

Second Quarter Financial Statement And Dividend Announcement

Name of Announcer

HI-P INTERNATIONAL LIMITED

Company Registration No.

198004817H

Announcement submitted on behalf of

HI-P INTERNATIONAL LIMITED

Announcement is submitted with respect to

HI-P INTERNATIONAL LIMITED

Announcement is submitted by

YAO Hsiao Tung

Designation

Executive Chairman

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Announcement Details

For the Financial Period Ended

30-06-2008

Attachments:

 [HiP_Q2FY2008_Financial_Results.pdf](#)

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

Financial Statement and Dividend Announcement for the period ended 30 June 2008

**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.

	Group			Group		
	Q2-08 S\$'000	Q2-07 S\$'000	Increase/ (decrease) %	YTD Q2-08 S\$'000	YTD Q2-07 S\$'000	Increase/ (decrease) %
Revenue	281,508	201,385	39.8	551,493	400,908	37.6
Cost of sales	(231,070)	(173,240)	33.4	(452,291)	(341,378)	32.5
Gross profit	50,438	28,145	79.2	99,202	59,530	66.6
Operating expenses						
Selling expenses	(3,150)	(2,264)	39.1	(5,683)	(3,799)	49.6
Administrative expenses	(16,680)	(13,494)	23.6	(30,080)	(29,167)	3.1
	(19,830)	(15,758)	25.8	(35,763)	(32,966)	8.5
Other operating income	283	3,262	(91.3)	1,744	5,608	(68.9)
Profit from operations	30,891	15,650	97.4	65,183	32,173	102.6
Financial expenses	(528)	(107)	393.2	(845)	(454)	86.2
Financial income	375	150	150.0	608	338	80.0
Foreign exchange loss	(596)	(1,366)	(56.4)	(7,665)	(1,791)	328.0
Profit before tax and share of results of associated companies	30,142	14,327	110.4	57,281	30,266	89.3
Share of results of associated companies	(7)	15	(149.6)	43	3	1,333.3
Profit before tax	30,135	14,342	110.1	57,324	30,269	89.4
Tax	(3,069)	(923)	232.5	(5,622)	(2,053)	173.8
Profit for the period	27,066	13,419	101.7	51,702	28,216	83.2
Attributable to:						
Equity holders of parent company	27,076	13,472	101.0	51,754	28,545	81.3
Minority interest	(10)	(53)	(81.6)	(52)	(329)	(84.2)
	27,066	13,419	101.7	51,702	28,216	83.2

n.m. – Not Meaningful

Other notes:

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

	Q2-08	Q2-07	YTD	YTD
	S\$'000	S\$'000	Q2-08	Q2-07
			S\$'000	S\$'000
1. Depreciation	10,857	9,529	21,318	18,395
2. Allowance for/ (written back of) doubtful trade debts	(942)	(939)	(502)	378
3. Bad debt written off / (recovered)	413	-	411	(24)
4. Provision for inventory obsolescence	2,285	1,081	4,227	29
5. Inventories written off/ (written back)	887	(352)	1,398	(509)
6. Directors' remuneration	1,232	629	2,462	1,282
7. Directors' fees				
- current year provision	98	106	197	211
- overprovision in prior year	(110)	-	(110)	-
8. Operating lease expense	5,243	5,210	10,019	9,711
9. Staff costs *	45,046	35,761	85,407	71,221
10. Loss/ (Gain) on disposal of fixed assets	(118)	(135)	(24)	(77)
11. Impairment of fixed assets	2,484	-	4,974	-
12. Fixed assets written off/ (written back)	412	-	347	-

* Excludes directors' remuneration, which has been disclosed separately in #6 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.

