

Financial Statement and Dividend Announcement for the year ended 31 March 2010

**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.

	Q1-10 S\$'000	Q1-09 S\$'000	Increase/ (decrease) %
Revenue	146,896	244,005	(39.8)
Cost of sales	<u>(140,368)</u>	<u>(193,257)</u>	(27.4)
Gross profit	6,528	50,748	(87.1)
Other items of income			
Interest income	593	258	129.8
Other income	3,106	4,987	(37.7)
Other items of expense			
Selling and distribution expenses	(2,710)	(2,548)	6.4
Administrative expenses	(13,827)	(18,290)	(24.4)
Financial costs	(119)	(126)	(5.6)
Other expenses	(7,039)	(7,711)	(8.7)
Share of results of associates	<u>(53)</u>	-	n.m.
(Loss)/profit before tax	(13,521)	27,318	n.m.
Income tax expense	<u>(999)</u>	<u>(4,769)</u>	(79.1)
(Loss)/profit, net of tax	<u>(14,520)</u>	<u>22,549</u>	n.m.
Attributable to:			
Equity holders of the Company	(14,206)	22,571	n.m.
Minority interests	<u>(314)</u>	<u>(22)</u>	1,327.3
	<u>(14,520)</u>	<u>22,549</u>	n.m.

n.m. – Not Meaningful

Consolidated statement of comprehensive income for the year ended 31 March 2010

	Group		Increase/ (decrease) %
	Q1-10 S\$'000	Q1-09 S\$'000	
(Loss)/profit for the period	(14,520)	22,549	n.m.
Other comprehensive income:			
Foreign currency translation	(436)	23,277	n.m.
Other comprehensive income for the period, net of tax	(436)	23,277	
Total comprehensive income for the period	<u>(14,956)</u>	<u>45,826</u>	n.m.
Total comprehensive income attributable to:			
Equity holders of the Company	(14,629)	45,775	n.m.
Minority interests	(327)	51	n.m.
	<u>(14,956)</u>	<u>45,826</u>	n.m.

Other notes:

(Loss)/profit from operations is arrived at after charging /(crediting) the following;

	Q1-10	Q1-09
	S\$'000	S\$'000
1. Depreciation of property, plant and equipment	11,310	12,023
2. Impairment loss on property, plant and equipment	5,139	7,040
3. Net (gain)/loss on disposal of property, plant and equipment	(17)	89
4. Property, plant and equipment written off/ (written back)	237	5
5. Impairment loss on inventory obsolescence	2,804	24
6. Inventories written back	(53)	(104)
7. Provision for onerous contracts	-	2,076
8. Reversal of impairment loss on doubtful receivables	(369)	(808)
9. Bad debt (recovered)/written off	(1)	151
10. Directors' fees	90	54
11. Staff costs (including directors' remuneration)	40,199	41,655
12. Operating lease expense	4,411	5,356
13. Foreign exchange loss/(gain), net	469	(3,051)
14. Net fair value (gain) on derivatives - unrealised	(581)	(343)

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.

	Group		Company	
	31/03/2010 S\$'000	31/12/2009 S\$'000	31/03/2010 S\$'000	31/12/2009 S\$'000
Non-current assets				
Property, plant and equipment	289,953	298,563	19,548	19,700
Investment in subsidiaries	-	-	182,972	183,960
Investment in associates	2,510	2,592	1,478	1,478
Other investment	12	12	12	12
Deferred tax assets	4,951	3,672	-	-
Current assets				
Inventories	68,017	61,237	4,219	4,018
Trade and other receivables	127,570	133,215	31,791	34,743
Prepaid operating expenses	3,983	2,811	217	139
Derivatives	1,121	340	27	-
Cash and cash equivalents	240,180	246,690	99,040	71,570
	440,871	444,293	135,294	110,470
Current liabilities				
Trade and other payables	123,346	124,704	59,137	55,368
Accrued operating expenses	38,348	33,048	6,450	8,251
Loans and borrowings	575	586	90	68
Income tax payable	3,249	4,125	357	357
Derivatives	323	130	-	7
	165,841	162,593	66,034	64,051
Net current assets	275,030	281,700	69,260	46,419
Non-current liabilities				
Loans and borrowings	4,183	4,642	135	180
Deferred tax liabilities	1,575	458	-	-
Net assets	566,698	581,439	273,135	251,389
Equity attributable to equity holders of the Company				
Share capital	119,725	119,725	119,725	119,725
Treasury shares	(7,844)	(7,844)	(7,844)	(7,844)
Other reserves	33,208	30,906	3,084	2,869
Accumulated profits	415,300	432,016	158,170	136,639
	560,389	574,803	273,135	251,389
Minority interests	6,309	6,636	-	-
Total equity	566,698	581,439	273,135	251,389

