

**Hi-P International Limited (Registration Number: 198004817H)**

**Financial Statement and Dividend Announcement for the period ended 31 March 2007**

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

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

	<b>Group</b>		
	<b>Q1-07</b>	<b>Q1-06</b>	<b>Increase/ (decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue	199,523	186,468	7.0
Cost of sales	<u>(168,138)</u>	<u>(153,038)</u>	9.9
Gross profit	31,385	33,430	(6.1)
Operating expenses			
Selling expenses	(1,535)	(2,139)	(28.2)
Administrative expenses	(15,673)	(16,657)	(5.9)
	(17,208)	(18,796)	(8.4)
Other operating income	<u>2,347</u>	<u>1,986</u>	18.2
Profit from operations	16,524	16,620	(0.6)
Financial expenses	(347)	(169)	105.3
Financial income	188	270	(30.4)
Foreign exchange loss	<u>(425)</u>	<u>(1,066)</u>	(60.1)
Profit before tax and share of results of associated company	15,940	15,655	1.8
Share of results of associated companies	<u>(12)</u>	<u>(114)</u>	n.m.
Profit before tax	15,928	15,541	2.5
Tax	<u>(1,130)</u>	<u>(1,155)</u>	(2.2)
Profit after tax	<u>14,798</u>	<u>14,386</u>	2.9
Attributable to:			
Equity holders of parent company	15,074	14,371	4.9
Minority interest	<u>(276)</u>	<u>15</u>	n.m.
	<u>14,798</u>	<u>14,386</u>	2.9

n.m. – Not Meaningful

Other notes:

Profit from operations is arrived at after charging (crediting) the following;

	<b>Q1-07</b> <b>S\$'000</b>	<b>Q1-06</b> <b>S\$'000</b>
1. Depreciation	8,866	7,684
2. Allowance for doubtful trade debts (written back)	1,317	1,388
3. Bad debt recovered	(24)	-
4. Inventories written down/ (written back)	(1,210)	(245)
5. Directors' remuneration	653	709
6. Directors' fees		
- current year provision	106	127
- overprovision in prior year	-	(46)
7. Operating lease expense	4,502	4,462
8. Staff costs *	35,460	33,445
9. Loss on disposal of fixed assets	59	15

\* Excludes directors' remuneration, which has been disclosed separately in #4 above.

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

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2007</b>	<b>31/12/2006</b>	<b>31/03/2007</b>	<b>31/12/2006</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Fixed assets (* Note)</b>	279,842	276,271	28,752	29,634
<b>Investment in subsidiaries</b>	-	-	150,012	140,256
<b>Investment in associated company</b>	2,731	2,726	1,478	1,478
<b>Other investment</b>	12	12	12	12
<b>Deferred tax asset</b>	249	252	-	-
<b>Amounts due from subsidiaries</b>	-	-	11,413	11,251
<b>Current assets</b>				
Inventories (* Note)	142,103	114,774	6,905	6,971
Trade receivables	137,004	207,091	10,612	11,787
Notes receivable	3,355	673	-	-
Other receivables, deposits and prepayments	28,538	22,753	852	1,239
Due from subsidiaries (non-trade)	-	-	28,848	25,712
Due from subsidiaries (trade)	-	-	443	770
Due from related parties (trade)	604	840	-	-
Fixed deposits	67	67	67	67
Cash and bank balances	54,494	33,177	1,982	2,048
	<b>366,165</b>	<b>379,376</b>	<b>49,711</b>	<b>48,595</b>
<b>Current liabilities</b>				
Trade payables	164,096	168,695	6,350	5,392
Other payables and accruals	57,723	57,195	5,381	6,302
Due to subsidiaries (non-trade)	-	-	76,556	60,876
Due to subsidiaries (trade)	-	-	759	446
Amounts due to minority shareholders of subsidiaries	-	4,399	-	-
Lease obligations, current portion	61	61	54	55
Provision for income tax	1,652	1,646	485	396
Interest-bearing loans and borrowings	12,413	25,212	1,500	6,200
	<b>235,945</b>	<b>257,209</b>	<b>91,085</b>	<b>79,666</b>
Net current assets/(liabilities)	130,220	122,168	(41,374)	(31,070)
<b>Non-current liabilities</b>				
Lease obligations, non-current portion	142	158	102	114
Deferred tax liability	2,320	2,530	2,209	2,418
	<b>410,592</b>	<b>398,740</b>	<b>147,982</b>	<b>149,028</b>
<b>Equity</b>				
Share capital	119,725	119,725	119,725	119,725
Other reserves	4,842	6,745	2,538	2,572
Accumulated profits	284,445	269,777	25,719	26,731
	<b>409,012</b>	<b>396,247</b>	<b>147,982</b>	<b>149,028</b>
Minority interest	1,581	2,493	-	-
	<b>410,592</b>	<b>398,740</b>	<b>147,982</b>	<b>149,028</b>