	Group		Company	
	30/06/2008	31/12/2007	30/06/08	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed assets	278,367	291,075	23,242	24,741
Investment in subsidiaries	-	-	197,847	195,913
Investment in associated companies	2,559	2,815	1,478	1,478
Amounts due from subsidiaries	-	-	4,423	11,879
Other investment	12	12	12	12
Deferred tax asset	1,862	1,868	-	-
Current assets				
Inventories	113,504	135,858	5,747	6,159
Trade receivables	192,242	253,823	12,259	10,906
Notes receivable	1,678	2,394	-	-
Other receivables, deposits and prepayments	48,975	35,054	833	957
Amounts due from subsidiaries	-	-	25,174	63,861
Due from related parties (trade)	781	306	-	-
Derivatives	165	-	57	-
Cash and fixed deposits	134,194	46,764	30,995	4,402
	491,539	474,199	75,065	86,285
Current liabilities				
Trade payables	159,511	205,814	6,658	6,929
Other payables and accruals	72,634	69,579	9,561	6,448
Amounts due to subsidiaries	-	-	29,752	47,678
Amounts due to minority shareholders of subsidiaries	-	23	-	-
Lease obligations, current portion	595	547	55	55
Interest-bearing loans and borrowings	34,068	27,588	34,068	20,849
Provision for income tax	3,643	2,480	357	357
Derivatives	36	-	-	-
	270,487	306,031	80,451	82,315
Net current assets/(liabilities)	221,052	168,168	(5,386)	3,969
Non-current liabilities				
Lease obligations, non-current portion	6,520	6,185	47	68
Deferred tax liability	701	708	874	874
	496,631	457,045	220,695	237,050
Equity				
Share capital	119,725	119,725	119,725	119,725
Other reserves	22,302	19,462	2,869	2,838
Accumulated profits	353,328	316,532	98,101	114,487
	495,355	455,719	220,695	237,050
Minority interest	1,276	1,326	-	-
	496,631	457,045	220,695	237,050

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

Amount repayable within one year or less, or on demand

As at 30/06/2008		As at 31/12/2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
595	34,068	547	27,588

Amount repayable after one year

As at 30/06/2008		As at 31/12/2007	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,520	-	6,185	-

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.

	Q2-08	Q2-07	YTD	YTD
	S\$'000	S\$'000	Q2-08	Q2-07
			S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax and share of results of associated companies	30,142	14,327	57,281	30,266
Adjustments for:				
Depreciation of fixed assets	10,857	9,529	21,318	18,395
Gain on disposal of fixed assets	(118)	(135)	(24)	(77)
Fixed assets written off	412	-	347	-
Impairment of fixed assets	2,484	-	4,974	-
Bad debts written off	413	-	411	-
(Write back)/ Allowance for doubtful trade debts	(942)	(939)	(502)	378
Provision for inventory obsolescence	2,285	1,081	4,227	29
Inventory written off/ (written back)	887	(352)	1,398	(509)
Interest income	(375)	(150)	(608)	(338)
Interest expense	528	107	845	454
Translation difference	(219)	8,026	(367)	5,774
Financial derivatives	(129)	-	(129)	-
Equity Compensation Expenses	-	259	31	225
Operating profit before working capital changes	46,225	31,753	89,202	54,597
Decrease / (Increase) in:				
Inventories	8,735	(21,252)	15,955	(47,363)
Trade receivables	8,681	(25,457)	61,766	43,348
Notes receivable	1,278	839	716	(1,843)
Other receivables, deposits and prepayments	(5,867)	(5,965)	(13,920)	(11,750)
Increase / (decrease) in:				
Trade payables	(26,975)	33,290	(46,303)	28,690
Other payables and accruals	(1,547)	(1,273)	7,702	(1,465)
Due from/ to related parties (trade), net	(2)	20	(497)	(4,120)
Cash generated from operations	30,528	11,955	114,621	60,094
Income taxes paid	(3,233)	(288)	(4,460)	(1,619)
Net cash generated from operating activities	27,295	11,665	110,161	58,475

	Q2-08	Q2-07	YTD	YTD
	S\$'000	S\$'000	Q2-08	Q2-07
			S\$'000	S\$'000
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash acquired	-	-	-	(209)
Purchase of fixed assets (Note)	(4,626)	(12,804)	(17,771)	(25,169)
Proceeds from disposal of fixed assets	447	212	1,772	299
Dividends received from an associate company	300	-	300	-
Interest income received	375	150	608	338
Net cash used in investing activities	<u>(3,504)</u>	<u>(12,442)</u>	<u>(15,091)</u>	<u>(24,741)</u>
Cash flows from financing activities				
Repayment of bank term loans, net	-	-	(2,577)	(3,941)
(Payment of)/Proceeds from short-term loans, net	8,986	(2,992)	9,056	(11,849)
(Payment of)/Proceeds from lease obligations	37	(18)	(55)	(35)
Dividends paid	(13,308)	(5,820)	(13,308)	(5,820)
Interest expense paid	(528)	(107)	(845)	(454)
Net cash used in financing activities	<u>(4,813)</u>	<u>(8,938)</u>	<u>(7,729)</u>	<u>(22,099)</u>
Net increase/(decrease) in cash and cash	18,978	(9,715)	87,341	11,635
Cash and cash equivalents at beginning of period	115,216	54,561	46,763	33,244
Effect of exchange rate changes on opening cash and cash equivalents	-	-	90	(33)
Cash and cash equivalents at end of period	<u>134,194</u>	<u>44,846</u>	<u>134,194</u>	<u>44,846</u>