1(b)(ii) Aggregate amount of group's borrowings and debt securities**Amount repayable within one year or less, or on demand**

As at 31/3/2010		As at 31/12/2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
575	-	586	-

Amount repayable after one year

As at 31/3/2010		As at 31/12/2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,183	-	4,642	-

Lease obligations were secured against the respective leased assets.

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

	Q1-10	Q1-09
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(13,521)	27,318
Adjustments for:		
Depreciation of property, plant and equipment	11,310	12,023
Impairment loss on property, plant and equipment	5,139	7,040
Net (gain)/loss on disposal of property, plant and equipment	(17)	89
Property, plant and equipment written off	237	5
Impairment loss on inventory obsolescence	2,804	24
Inventories written back	(53)	(104)
Provision for onerous contracts	-	2,076
Reversal of impairment loss on doubtful trade receivables	(369)	(808)
Bad debts (recovered)/written off	(1)	151
Equity compensation expense	215	-
Interest expense	119	126
Interest income	(593)	(258)
Net fair value gain on derivatives - unrealised	(581)	(343)
Translation difference	(560)	8,235
Share of results of associates	53	-
Operating cash flows before changes in working capital	4,182	55,574
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(9,551)	27,008
Decrease in trade and other receivables	5,943	45,048
Decrease in notes receivables	-	22
Increase in prepaid operating expenses	(1,172)	(945)
Decrease in trade and other payables	(3,359)	(41,647)
Increase in accrued operating expenses	4,805	4,620
Increase/(decrease) in amounts due (to)/from related parties	2	(46)
Total changes in working capital	(3,332)	34,060
Cash flows from operations	850	89,634
Income taxes paid	(1,172)	(4,431)
Net cash flows (used in)/from operating activities	(322)	85,203

	Q1-10	Q1-09
	S\$'000	S\$'000
Cash flows from investing activities		
Interest received	593	258
Proceeds from disposal of property, plant and equipment	170	290
Purchase of property, plant and equipment (a)	(6,386)	(7,902)
Net cash flows used in investing activities	(5,623)	(7,354)
Cash flows from financing activities		
Purchase of treasury shares	-	(6,371)
Interest paid	(119)	(126)
Repayments of obligations under finance lease	(144)	(107)
Net cash flows used in financing activities	(263)	(6,604)
Net (decrease)/increase in cash and cash equivalents	(6,208)	71,245
Effect of exchange rate changes on cash and cash equivalents	(302)	3,087
Cash and cash equivalents at beginning of period	246,690	131,566
Cash and cash equivalents at end of year	240,180	205,898

Note to the Consolidated Cash Flow Statement

(a) Purchase of Property, plant and equipment		
Current year additions	7,909	6,421
Less: Payable to creditors	(4,956)	(3,450)
	2,953	2,971
Payments for prior year purchases	3,433	4,931
Net cash outflow for purchase	6,386	7,902