\*Note: The comparative figures of the tooling molds, which were previously included in inventories, have been reclassified to fixed assets. The reclassification was made to conform to current quarter's presentation.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable within one year or less, or on demand**

As at 31/03/2007		As at 31/12/2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
61	12,413	61	25,212

**Amount repayable after one year**

As at 31/03/2007		As at 31/12/2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
142	-	158	-

Lease obligations were secured against the respective leased assets.

Certain borrowings of the subsidiaries of the Company were secured by a corporate guarantee of the Company. These amounts have been disclosed as unsecured.

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

	<b>Q1-07</b>	<b>Q1-06</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax and share of results of associated companies	15,940	15,541
Adjustments:		
Depreciation of fixed assets	8,866	7,684
(Gain) Loss on disposal of fixed assets	59	(15)
(Write back) Provision for doubtful trade debts	1,317	1,388
Interest income	(188)	(270)
Interest expense	347	169
Translation difference	(2,252)	(1,660)
Equity Compensation Expenses	(34)	302
Operating profit before working capital changes	<u>24,055</u>	<u>23,139</u>
Increase / (decrease) in:		
Inventories	(27,321)	(19,545)
Trade receivables	68,805	(5,988)
Notes receivable	(2,682)	(641)
Other receivables, deposits and prepayments	(5,785)	(7,138)
Decrease / (increase) in:		
Trade payables	(4,599)	17,787
Other payables and accruals	(192)	(16,635)
Due from/to related parties (trade), net	(4,140)	172
Cash generated from/ (used in) operations	<u>48,141</u>	<u>(8,849)</u>
Income taxes paid	(1,331)	(1,252)
Net cash generated from/(used in) operating activities	<u>46,810</u>	<u>(10,101)</u>

**1(c) Cash flow statement (cont'd)**

	<b>Q1-07</b>	<b>Q1-06</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets (Note)	(12,365)	(22,541)
Interest income received	188	269
Proceeds from disposal of fixed assets	87	2,659
Acquisition of a subsidiary, net of cash acquired	(209)	-
Net cash used in investing activities	<u>(12,299)</u>	<u>(19,613)</u>
<b>Cash flows from financing activities</b>		
Interest expense paid	(347)	(169)
(Payment of) Proceeds from bank term loans, net	(3,941)	1,546
(Payment of)/Proceeds from short-term loans, net	(8,857)	4,978
Repayment of lease obligations	(17)	(206)
Proceeds from Issuance of ordinary shares	-	35
Net cash (used in)/generated from financing activities	<u>(13,162)</u>	<u>6,184</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	21,349	(23,530)
Cash and cash equivalents at beginning of period	33,244	73,197
Effect of exchange rate changes on opening cash and cash equivalents	(32)	(637)
<b>Cash and cash equivalents at end of period</b>	<u><b>54,561</b></u>	<u><b>49,030</b></u>

