

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

First Quarter Financial Statement for the Period Ended 31 March 2009**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

First quarter financial statement on consolidated results for the period ended 31 March 2009.
These figures have not been audited.

	The Group		
	\$'000		%
	1st Quarter 2009	1st Quarter 2008	Increase/ (Decrease)
Revenue (Note 1)	12,694	18,064	(30)
Other income (Note 2)	75	184	(59)
	12,769	18,248	(30)
Cost of sales of development properties	-	(4,798)	NM
Depreciation of fixed assets	(95)	(72)	32
Exchange gain/(loss), net	245	(54)	NM
Impairment in trade and other receivables and bad debts written off, net	(85)	(5)	1,600
Impairment loss on other assets	(25)	(10)	150
Gain/(Loss) on remeasurement of other investments	36	(284)	NM
Other expenses	(7,300)	(7,535)	(3)
	5,545	5,490	1
Finance expense	(2,883)	(3,770)	(24)
	2,662	1,720	55
Share of results of associates, net of tax	95	38	150
Profit before income tax (Note 3)	2,757	1,758	57
Income tax expense	(558)	(528)	6
Deferred tax expense	3,137	-	NM
Profit for the period	5,336	1,230	334
Attributable to:			
Equity holders of the Company	5,465	1,375	297
Minority interest	(129)	(145)	(11)
Profit for the period	5,336	1,230	334

Notes:

- (1) Included in Revenue is investment income of approximately \$1,000 (2008 : \$7,000).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$44,000 (2008 : \$118,000).
- (3) Included in Profit before income tax is net profit on disposal of development properties of approximately \$Nil (2008 : \$2,804,000).
- (4) NM – Not Meaningful.
- (5) NA – Not Applicable.

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.

	The Group		The Company	
	\$'000		\$'000	
	31.03.2009	31.12.2008	31.03.2009	31.12.2008
Non-current Assets				
Fixed assets	1,267	1,223	-	-
Subsidiaries	-	-	232,766	229,693
Associates	123,725	116,709	-	-
Investment properties	1,099,369	1,094,530	-	-
Other investments	258	299	-	-
Other assets	415	433	-	-
	1,225,034	1,213,194	232,766	229,693
Current Assets				
Other investments	356	320	-	-
Development properties	315,581	315,426	-	-
Trade and other receivables	4,196	8,525	10	4
Cash and cash equivalents	10,823	11,475	311	498
	330,956	335,746	321	502
Total Assets	1,555,990	1,548,940	233,087	230,195
Equity Attributable to Equity Holders of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	619,539	606,116	32,147	28,391
	806,227	792,804	218,835	215,079
Minority Interest	22,745	22,061	-	-
Total Equity	828,972	814,865	218,835	215,079
Non-current Liabilities				
Obligations under finance leases	141	115	-	-
Loans	647,204	649,486	-	-
Deferred income	2,190	2,069	-	-
Financial guarantees	-	-	9,443	10,406
Deferred tax liability	53,333	56,470	-	-
	702,868	708,140	9,443	10,406
Current Liabilities				
Bank overdraft	662	2,208	-	-
Trade and other payables	20,932	21,701	1,028	976
Obligations under finance leases	59	52	-	-
Loans	47	44	-	-
Financial guarantees	-	-	3,781	3,734
Tax payable	2,450	1,930	-	-
	24,150	25,935	4,809	4,710
Total Liabilities	727,018	734,075	14,252	15,116
Total Equity and Liabilities	1,555,990	1,548,940	233,087	230,195

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

Amount repayable in one year or less, or on demand

As at 31.03.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$721,000	\$47,000	\$2,260,000	\$44,000

Amount repayable after one year

As at 31.03.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$647,222,000	\$123,000	\$649,473,000	\$128,000

Details of any collaterals

The borrowings by the subsidiaries are generally secured by the Group's investment properties and certain development properties and are guaranteed by the Company or Winfoong International Limited, a subsidiary of the Company.

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

		The Group	
		\$'000	
		1st Quarter 2009	1st Quarter 2008
Operating Activities			
Profit before income tax		2,757	1,758
Adjustments for :			
Share of results of associates, net of tax		(95)	(38)
Amortisation of transaction cost of loans		176	141
Depreciation of fixed assets		95	72
Gain on disposal of fixed assets, net		(44)	(118)
(Gain)/Loss on remeasurement of other investments		(36)	284
Impairment in trade and other receivables and bad debts written off, net		85	5
Impairment loss on other assets		25	10
Interest income		(40)	(22)
Interest expense		2,707	3,629
		5,630	5,721
Changes in working capital :			
Development properties		7	4,545
Trade and other receivables		4,179	(2,445)
Trade and other payables		(896)	(3,275)
Cash generated from operations		8,920	4,546
Income tax paid		(38)	-
Interest income received		2	144
		8,884	4,690
Investing Activities			
Capital expenditure on investment properties		(865)	-
Purchase of fixed assets		(47)	(104)
Proceeds from disposal of fixed assets		46	138
		(866)	34
Financing Activities			
Interest expense paid		(2,916)	(3,884)
Repayment of loans		(7,583)	(6,751)
Payment of finance lease rentals		(17)	(27)
Proceeds from loans		3,364	3,762
		(7,152)	(6,900)
Net Increase/(Decrease) in Cash and Cash Equivalents			
Cash and cash equivalents at 1 January		9,267	894
Effect of exchange rate fluctuations		28	(40)
		10,161	(1,322)
Cash and Cash Equivalents at 31 March			
Cash and Cash Equivalents at 31 March is represented by :			
Cash at banks and in hand		2,823	1,365
Fixed deposits		8,000	-
Bank overdraft		(662)	(2,687)
		10,161	(1,322)