Note

Current period additions to fixed assets	5,543	16,771	14,218	29,855
Less : -				
Payable to creditors (Net)	(677)	(6,360)	(7,357)	(21,103)
	4,866	10,411	6,861	8,752
Payments for prior period purchase of fixed assets	(240)	2,393	10,910	16,417
	<u>4,626</u>	<u>12,804</u>	<u>17,771</u>	<u>25,169</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 6 months ended 30 June 2008

	Share capital	Capital reserve	Reserve fund	Translation reserve	Accumulated profits	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2008	119,725	2,912	28,695	(12,145)	316,532	1,326	457,045
Currency translation differences	-	-	-	(1,817)	-	(9)	(1,826)
Profit for the period	-	-	-	-	24,678	(42)	24,636
Equity compensation expense	-	31	-	-	-	-	31
Increase in reserve	-	-	47	-	(47)	-	-
Balance at 31 March 2008	119,725	2,943	28,742	(13,962)	341,163	1,275	479,886
Currency translation differences	-	-	-	2,976	-	11	2,986
Profit for the period	-	-	-	-	27,076	(10)	27,066
Increase in reserve	-	-	1,603	-	(1,603)	-	-
Final dividend paid	-	-	-	-	(13,308)	-	(13,308)
Balance at 30 June 2008	119,725	2,943	30,345	(10,986)	353,328	1,276	496,631

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2007

	Share capital	Capital reserve	Reserve fund	Translation reserve	Accumulated profits	Minority interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2007	119,725	2,646	21,287	(17,188)	269,777	2,493	398,740
Currency translation differences	-	-	-	(2,275)	-	-	(2,275)
Acquisition of subsidiary	-	-	-	-	-	(636)	(636)
Profit for the period	-	-	-	-	15,073	(276)	14,797
Equity compensation expense	-	(34)	-	-	-	-	(34)
Increase in reserve	-	-	339	66	(405)	-	-
Balance at 31 March 2007	119,725	2,612	21,626	(19,397)	284,445	1,581	410,592
Currency translation differences	-	-	-	10,038	(10)	38	10,066
Profit for the period	-	-	-	-	13,472	(53)	13,419
Equity compensation expense	-	259	-	-	-	-	259
Increase in reserve	-	-	2,081	-	(2,081)	-	-
Final dividend paid	-	-	-	-	(5,820)	-	(5,820)
Balance at 30 June 2007	119,725	2,871	23,707	(9,359)	290,006	1,566	428,516

(iii) Statement of changes in equity of the company for the 6 months ended 30 June 2008

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2008	119,725	2,838	114,487	237,050
Profit for the period	-	-	(343)	(343)
Equity Compensation expense	-	31	-	31
Balance at 31 March 2008	119,725	2,869	114,144	236,738
Profit for the period	-	-	(2,736)	(2,736)
Final dividend paid	-	-	(13,308)	(13,308)
Balance at 30 June 2008	119,725	2,869	98,101	220,695

(iv) Statement of changes in equity of the company for the 6 months ended 30 June 2007

	Share capital	Capital reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2007	119,725	2,572	26,731	149,028
Loss 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
Profit for the period	-	-	74,171	74,171
Equity Compensation expense	-	259	-	259
Final dividend paid	-	-	(5,820)	(5,820)
Balance at 30 June 2007	119,725	2,797	94,070	216,592

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 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 30 June 2008, there has been no increase in the issued and paid-up 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 total number of issued ordinary shares excluding treasury shares as at 30 June 2008 was 887,175,000 (2007: 887,175,000).

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.

The Company has no treasury shares.

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 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).

