

HONG FOK CORPORATION LIMITED

(Co. Reg. No. 196700468N)

Second Quarter Financial Statement for the Period Ended 30 June 2010**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 2010.
These figures have not been audited.

	The Group		
	\$'000		%
	2nd Quarter 2010	2nd Quarter 2009	Increase/ (Decrease)
Revenue (Note 1)	14,196	12,333	15
Other income	78	88	(11)
	14,274	12,421	15
Cost of sales of development properties	(2,055)	-	NM
Depreciation of fixed assets	(42)	(94)	(55)
Exchange loss, net	-	(228)	NM
Gain on revaluation of investment properties	-	19,623	NM
Impairment in trade and other receivables and bad debts written off, net	(25)	(99)	(75)
Impairment loss written back on other assets	24	-	NM
(Loss)/Gain on remeasurement of other investments	(26)	106	NM
Other expenses	(7,856)	(7,601)	3
	4,294	24,128	(82)
Finance expense	(2,320)	(2,641)	(12)
	1,974	21,487	(91)
Share of results of associates, net of tax	(634)	1,851	NM
Profit before income tax (Note 2)	1,340	23,338	(94)
Income tax expense	(578)	(643)	(10)
Deferred tax expense	-	(1,905)	NM
Profit for the period	762	20,790	(96)
Other comprehensive income			
Exchange differences on translation of financial statements of foreign subsidiaries and associates	(593)	(6,339)	(91)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(154)	(2,226)	(93)
Change in fair value of available-for-sale investments	34	3	1,033
Other comprehensive income for the period, net of income tax	(713)	(8,562)	(92)
Total comprehensive income for the period	49	12,228	(100)
Profit attributable to:			
Owners of the Company	762	14,849	(95)
Non-controlling interests	-	5,941	NM
Profit for the period	762	20,790	(96)
Total comprehensive income attributable to:			
Owners of the Company	49	7,223	(99)
Non-controlling interests	-	5,005	NM
Total comprehensive income for the period	49	12,228	(100)

Notes:

- (1) Included in Revenue is investment income of approximately \$3,000 (2009 : \$3,000).
- (2) Included in Profit before income tax is net profit on disposal of development properties of approximately \$293,000 (2009 : \$Nil).
- (3) NM – Not Meaningful.
- (4) 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	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Non-current Assets				
Fixed assets	385	431	-	-
Subsidiaries	-	-	239,649	230,123
Associates	149,531	151,601	-	39
Investment properties	1,015,326	1,014,824	-	-
Other assets	411	377	-	-
	1,165,653	1,167,233	239,649	230,162
Current Assets				
Other investments	634	683	-	-
Development properties	277,496	272,332	-	-
Trade and other receivables	2,491	2,520	9	4
Cash and cash equivalents	48,442	42,811	320	315
	329,063	318,346	329	319
Total Assets	1,494,716	1,485,579	239,978	230,481
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	617,706	616,474	44,227	32,680
Total Equity	804,394	803,162	230,915	219,368
Non-current Liabilities				
Obligations under finance leases	78	101	-	-
Loans	611,751	606,183	-	-
Financial guarantees	-	-	4,447	6,479
Deferred tax liability	49,915	49,915	-	-
	661,744	656,199	4,447	6,479
Current Liabilities				
Bank overdraft	561	362	-	-
Trade and other payables	25,128	22,836	589	707
Obligations under finance leases	49	54	-	-
Financial guarantees	-	-	4,027	3,927
Tax payable	2,840	2,966	-	-
	28,578	26,218	4,616	4,634
Total Liabilities	690,322	682,417	9,063	11,113
Total Equity and Liabilities	1,494,716	1,485,579	239,978	230,481

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 30.06.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$610,000	-	\$416,000	-

Amount repayable after one year

As at 30.06.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$611,829,000	-	\$606,284,000	-

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.