Included in cash and cash equivalents above is an amount held under the Housing Developers (Project Account) Rules of approximately \$9,212,000 (2008 : \$Nil) the use of which is subject to restriction imposed by the said Rules.

- 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.

	\$'000					
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Profit	Minority Interest	Total
The Group						
At 1 January 2008	186,688	2,419	(33,588)	709,290	19,257	884,066
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(3,658)	-	(377)	(4,035)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(1,569)	-	-	(1,569)
Net gains/(losses) recognised directly in equity	-	-	(5,227)	-	(377)	(5,604)
Profit for the period	-	-	-	1,375	(145)	1,230
Total recognised income and expense for the period	-	-	(5,227)	1,375	(522)	(4,374)
At 31 March 2008	186,688	2,419	(38,815)	710,665	18,735	879,692
At 1 January 2009	186,688	2,375	(33,037)	636,778	22,061	814,865
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	5,544	-	835	6,379
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	2,451	-	-	2,451
Change in fair value of available-for-sale investments	-	(37)	-	-	(22)	(59)
Net gains/(losses) recognised directly in equity	-	(37)	7,995	-	813	8,771
Profit for the period	-	-	-	5,465	(129)	5,336
Total recognised income and expense for the period	-	(37)	7,995	5,465	684	14,107
At 31 March 2009	186,688	2,338	(25,042)	642,243	22,745	828,972
The Company						
At 1 January 2008	186,688	-	-	33,326	-	220,014
Loss for the period	-	-	-	(15,845)	-	(15,845)
Total recognised income and expense for the period	-	-	-	(15,845)	-	(15,845)
At 31 March 2008	186,688	-	-	17,481	-	204,169
At 1 January 2009	186,688	-	-	28,391	-	215,079
Profit for the period	-	-	-	3,756	-	3,756
Total recognised income and expense for the period	-	-	-	3,756	-	3,756
At 31 March 2009	186,688	-	-	32,147	-	218,835

- 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.

Nil.

- 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.

	31.03.2009	31.12.2008
Total number of issued shares excluding treasury shares	659,554,698	659,554,698

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.**

NA.

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

The figures have not been audited nor reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

NA.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the Group's and the Company's audited financial statements for the year ended 31 December 2008.

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.**

Nil.

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.**

Earnings per ordinary share of the Group 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)

The Group	
1st Quarter 2009	1st Quarter 2008
0.83 cts	0.21 cts
0.83 cts	0.21 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the profit for the period of approximately \$5,465,000 (2008 : \$1,375,000) and the weighted average number of ordinary shares outstanding of 659,554,698 (2008 : 659,554,698).

There are no potential dilutive ordinary shares in existence as at 31 March 2009 and 31 March 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.**

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares

The Group		The Company	
31.03.2009	31.12.2008	31.03.2009	31.12.2008
126 cts	124 cts	33 cts	33 cts

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.**

The Group's revenue for the current period decreased approximately by \$5.4 million as compared to the previous period. This was principally due to the absence of revenue from the sale of its development properties, partially offset by an increase in contribution of rental income from its investment properties arising from an increase in rental rates.

Notwithstanding the decrease in revenue, the Group's profit before income tax increased by approximately \$0.9 million as compared to the previous period. This was mainly due to lower interest rates incurred on its loans. The reversal of deferred tax expense of approximately \$3.1 million was due to the change in corporate tax rate from 18% in the previous period to 17% in the current period. Hence, the Group's profit after income tax for the current period increased by approximately \$4.1 million as compared to the previous period.

The decrease in trade and other receivables was mainly due to the receipt of compensation income in relation to the lease of its investment properties.

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

NA.

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 Group expects the operating environment for its office rental and residential property sales to be challenging in view of the current global economic crisis.

11. **Dividend**

(a) **Current financial period reported on**

Any dividend declared for the current financial period reported on ? None

(b) **Corresponding period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year ? None

(c) **Date payable**

NA.

(d) **Books closure date**

NA.

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

No dividend has been declared/recommended for the first quarter ended 31 March 2009.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
15 May 2009



HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

The Directors of Hong Fok Corporation Limited ("the Company") confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2009 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
15 May 2009