we have recognised \$1.62m negative goodwill that pertaining to the non-controlling interest. This amount has been netoff with additional negative goodwill recognised of \$420,000, as the previous figure is based on SuperBowl draft financial numbers which has since been finalised.

The decrease in distribution and selling expenses of 79.4% was in line with the decrease in sales of development properties and project income.

The Group's administrative expenses increased to \$20.1m in 2Q2014 from \$1.8m in 2Q2013. The increase in administrative expenses was mainly due to the (i) administrative expenses of approximately \$9.2m attributable to SuperBowl following the completion of the acquisition; (ii) depreciation of \$3.9m* attributable to the surplus value of property, plant and equipment and investment properties, and the investment properties in Australia which were acquired in the fourth quarter of the last financial year; and (iii) stamp duty of approximately \$5.5m was incurred in connection with the acquisition of new investment property in Australia, Stirling Street.

* This amount has been offset with a write back of depreciation expense of \$1.6m (for excess depreciation previously recorded in FY2013 as well as in 1Q2014) has been adjusted for in the current quarter. Please refer below the review of consolidated financial position for further elaboration.

The Group recorded an increase in financial expenses to \$5.9m in 2Q2014 as compared to \$0.5m in 2Q2013 partly due to the interest expenses for the fixed rate notes and increase in bank loans.

Tax Expenses

Group taxation decreased to \$2.9m from \$6.3m in 2Q2013 was mainly due to lesser provision made for deferred taxation in relation to lesser profits recognised for the sold units of uncompleted project.

Net Profit

Taking into consideration of the above factors, the Group's net profit after tax decreased to net loss of \$5.7m in 2Q2014, compared to net profit of \$29.0m in 2Q2013.

Consolidated Income Statement – first half year ended 30 June 2014 (“1H2014”) performance

Revenue

	6 months ended 30-Jun-14		6 months ended 30-Jun-13		%
	\$'000	%	\$'000	%	
Development properties	27,551	46.7	110,648	100.0	(75.1)
Rental	14,860	25.2	-	-	NM
Hotel operations	13,151	22.3	-	-	NM
Leisure business	3,450	5.8	-	-	NM
	<u>59,012</u>	100.0	<u>110,648</u>	100.0	(46.7)

The Group recorded revenue of \$59.0m for the first half year ended 30 June 2014 (“1H2014”), a 46.7% decrease from \$110.6m recorded in the previous corresponding period ended 30 June 2013 (“1H2013”).

The decrease was mainly due to the decrease of \$83.1m in sales income and project income. The decrease in sales income was due to lesser progressive revenue recognition from *Waterscape at Cavenagh*, whereas the decrease in project income was due to the absence of revenue from construction of the hotel/commercial properties at Zhongshan Park which were completed in 3Q2013.

The above decrease was offset by the increase of \$9.2m rental revenue generated from the investment properties in Australia which were acquired in 4Q2013 and 1Q2014, and from SuperBowl, \$5.6m rental revenue, \$13.2m revenue from hotel operations and \$3.5m revenue from leisure business.

Profit

Gross profit for 1H2014 decreased by 29.2% from \$52.2m in 1H2013 to \$37.0m. The decrease was primarily due to lower revenue.

The increase in other income was mainly due to the gain on foreign exchange which arose from the strengthening of the Australian Dollar against the Singapore Dollar.

Financial income increased nearly doubled to \$491,000 in 1H2014, from \$260,000 in the previous corresponding period, as the Group purchased more commercial papers and placed more of its funds in fixed deposits.

Following the acquisition of SuperBowl on 28 February 2014, the Group recognised a negative goodwill arising from the acquisition of \$147.5m and a gain on remeasurement of investment in HHP to fair value upon business combination achieved in stages of \$200.4m. Moving forward the Group's performance will accordingly be benchmark against the effect of such gains and any corresponding costs (such as depreciation).

The decrease in distribution and selling expenses of 76% was in line with the decrease in sales of development properties and project income.