**Note**

Current period / year additions to fixed assets	13,084	29,589
Less : -		
Payable to creditors (Net)	(14,743)	(17,229)
	<u>(1,659)</u>	<u>12,360</u>
Payments for prior period / year purchase of fixed assets	14,024	10,181
	<u>12,365</u>	<u>22,541</u>

**1(d)(i) A statement (for the issuer and the 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.**

**(i) Consolidated statement of changes in equity for the 3 months ended 31 March 2007**

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Reserve fund S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1 January 2007	119,725	-	2,646	21,287	(17,187)	269,777	2,493	398,740
Currency translation differences	-	-	-	-	(2,275)	-	-	(2,275)
Acquisition of subsidiary	-	-	-	-	-	-	(636)	(636)
Net profit for the period	-	-	-	-	-	15,073	(276)	14,797
Equity compensation expense	-	-	(34)	-	-	-	-	(34)
Issuance of ordinary shares	-	-	-	-	-	-	-	-
Increase in reserve	-	-	-	339	66	(405)	-	-
Balance at 31 March 2007	119,725	-	2,612	21,626	(19,396)	284,445	1,581	410,592

**(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2006**

Balance at 1 January 2006	44,358	75,242	2,208	17,618	(667)	223,017	2,003	363,779
Currency translation differences	-	-	-	-	(6,681)	-	(62)	(6,743)
Net profit for the period	-	-	-	-	-	14,371	15	14,386
Equity compensation expense	-	-	301	-	-	-	-	301
Issuance of ordinary shares	1	34	-	-	-	-	-	35
Increase in reserve	-	-	-	34	-	-	-	34
Dividend	-	-	-	-	-	-	(91)	(91)
Balance at 31 March 2006	44,359	75,276	2,509	17,652	(7,348)	237,388	1,865	371,701

**(iii) Statement of changes in equity of the company for the 3 months ended 31 March 2007**

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance at 1 January 2007	119,725	-	2,572	26,731	149,028
Net Profit for the period	-	-	-	(1,012)	(1,012)
Equity Compensation expense	-	-	(34)	-	(34)
Balance at 31 March 2007	119,725	-	2,538	25,719	147,982

**(iv) Statement of changes in equity of the company for the 3 months ended 31 March 2006**

Balance at 1 January 2006	44,357	75,242	2,171	27,148	148,918
Net Profit for the period	-	-	-	2,956	2,956
Issuance of ordinary shares	1	34	-	-	35
Equity Compensation expense	-	-	301	-	301
Balance at 31 March 2006	44,358	75,276	2,472	30,104	152,210

- 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 share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the three months ended 31 March 2007, there has been no increase in the issued and paid-up share capital of the company.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been reviewed or audited 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 financial statements have been applied**

The accounting policies have been consistently applied by the group and the company and are consistent with those used in the previous financial year.

- 5. If there are any changes in the accounting policies and method 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 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.**

	Q1-07	Q1-06
Operating profit after exceptional items and tax before deducting minority interests as a percentage of revenue	7.4%	7.7%
Operating profit after tax attributable to members of the company as a percentage of issued capital and reserves at the end of the period	3.6%	3.9%
Earnings per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	1.70	1.62
(b) On a fully diluted basis (cents)*	1.70	1.61

\*It is not meaningful to calculate the diluted EPS as the stock option price is higher than the current market price.

Earnings per share have been computed based on the share capital of 887,175,000 ordinary share of \$0.05 each.

In arriving at the fully diluted earnings per share, only those potential ordinary shares arising from the exercise of options, which will dilute the basic earnings per share of the Group, are included in the computation. There are 5,313,000 options exercisable as at 31 March 2007.