	Q2-08	Q2-07	YTD Q2-08	YTD Q2-07
Operating profit after exceptional items and tax before deducting minority interests as a percentage of revenue	9.6%	6.7%	9.4%	7.0%
Operating profit after tax attributable to members of the company as a percentage of issued capital and reserves at the end of the period	5.5%	3.1%	10.4%	6.6%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	3.05	1.52	5.83	3.22
(b) On a fully diluted basis (cents)*	3.05	1.52	5.83	3.22

*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 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 3,497,000 options exercisable as at 30 June 2008.

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	
	30/06/2008 Cents	31/12/2007 Cents	30/06/2008 Cents	31/12/2007 Cents
Net Asset Value per Ordinary Share based on issued share capital at the end of the period	55.84	51.37	24.88	26.72

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:-

- (c) 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
- (d) 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

On a year-on-year (yoy) basis, compared to Q2FY2007, revenue for Q2FY2008 rose by S\$80.1 million or 39.8% to S\$281.5 million, whilst net profit attributable to shareholders (net profit) increased by S\$13.6 million or 101.0% to S\$27.1 million.

On a quarter-on-quarter (qoq) basis, compared to Q1FY2008, revenue rose by S\$11.5 million or 4.3% to S\$281.5 million while net profit increased by S\$2.4 million or 9.7% to S\$27.1 million.

Overall, the Group's improved financial performance was attributable to a significant increase in sales to Wireless customers, a better product mix, cost efficiencies and a reduction in foreign exchange losses.

Revenue Analysis

Revenue from the Group's Wireless Telecommunications (WL) SBU increased significantly by 93.9% yoy and 14.2% qoq to S\$186.5 million mainly due to a substantial increase in sales to existing customers. WL accounted for 66.2% of Group revenue, up from its sequential contribution to revenue of 60.5% in Q1FY2008.

This was partially offset by the 9.6% yoy and 10.9% qoq decline in revenue to S\$95.1 million from the Consumer Electronics (CE) SBU. The decline is mainly due to lower sales to existing customers. CE accounted for 33.8% of Group revenue, down from its sequential contribution to revenue of 39.5% in Q1FY2008.

Profitability Analysis

Gross profit increased by approximately S\$22.3 million yoy or 79.2% to S\$50.4 million while gross profit margin was 17.9% in Q2FY2008, up from 14.0% in the same corresponding period. The improved gross profit margin was primarily due to better product mix, lower labour and overhead costs as a percentage of revenue, which resulted from greater efficiencies in cost control as well as economies of scale. Operating expenses increased by 25.8% yoy to S\$19.8 million, mainly due to increase in provision for bonus, and expansion of the Group's business development team.

The Group also reported a reduction in net foreign exchange loss by 56.4% to S\$0.6 million in Q2FY2008. This was mainly due to reduced fluctuation in USD.

In view of the above, pretax profit rose significantly by about S\$15.8 million or 110.1% yoy to S\$30.1 million in Q2FY2008. Tax charge increased by S\$2.1 million or 232.5% to S\$3.1 million in Q2FY2008, raising effective tax rate to 10.2%, from 6.4% a year ago. This was mainly due to the payment of income tax this year by the Group's profitable China sites.

Cashflow Analysis

Due to the strong financial performance and better working capital management, the Group reported a net increase of cash and cash equivalents of about S\$19.0 million, compared to a net decrease of S\$9.7 million a year ago. Net cash generated from operations was S\$27.3 million, up from S\$11.7 million in Q2FY2007. This was largely due to decreases in inventories, trade receivables and note receivables. Net cash used in investing was S\$3.5 million, down from S\$12.4 million previously. Net cash used for financing activities was S\$4.8 million, compared to S\$8.9 million previously as the Group paid out its dividends and interest. This was partially offset by proceeds from a bank loan of S\$9 million.

Balance Sheet Analysis

The Group's financial position improved significantly on the back of better cash flows. As at end 30 June 2008, cash and cash equivalents increased about S\$19 million to S\$134.2 million. Gross debt was S\$41.2 million, resulting in a net cash position of S\$93.0 million. Gross gearing is a low 8.3%.

Cash Cycle Analysis

Days	Q2 FY2008	Q1 FY2008	Q2 FY2007
Average Receivables Turnover	63	70	72
Average Inventory Turnover	44	53	83
Average Payables Turnover	64	78	104
<i>Cash Cycle*</i>	<i>43</i>	<i>45</i>	<i>51</i>

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

Cash management improved. The Group's cash cycle decreased by 2 days to 43 days in Q2FY2008, down from 45 days a quarter ago and from 51 days a year ago. Q-o-Q, average receivables days decreased by 7 days while average inventory days improved by 9 days. At the same time, average payable days shortened by 14 days.