The Group's administrative expenses increased to \$28.5m in 1H2014 from \$3.5m in 1H2013. The increase in administrative expenses was mainly due to the (i) administrative expenses of approximately \$11.9m attributable to SuperBowl following the completion of the acquisition; (ii) depreciation of \$5.1m* attributable to the surplus value of property, plant and equipment and investment properties, and the investment properties in Australia which were acquired in the fourth quarter of the last financial year; (iii) stamp duty of approximately \$5.5m was incurred in connection with the acquisition of new investment property in Australia, Stirling Street; (iv) increase in legal and professional fees of \$1.2m relating to the acquisition of SuperBowl; and (v) bank charges of approximately \$1.1m bank loan facility fee incurred as compared to last corresponding period of \$0.1m which was in tandem with the increase in bank loan.

* This amount has been offset with a write back of depreciation expense of \$1.6m (for excess depreciation previously recorded in FY2013 as well as in 1Q2014) has been adjusted for in the current quarter. Please refer below the review of consolidated financial position for further elaboration.

The Group recorded an increase in financial expenses to \$9.1m in 1H2014 as compared to \$1.0m in 1H2013 partly due to the interest expenses for the fixed rate notes and increase in bank loans.

Tax Expenses

Group taxation decreased to \$4.9m from \$8.3m in 1H2013 was mainly due to lesser provision made for deferred taxation in relation to lesser profits recognised for the sold units of uncompleted project.

Net Profit

Taking into consideration of the above factors, the Group's net profit after tax increased to \$348.5m in 1H2014, compared to \$38.8m in 1H2013.

Consolidated Statement of Financial Position as at 30 June 2014

Non-current assets

The increase in non-current assets of \$906.7m* from \$174.6m as at 31 December 2013 to \$1,081.4m as at 30 June 2014 was mainly attributable to:

- Increase in property, plant and equipment of \$722.8m due to property, plant and equipment acquired in connection with the acquisition of SuperBowl, and fair value adjustment.
- Increase in investment properties of \$87.7m due to investment properties acquired in connection with the acquisition of SuperBowl, and the fair value adjustment, and \$105.7m investment property acquired in Australia.

* During the quarter ended 30 June 2014, management had reassessed that certain assets with cost of \$30.8m acquired in 2013 were inappropriately classified as property, plant and equipment as at 31 December 2013. Consequently, management had determined that such assets ought to be reclassified as investment properties as at 1 April 2014 to better reflect the nature and usage of such assets. As the depreciation rates applied to property, plant and equipment is higher than that for investment properties, the resulting write back of depreciation expense of \$1.6m (for excess depreciation previously recorded in FY2013 as well as in Q1 2014) has been adjusted for in the current quarter.

Current assets

The decrease in current assets of \$37m or 5.7% from \$652.3m as at 31 December 2013 to \$615.2m as at 30 June 2014 was due to:

- Decrease in cash and short-term deposits to \$72.0m from \$115.9m as at 31 December 2013, mainly due to purchase of investment property in Australia, acquisition of SuperBowl, and loan repayment. These were partially financed through bank borrowings.
- Trade and other receivables decreased to \$9.8m from \$12.2m mainly due to lower progress billing receivables from units sold at Waterscape at Cavenagh.
- Other assets decreased by \$8.9m mainly due to realisation of the deposit paid for purchase of investment property in Australia.

The above decreases were offset by the increase in:

- Increase in other investments to \$36.0m from \$24.6m as at 31 December 2013, mainly due to other investments of \$10.8m acquired in connection with the acquisition of SuperBowl, and the fair value adjustments in quoted investments.
- Increase in development properties by 6.8% from \$255.0m as at 31 December 2013 to \$272.4m. The increase was mainly due to the construction in progress for Waterscape at Cavenagh amounted to \$11.4m, work in progress for an industrial property in Kallang Pudding amounted to \$2.4m, and development cost of Pearl River project in Australia amounted to \$3.6m.
- Increase in derivative assets by \$3.3m from \$0.9m as at 31 December 2013 to \$4.2m as at 30 June 2014 due to the additional derivative entered and fair value changes in derivative instruments.