**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 :**

	Group		Company	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
	Cents	Cents	Cents	Cents
Net Asset Value per Ordinary Share based on issued share capital at the end of the period	46.10	44.66	16.68	16.55

8. A 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:-
- 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
  - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Overall Results

Compared to Q1 FY2006, revenue for Q1 FY2007 rose 7% year-on-year (yoy) to S\$199.5 million while net profit grew 5% yoy to S\$15.1 million. On a quarter-on-quarter (qoq) basis, revenue declined 22% while net profit grew 12% on the back of an improvement in gross margin to 15.7% in Q1 FY2007 from 12.1% in Q4 FY2006 and better cost control.

### Revenue Analysis

*By Strategic Business Units (SBU):* Revenue from the Wireless Telecommunications (WL) SBU declined 10% yoy and 39% qoq to S\$101.5 million due mainly to lower orders from existing customers. The qoq decline is partly attributable to normal seasonality for the mobile handset industry. WL accounted for 51% of Group revenue, down from 65% in Q4 FY2006. Revenue from the Consumer Electronics & Electrical (CE) SBU was up 39% yoy and 15% qoq to S\$80.8 million. This was due to new projects from several existing customers. CE accounted for 40% of Group revenue, up from 27% in Q4 FY2006. Revenue from the Computing, Automotive, Medical & Others (CA) SBU was up 9% yoy but down 12% qoq to S\$17.2 million. The sequential decline is due to lower orders from existing customers. CA accounted for 9% of Group revenue, up marginally from 8% in Q4 FY2006.

*By Activity:* Precision Plastic Injection Molding revenue grew 8% yoy but declined 28% qoq to S\$77.9 million. The qoq decline was due mainly to lower sales to WL customers. Assembly revenue was up 5% yoy but down 18% qoq to S\$107.6 million. The qoq decline was also due mainly to lower sales to WL customers. Mold Design and Fabrication revenue was up 16% yoy but down 23% qoq to S\$14.0 million. The qoq decline was due to generally lower sales to existing customers.

### Financial Position

The Group's financial position remains strong as it ended with cash and equivalents of S\$54.6 million as at end-March 2007, up from S\$33.2 million as at end-December 2006. Gross debt declined from S\$25.4 million as at end-December to S\$12.6 million as at end-March 2007, giving net cash of S\$41.9 million. Gross gearing was 3.1%.

### Cash Cycle Analysis

Days	Q1 FY2007	Q4 FY2006	Q1 FY2006
Average Receivables Turnover	65	71	77
Average Inventory Turnover	77	47	53
Average Payables Turnover	88	67	84
<b>Cash Cycle*</b>	<b>54</b>	<b>51</b>	<b>46</b>

\* *Cash Cycle = Avg Receivables Turnover + Avg Inventory Turnover – Avg Payables Turnover*

Receivable days declined by 6 days to 65 days in Q1 FY2007 from Q4 FY2006 due to greater collection efforts. Inventory days increased 30 days to 77 days in Q1 FY007 from 47 days in Q4 FY2006 due mainly to (a) lower sales in March and (b) inventory transferred from a key customer for new business in our Poland plant. Payable days increased 21 days to 88 days in Q1 FY2007 from 67 days in Q4 FY2006. As a result of the above, our cash cycle increased 3 days to 54 days in Q1 FY2007 from 51 days in Q4 FY2006.

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

In our Q4 FY2006 results briefing presentation on 28 February 2007, we guided for revenue and net profit in Q1 FY2007 to be slightly lower compared to Q4 FY2006. Actual revenue for Q1 FY2007 is 22% lower qoq, lower than guidance, but net profit is 12% higher qoq, surpassing guidance.

We also guided for the revenue performance of all three SBUs to be similar i.e. slightly lower qoq. Actual revenue for WL was down 39% qoq, CE was up 15% and CA was down 12% qoq. CE surpassed guidance but WL and CA performed below guidance.

**10. A commentary at the date of the announcement of the 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.**

Our bottom-line performance in Q1 FY2007 was better than guidance. We believe our efforts to strengthen our internal processes and core capabilities are beginning to take effect. Due to lower orders from existing customers, we expect a slight revenue decline in Q2 FY2007 compared to Q1 FY2007. However, net profit is expected to be maintained at Q1 FY2007 levels due to cost savings and a better product mix. For the full year, we continue to expect growth in revenue and net profit for FY2007 compared to FY2006.