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 Q1FY2008 results announcement on 30 April 2008, lower revenue and net profit for Q2FY2008 compared to Q1FY2008 was guided. The Group had also guided for likely better revenue and net profit for Q2FY2008 compared to Q2FY2007.

In an announcement dated 18 June 2008, the Group had said that based on preliminary results, revenue and net profit for Q2FY2008 will be higher compared to Q1FY2008.

Actual revenue for Q2FY2008 was 4.3% higher than Q1FY2008, whilst net profit was 9.7% higher for the same period. This was due to higher than expected revenue growth by the Group's WL business unit and a reduction in foreign exchange losses.

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.

Barring unforeseen circumstances, the Group expects higher profit although lower revenue for Q3FY2008 as compared to Q3FY2007. The Group expects similar revenue but likely lower profit for 2HFY2008 as compared to 1HFY2008. For FY2008, the Group's revenue and profit will be better compared to FY2007.

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.

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.

Segmental revenue by Activities, Industries and Geographical Markets

By Activities

	PPIM	MDF	Assembly	Eliminations	Consolidated
	S\$'M	S\$'M	S\$'M	S\$'M	S\$'M
2008 June YTD					
Segment Revenue					
Sales to external customers	236.4	21.0	294.1	-	551.5
Intersegmental sales	18.2	-	-	(18.2)	-
	<u>254.7</u>	<u>21.0</u>	<u>294.1</u>	<u>(18.2)</u>	<u>551.5</u>
Profit from operations	38.2	2.9	24.1	-	65.2
Finance expense					(0.8)
Finance income					0.6
Foreign exchange loss, net					(7.7)
Share of results of associated companies					-
Tax					(5.6)
Minority interest					0.1
Net profit attributable to shareholders of the company					<u>51.7</u>
Depreciation	10.9	2.5	7.9		21.3
Other non-cash expenses	6.3	0.5	4.0		10.9

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
2007 June YTD					
Segment Revenue					
Sales to external customers	153.1	25.7	222.1	-	400.9
Intersegmental sales	13.7	-	-	(13.7)	-
	<u>166.8</u>	<u>25.7</u>	<u>222.1</u>	<u>(13.7)</u>	<u>400.9</u>
Profit from operations	14.8	4.1	13.3	-	32.2
Finance expense					(0.5)
Finance income					0.3
Foreign exchange loss, net					(1.8)
Share of results of associated companies					-
Tax					(2.0)
Minority interest					0.3
Net profit attributable to shareholders of the company					<u>28.5</u>
Depreciation	8.0	2.8	7.6		18.4
Other non-cash expenses	0.2	-	0.2		0.4

By Industries

	Segment Revenue			
	Q2-08	Q2-07	YTD	YTD
	S\$m	S\$m	Jun-08	Jun-07
Wireless Telecommunications	186.5	96.2	349.8	210.1
Consumer Electronics & Computing	95.0	105.2	201.7	190.8
	<u>281.5</u>	<u>201.4</u>	<u>551.5</u>	<u>400.9</u>

By Geographical Markets

	Segment Revenue			
	Q2-08	Q2-07	YTD	YTD
	S\$m	S\$m	Jun-08	Jun-07
Asia				
PRC	73.6	53.9	138.6	135.2
Singapore	3.5	6.0	7.3	13.1
Malaysia	7.0	1.5	13.1	4.0
Others	5.9	5.2	10.8	10.4
	<u>89.9</u>	<u>66.6</u>	<u>169.7</u>	<u>162.7</u>
Europe	78.2	68.5	170.4	118.3
USA and other parts of the Americas	113.3	66.3	211.3	119.9
	<u>281.5</u>	<u>201.4</u>	<u>551.5</u>	<u>400.9</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.

15. Aggregate value of interested persons transactions entered into during the quarter ended 30 June 2008

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	\$151,775	-

Confirmation by the Board

We, the undersigned, do hereby confirm on behalf of the Board of Hi-P International Ltd 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 30 June 2008 (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
Chairman

Dr Tan Khee Giap
Director

BY ORDER OF THE BOARD

Tan Ping Ping

Company Secretary