Current liabilities

The increase in current liabilities of \$96.0m from \$245.9m as at 31 December 2013 to \$341.9m as at 30 June 2014 was mainly attributable to:

- Increase in interest-bearing loans and bank borrowings from \$147.9m as at 31 December 2013 to \$287.6m as at 30 June 2014 mainly due to loan drawdown for the financing of the acquisition of SuperBowl.

The above increase was offset by the decrease in:

- Decrease in amount owing to related companies as SuperBowl is part of the Group.
- Decrease in tax payables mainly due to tax payment made during the period.

Non-current liabilities

The increase in non-current liabilities of \$418.5m from \$208.2m as at 31 December 2013 to \$626.8m as at 30 June 2014 was mainly attributable to:

- Increase in interest-bearing loans and bank borrowings from \$70.3m as at 31 December 2013 to \$400.3m as at 30 June 2014 mainly due to interest-bearing loans and bank borrowings obtained in connection with the acquisition of SuperBowl.
- Increase in deferred taxation from \$19.7m to \$105.4m mainly due to recognition of profit on Waterscape at Cavenagh units sold prior to its Temporary Occupation Permit being obtained and the deferred tax on the surplus value of property, plant and equipment.

Consolidated Statement of Cash Flows Position as at 30 June 2014

The Group recorded net cash generated from operating activities of \$2.5m in 1H2014 as compared to \$23.5m in 1H2013, mainly due to a drop in revenue.

Net cash used in investing activities amounted to \$303.5m in 1H2014 mainly due to the acquisition of SuperBowl and new investment property in Australia.

The Group recorded net cash generated from financing activities of \$257.1m in 1H2014 mainly due to proceeds from the bank borrowings of \$290.6m, offset by repayment of bank borrowings of \$23.2m.

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.

Singapore Property Market

While overall developer sales witnessed a slight pick-up in the second quarter, buying sentiments for properties in the Core Central Region remained relatively muted with only 128 units transacted during the period. Further, the Urban Redevelopment Authority noted that prices of private residential homes in 2Q 2014 have reported a third straight quarter of price decline.

On the industrial development front, the Group had in May 2014 soft launched its HH @ Kallang. This project is expected to receive its temporary occupancy permit in 2016.

Zhongshan Park Integrated Development

Supported by a 5% year-on-year growth in tourism receipts to \$6 billion in the first three months of 2014¹, the Group recorded positive contributions and stable room occupancies for its two hotels (Days Hotel Singapore and Ramada Singapore) at Zhongshan Park.

Moving forward, the Group expects the outlook for the hospitality sector to remain challenging against a backdrop of rising costs and fewer tourist arrivals.

The retail and office components at Zhongshan Park Integrated Development continued to register stable performance, with both properties maintaining near-full occupancies.

Regional Expansion

On the regional front, the Group has launched its first mixed-development at Melbourne's Docklands. The integrated development, which will also comprise a 7-storey hotel with 269 room keys – the Four Points® by Sheraton Melbourne Docklands – is targeted for completion by end 2017.

Conclusion

In view of the near-term weaknesses in the Singapore private residential property market, the Board maintains a cautious view towards the Group's operating outlook in the near term while it embarks on its regional expansion strategy and efforts in building up a stable recurring income stream.

¹https://www.stb.gov.sg/statistics-and-market-insights/marketstatistics/stb%20sector%20performance%20q1_2014.pdf

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?
Yes

(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 2014	6 months ended 30 June 2014	3 months ended 31 March 2014	6 months ended 30 June 2014
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 subsidiary: - WestBuild Construction Pte. Ltd. (value of transactions amounting to \$117,000)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary: - WestBuild Construction Pte. Ltd. (value of transactions amounting to \$117,000)	NA	NA

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.

14 CONFIRMATION 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 second quarter ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lai Foon Kuen
Company Secretary
11 August 2014