**11. Dividend**

**(a) Current Financial Period Reported on**

Any dividend recommended 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) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend is recommended for the period under review.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.**

**By Activities**

	<b>PPIM</b>	<b>MDF</b>	<b>Assembly</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>S\$'M</b>	<b>S\$'M</b>	<b>S\$'M</b>	<b>S\$'M</b>	<b>S\$'M</b>
<b>2007 Q1</b>					
<b>Segment Revenue</b>					
Sales to external customers	77.9	14.0	107.6	-	199.5
Intersegmental sales	8.0	-	-	(8.0)	-
	<u>85.9</u>	<u>14.0</u>	<u>107.6</u>	<u>(8.0)</u>	<u>199.5</u>
Profit from operations	8.9	0.4	7.1	-	16.4
Finance expense					(0.5)
Finance income					0.3
Foreign exchange loss, net					(0.4)
Share of results of associated companies					-
Tax					(1.1)
Minority interest					<u>0.3</u>
Net profit attributable to shareholders of the company					<u><u>15.0</u></u>
Depreciation	3.8	1.2	3.9		8.9
Other non-cash expenses	0.7	0.0	0.6		1.3

## Segmental revenue by Activities, Industries and Geographical Markets

### By Activities

	PPIM S\$m	MDF S\$m	Assembly S\$m	Eliminations S\$m	Consolidated S\$m
<b>2006 Q1</b>					
<b>Segment revenue</b>					
Sales to external customers	71.9	12.1	102.5	-	186.5
Intersegmental sales	6.3	-	-	(6.3)	-
	<u>78.2</u>	<u>12.1</u>	<u>102.5</u>	<u>(6.3)</u>	<u>186.5</u>
Profit from operations	9.4	2.2	5.0	-	16.6
Finance expense					(0.2)
Finance income					0.3
Foreign exchange loss, net					(1.0)
Share of results of associated companies					(0.1)
Tax					(1.2)
					<u>14.4</u>
Net profit attributable to shareholders of the company					<u><u>14.4</u></u>
Depreciation	4.4	1.0	2.3	-	7.7
Other non-cash expenses	0.9	0.2	0.5	-	1.6

## By Industries

	Segment Revenue	
	Q1-07 S\$m	Q1-06 S\$m
Telecommunications	101.5	112.1
Consumer Electronics & Electrical	80.8	58.4
Computing	17.2	16.0
	<u>199.5</u>	<u>186.5</u>

## By Geographical Markets

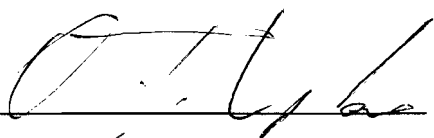
	Segment Revenue	
	Q1-07 S\$m	Q1-06 S\$m
Asia		
PRC	81.3	86.6
Singapore	7.1	39.4
Malaysia	2.5	3.0
Others	5.2	3.5
	<u>96.1</u>	<u>132.5</u>
Europe	49.8	41.9
USA and other parts of the Americas	53.6	12.1
	<u>199.5</u>	<u>186.5</u>

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

## Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Limited that, taking into account the matters announced and publicly disclosed by the Company prior to the date of this confirmation and the prevailing accounting policies adopted by the Company in accordance with the Singapore Financial Reporting Standards, to the best of their knowledge, nothing has come to their attention which may render the financial results for the period ended 31<sup>st</sup> March 2007 (comprising the balance sheet, consolidated income statement, statement of changes in equity and consolidated cash flows statement, together with their accompanying notes) to be false or misleading in any material aspect.



Yao Hsiao Tung  
CEO



Dr Tan Khee Giap  
Director

## BY ORDER OF THE BOARD

Tan Ping Ping  
Company Secretary

7 May 2007