

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Second Quarter Financial Statement for the Period Ended 30 June 2009**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Second quarter financial statement on consolidated results for the period ended 30 June 2009.

These figures have not been audited.

	The Group		
	\$'000		%
	2nd Quarter 2009	2nd Quarter 2008	Increase/ (Decrease)
Revenue (Note 1)	12,333	11,463	8
Other income (Note 2)	88	173	(49)
	12,421	11,636	7
Cost of sales of development properties	-	(1,931)	NM
Depreciation of fixed assets	(94)	(113)	(17)
Exchange loss, net	(228)	(68)	235
Gain on revaluation of investment properties	19,623	22,227	(12)
Gain/(Loss) on remeasurement of other investments	106	(143)	NM
(Impairment)/Write-back of impairment in trade and other receivables and bad debts written off, net	(99)	12	NM
Other expenses	(7,601)	(9,632)	(21)
	24,128	21,988	10
Finance expense	(2,641)	(3,073)	(14)
	21,487	18,915	14
Share of results of associates, net of tax	1,851	(77)	NM
Profit before income tax (Note 3)	23,338	18,838	24
Income tax expense	(643)	(123)	423
Income tax expense - overprovision in prior years	-	141	NM
Deferred tax expense	(1,905)	5,571	NM
Profit for the period	20,790	24,427	(15)
Other comprehensive income :			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(6,339)	(1,740)	264
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(2,226)	(667)	234
Change in fair value of available-for-sale investments	3	-	NM
Other comprehensive income/(expense), net of tax	(8,562)	(2,407)	256
Total comprehensive income/(expense) for the period	12,228	22,020	(44)
Profit attributable to:			
Owners of the Company	14,849	24,753	(40)
Minority interest	5,941	(326)	NM
	20,790	24,427	(15)
Total comprehensive income/(expense) attributable to :			
Owners of the Company	7,223	22,511	(68)
Minority interest	5,005	(491)	NM
	12,228	22,020	(44)

Notes:

- (1) Included in Revenue is investment income of approximately \$3,000 (2008 : \$11,000).
- (2) Included in Other income is net gain on disposal of fixed assets of approximately \$Nil (2008 : \$118,000).
- (3) Included in Profit before income tax is net profit on disposal of development properties of approximately \$Nil (2008 : \$290,000).
- (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	
	30.06.2009	31.12.2008	30.06.2009	31.12.2008
Non-current Assets				
Fixed assets	1,157	1,223	-	-
Subsidiaries	-	-	235,529	229,693
Associates	119,222	116,709	-	-
Investment properties	1,115,937	1,094,530	-	-
Other investments	244	299	-	-
Other assets	408	433	-	-
	1,236,968	1,213,194	235,529	229,693
Current Assets				
Other investments	462	320	-	-
Development properties	308,722	315,426	-	-
Trade and other receivables	6,264	8,525	9	4
Cash and cash equivalents	19,064	11,475	319	498
	334,512	335,746	328	502
Total Assets	1,571,480	1,548,940	235,857	230,195
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	626,762	606,116	35,972	28,391
	813,450	792,804	222,660	215,079
Minority Interest	27,750	22,061	-	-
Total Equity	841,200	814,865	222,660	215,079
Non-current Liabilities				
Obligations under finance leases	127	115	-	-
Loans	643,613	649,486	-	-
Deferred income	2,080	2,069	-	-
Financial guarantees	-	-	8,474	10,406
Deferred tax liability	55,179	56,470	-	-
	700,999	708,140	8,474	10,406
Current Liabilities				
Bank overdraft	2,299	2,208	-	-
Trade and other payables	24,626	21,701	894	976
Obligations under finance leases	57	52	-	-
Loans	45	44	-	-
Financial guarantees	-	-	3,829	3,734
Tax payable	2,254	1,930	-	-
	29,281	25,935	4,723	4,710
Total Liabilities	730,280	734,075	13,197	15,116
Total Equity and Liabilities	1,571,480	1,548,940	235,857	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 30.06.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$2,356,000	\$45,000	\$2,260,000	\$44,000