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 2010

Group	<u>Attributable to equity holders of the Company</u>				Total equity attributable to equity holders of		
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
Opening balance at 1 January 2010	119,725	(7,844)	30,906	432,016	574,803	6,636	581,439
Total comprehensive income for the period	-	-	(366)	(14,263)	(14,629)	(327)	(14,956)
Employee share option scheme -Equity compensation benefits	-	-	215	-	215	-	215
Transfer from retained earnings to statutory reserve fund	-	-	2,453	(2,453)	-	-	-
Closing balance at 31 March 2010	119,725	(7,844)	33,208	415,300	560,389	6,309	566,698

(ii) Consolidated statement of changes in equity for the 3 months ended 31 March 2009

Group	<u>Attributable to equity holders of the Company</u>				Total equity attributable to equity holders of		
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	the Company S\$'000	Minority interests S\$'000	Total equity S\$'000
Opening balance at 1 January 2009	119,725	-	39,879	397,736	557,340	1,310	558,650
Total comprehensive income for the period	-	-	23,204	22,571	45,775	51	45,826
Purchase of treasury shares	-	(6,371)	-	-	(6,371)	-	(6,371)
Transfer from retained earnings to statutory reserve fund	-	-	3	(3)	-	-	-
Closing balance at 31 March 2009	119,725	(6,371)	63,086	420,304	596,744	1,361	598,105

(iii) Statement of changes in equity of the Company for the 3 months ended 31 March 2010

Company	<u>Attributable to equity holders of the Company</u>				
	Share capital	Treasury shares	Capital reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2010	119,725	(7,844)	2,869	136,639	251,389
Total comprehensive income for the period	-	-	-	21,531	21,531
Employee share option scheme - Equity compensation benefits	-	-	215	-	215
Closing balance at 31 March 2010	119,725	(7,844)	3,084	158,170	273,135

(iv) Statement of changes in equity of the Company for the 3 months ended 31 March 2009

Company	<u>Attributable to equity holders of the Company</u>				
	Share capital	Treasury shares	Capital reserve	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2009	119,725	-	2,869	142,007	264,601
Total comprehensive income for the period	-	-	-	(9,201)	(9,201)
Purchase of treasury shares	-	(6,371)	-	-	(6,371)
Closing balance at 31 March 2009	119,725	(6,371)	2,869	132,806	249,029

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 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 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.

During the financial period ended 31 March 2010, there has been no increase in the issued and paid-up share capital of the Company.

Share Options

On 12 January 2010, 8,403,000 options were issued to employees at an exercise price of S\$0.74 with a vesting period of 2 years. During the period ended 31 March 2010, 184,000 options lapsed.

There are 10,756,000 options exercisable as at 31 March 2010 (31 December 2009: 2,537,000).

Treasury Shares

The Company has not purchased any shares during the period to be held as Treasury shares (31 December 2009: 18,429,000).

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 total number of issued ordinary shares excluding treasury shares as at 31 March 2010 was 868,746,000 (31 December 2009: 868,746,000).

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2010.

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 annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted the new/revised FRS and Interpretations of FRS (“INT FRS”) that are effective for annual periods beginning on or after 1 January 2010. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Group:

Amendments to FRS 32 Financial Instruments: Disclosure and Presentation
 Amendments to FRS 102 Share-based Payment

Improvements in FRS issued in 2009:

FRS 1 Presentation of Financial Statements
 FRS 7 Statement of Cash Flows
 FRS 17 Leases
 FRS 18 Revenue
 FRS 36 Impairment of Assets
 FRS 39 Financial Instruments: Recognition and Measurement

The adoption of the above FRS did not result in any substantial change to the Group’s accounting policies nor any significant impact on the financial statements.

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:-

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Q1-10	Q1-09
Operating (loss)/profit after exceptional items and tax before deducting minority interests as a percentage of revenue	-9.9%	9.2%
Operating (loss)/profit after tax attributable to members of the company as a percentage of issued capital and reserves at the end of the period	-2.5%	3.9%
Earnings per ordinary share		
(a) Based on weighted average number of ordinary shares in issue (cents)	-1.63	2.55
(b) On a fully diluted basis (cents)*	-1.63	2.55

*It is not meaningful to calculate the diluted EPS as the stock option exercise prices are above the current market price.

Earnings per share have been computed based on the weighted average number of ordinary shares in issue during the year.

- 7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year :**

	Group		Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Net Asset Value per Ordinary Share based on issued share capital at the end of the period (in cents)	64.51	66.16	31.44	28.94

- 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:-**
- (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.**

Revenue and profitability analysis

1Q2010 vs. 1Q2009

1Q2010 revenue decreased by 39.8% to S\$146.9 million compared to 1Q2009, mainly due to the EOL of several projects. This resulted in a lower volume and average selling price of these products. However the decrease in revenue was partially offset by new projects coming in that will be ramped up gradually in 2010.

Gross profit decreased 87.1% to S\$6.5 million mainly due to the EOL of several projects, start up costs for new projects and the FPCB plant and one time provision for consolidation of operations. Gross profit margin would be around 10% without the start up costs and provision for consolidation totaling S\$8.5 million.

Total selling & distribution and administrative expenses and other expenses decreased by 20.6% and 8.7% to S\$16.5 million and S\$7.0 million (including impairment loss on property, plant and equipment of S\$5.1 million due to consolidation of operations) respectively. This was in line with the lower revenue. Other income decreased by 37.7% to S\$3.1 million mainly due to net foreign exchange loss of S\$0.5 million loss in 1Q2010 (1Q2009: S\$3.1 million gain), partially offset by higher sales of scrap and net fair value gain on derivatives totaling S\$1.5 million in 1Q2010 (1Q2009: S\$0.6 million)

There was S\$1.0 million tax expenses incurred although the Group is in a loss position due to some of our subsidiaries being profitable. Moreover, the profits from our profitable subsidiaries cannot be offset against tax loss of loss making subsidiaries.

As a result of the above factors, the Group incurred S\$14.5 million loss in 1Q2010.

Cashflow Analysis

Net cash generated from operating activities before working capital changes was S\$4.2 million in 1Q2010. Net cash flows used in operating activities in 1Q2010 amounted to S\$0.3 million.

Net cash used in investing activities was S\$5.6 million in 1Q2010, mainly due to capital expenditure.

Net cash used in financing activities was approximately S\$0.3 million in 1Q2010, mainly due to interest paid and repayments of obligations under finance lease.

Balance Sheet Analysis

Cash and cash equivalents decreased from S\$246.7 million as at 31 December 2009 to S\$240.2 million as at 31 March 2010. Gross debt was S\$4.8 million, resulting in a net cash position of S\$235.4 million. Gross gearing maintained at 0.9% as at 31 March 2010 compared to 31 December 2009.

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

In the Group's 4Q2009 results announcement made on 23 February 2010, the Group guided for much lower revenue in 1Q2010 as compared to 1Q2009, and expects a loss in 1Q2010.

In line with our guidance, revenue declined from S\$244.0 million in 1Q2009 to S\$146.9 million in 1Q2010 and net profit attributable to equity holders of the Company declined from S\$22.6 million in 1Q2009 to a loss of S\$14.2 million in 1Q2010.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The End-of-Life and costs incurred for the new start up projects will continue to have significant impact in the first half of the fiscal year. The Group therefore expects lower revenue in 2Q2010 as compared to 2Q2009 but expects to breakeven in 2Q2010.

Global recovery is still unpredictable given the current economic turmoil in Europe. However, with the ramp up of new projects in 2H2010, we expect higher revenue but lower profit in FY2010 as compared to FY2009 due to 1Q2010 loss.

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/recommended, a statement to that effect.

Not applicable.

13. Aggregate value of interested persons transactions entered into during the quarter ended 31 March 2010

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under the 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)
Transaction for Purchases of Goods and Services Molex International Inc	\$2,081,581	-

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 31st March 2010 (comprising the balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement, together with their accompanying notes) to be false or misleading in any material aspect.

Yao Hsiao Tung
Executive Chairman
Chief Executive Officer

Dr Tan Khee Giap
Director