Amount repayable after one year

As at 30.06.2009		As at 31.12.2008	
Secured	Unsecured	Secured	Unsecured
\$643,634,000	\$106,000	\$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	
		2nd Quarter 2009	2nd Quarter 2008
Operating Activities			
Profit before income tax		23,338	18,838
Adjustments for :			
Share of results of associates, net of tax		(1,851)	77
Amortisation of transaction cost of loans		177	146
Depreciation of fixed assets		94	113
Gain on disposal of fixed assets, net		-	(118)
Gain on revaluation of investment properties		(19,623)	(22,227)
(Gain)/Loss on remeasurement of other investments		(106)	143
Impairment/(Write-back of impairment) in trade and other receivables and bad debts written off, net		99	(12)
Interest income		(42)	(18)
Interest expense		2,464	2,927
		4,550	(131)
Changes in working capital :			
Development properties		7,010	(35,327)
Trade and other receivables		(2,020)	(6,022)
Trade and other payables		3,934	(1,010)
Cash generated from/(used in) operations		13,474	(42,490)
Income tax paid		(840)	(186)
Interest income received		22	39
Income tax refund		-	50
Cash Flows from Operating Activities		12,656	(42,587)
Investing Activities			
Capital expenditure on investment properties		(1,074)	(47,917)
Purchase of fixed assets		(22)	(411)
Proceeds from disposal of fixed assets		-	121
Refund for excess payment made on acquisition of land		-	464
Cash Flows from Investing Activities		(1,096)	(47,743)
Financing Activities			
Interest expense paid		(2,820)	(2,897)
Repayment of loans		(4,011)	(1,425)
Payment of finance lease rentals		(16)	(18)
Proceeds from loans		1,927	95,228
Cash Flows from Financing Activities		(4,920)	90,888
Net Increase in Cash and Cash Equivalents		6,640	558
Cash and cash equivalents at 1 April		10,161	(1,322)
Effect of exchange rate fluctuations		(36)	(8)
Cash and Cash Equivalents at 30 June		16,765	(772)
Cash and Cash Equivalents at 30 June is represented by :			
Cash at banks and in hand		3,064	1,365
Fixed deposits		16,000	-
Bank overdraft		(2,299)	(2,137)
		16,765	(772)

Included in cash and cash equivalents as at 30 June 2009 is an amount held under the Housing Developers (Project Account) Rules of approximately \$16,774,000 (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						
	Attributable to Owners of the Company					Minority Interest	Total Equity
	Share Capital	Capital and Other Reserves	Translation Reserves	Retained Earnings	Total		
The Group							
At 1 April 2008	186,688	2,419	(38,815)	710,665	860,957	18,735	879,692
Total comprehensive income/(expense) for the period	-	-	(2,242)	24,753	22,511	(491)	22,020
At 30 June 2008	186,688	2,419	(41,057)	735,418	883,468	18,244	901,712
At 1 April 2009	186,688	2,338	(25,042)	642,243	806,227	22,745	828,972
Total comprehensive income/(expense) for the period	-	2	(7,628)	14,849	7,223	5,005	12,228
At 30 June 2009	186,688	2,340	(32,670)	657,092	813,450	27,750	841,200
The Company							
At 1 April 2008	186,688	-	-	17,481	204,169	-	204,169
Total comprehensive income/(expense) for the period	-	-	-	(7,916)	(7,916)	-	(7,916)
At 30 June 2008	186,688	-	-	9,565	196,253	-	196,253
At 1 April 2009	186,688	-	-	32,147	218,835	-	218,835
Total comprehensive income/(expense) for the period	-	-	-	3,825	3,825	-	3,825
At 30 June 2009	186,688	-	-	35,972	222,660	-	222,660

- 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.**

	30.06.2009	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.

Except as disclosed in paragraph 5 below, 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.

The Group and the Company have adopted Financial Reporting Standard (FRS) 1 (revised 2008) which became effective on 1 January 2009. This revised FRS requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (that is, comprehensive income) are presented in a separate statement of comprehensive income.

The adoption of FRS 1 (revised 2008) and the various new or revised FRSs, including its consequential amendments and interpretations does not have any material impact on the Group and the Company's financial position or results.

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	
2nd Quarter 2009	2nd Quarter 2008
2.25 cts	3.75 cts
2.25 cts	3.75 cts

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 basic and diluted earnings per ordinary share of the Group were calculated based on the profit for the period of approximately \$14,849,000 (2008 : \$24,753,000) 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 30 June 2009 and 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.

The Group		The Company	
30.06.2009	31.12.2008	30.06.2009	31.12.2008
128 cts	124 cts	34 cts	33 cts

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

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 increased approximately by \$0.9 million as compared to the previous period. This was principally due to an increase in contribution of rental income from its investment properties arising from an increase in rental rates which more than offset the absence of sales revenue from its development properties in the current period.

The Group's other income decreased mainly due to insignificant contribution from gain on disposal of fixed assets in the current period as compared to the previous period.

Although there was an increase in revenue, the Group's profit decreased by approximately \$9.9 million as compared to the previous period. This was principally due to the decrease in gain on revaluation of investment properties and an increase in deferred tax expense although there were decreases in other expenses and finance expense. The increase in deferred tax expense in the current period was due to provision of deferred tax expense on gain of revaluation of investment properties and the absence of a credit in deferred tax expense recognised in the previous period that arose from the reclassification of certain amounts of investment properties to development properties. The decrease in other expenses was due mainly to the stamp duty incurred on the upgrading of the lease tenure for the land at Beach Road, Singapore recorded in the previous period. The decrease in finance expense was due to lower interest rates incurred on its loans and also a reduction in loans.

In addition, the associates contributed a profit in the current period as compared to a loss in the previous period.

The progress instalments received from the sales of Concourse Skyline development contributed to an increase in cash and cash equivalents and a decrease in development properties.

The decrease in trade and other receivables was mainly due to the receipt of 2008 compensation income in relation to leases 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 office rental market to remain challenging. However, sentiment for the residential market has improved as can be seen from the increase in transactions in the recent months. As at to-date, sales of Concourse Skyline development have been encouraging and 140 units were sold.

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 second quarter ended 30 June 2009.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
14 August 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 Second Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 June 2009 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
14 August 2009