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 2010	2nd Quarter 2009
Operating Activities	
Profit before income tax	23,338
Adjustments for:	
Share of results of associates, net of tax	(1,851)
Amortisation of transaction cost of loans	177
Depreciation of fixed assets	94
Gain on revaluation of investment properties	(19,623)
Impairment in trade and other receivables and bad debts written off, net	99
Impairment loss written back on other assets	-
Loss/(Gain) on remeasurement of other investments	(106)
Interest income	(42)
Interest expense	2,464
	4,550
Changes in working capital:	
Development properties	7,010
Trade and other receivables	(2,020)
Trade and other payables	3,934
	13,474
Cash generated from operations	13,474
Income tax paid	(840)
Interest income received	22
	12,656
Cash Flows from Operating Activities	
Investing Activities	
Capital expenditure on investment properties	(1,074)
Purchase of fixed assets	(22)
Purchase of other investments	-
Proceeds from disposal of fixed assets	-
	(1,096)
Cash Flows from Investing Activities	
Financing Activities	
Interest expense paid	(2,820)
Repayment of loans	(4,011)
Payment of finance lease rentals	(16)
Proceeds from loans	1,927
	(4,920)
Cash Flows from Financing Activities	
Net Increase in Cash and Cash Equivalents	6,640
Cash and cash equivalents at 1 April	10,161
Effect of exchange rate fluctuations	(36)
	16,765
Cash and Cash Equivalents at 30 June	
Cash and Cash Equivalents at 30 June is represented by:	
Cash at banks and in hand	3,064
Fixed deposits	16,000
Bank overdraft	(2,299)
	16,765

Included in cash and cash equivalents as at 30 June 2010 is an amount held under the Housing Developers (Project Account) Rules of approximately \$47,283,000 (2009 : \$16,774,000) 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				Non-Controlling Interests	Total Equity
Share Capital	Capital and Other Reserves	Translation Reserves	Retained Profit	Total			
The Group							
At 1 April 2009	186,688	2,338	(25,042)	642,243	806,227	22,745	828,972
Total comprehensive income for the period							
Profit for the period	-	-	-	14,849	14,849	5,941	20,790
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(5,402)	-	(5,402)	(937)	(6,339)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(2,226)	-	(2,226)	-	(2,226)
Change in fair value of available-for-sale investments	-	2	-	-	2	1	3
Total other comprehensive income	-	2	(7,628)	-	(7,626)	(936)	(8,562)
Total comprehensive income 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
At 1 April 2010	186,688	2,414	(38,467)	653,710	804,345	-	804,345
Total comprehensive income for the period							
Profit for the period	-	-	-	762	762	-	762
Other comprehensive income							
Exchange differences on translation of financial statements of foreign subsidiaries and associates	-	-	(593)	-	(593)	-	(593)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	(154)	-	(154)	-	(154)
Change in fair value of available-for-sale investments	-	34	-	-	34	-	34
Total other comprehensive income	-	34	(747)	-	(713)	-	(713)
Total comprehensive income for the period	-	34	(747)	762	49	-	49
At 30 June 2010	186,688	2,448	(39,214)	654,472	804,394	-	804,394
The Company							
At 1 April 2009	186,688	-	-	32,147	218,835	-	218,835
Profit for the period - Total comprehensive income for the period	-	-	-	3,825	3,825	-	3,825
At 30 June 2009	186,688	-	-	35,972	222,660	-	222,660
At 1 April 2010	186,688	-	-	49,159	235,847	-	235,847
Loss for the period - Total comprehensive income for the period	-	-	-	(4,932)	(4,932)	-	(4,932)
At 30 June 2010	186,688	-	-	44,227	230,915	-	230,915

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.

	30.06.2010	31.12.2009
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 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 has adopted Financial Reporting Standard (FRS) 103 (revised 2009) and FRS 27 (amended) which became effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (previously minority interests).

The FRS 27 (amended) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss.

FRS 103 (revised 2009) and FRS 27 (amended) will be applied prospectively and therefore there will be no impact on prior periods in the Group's financial statements for the year ending 31 December 2010.

At 31 December 2009, the Company through its subsidiaries had 48.57% equity interest in its associate, Goldease Investments Limited ("Goldease"). In January 2010, the Company acquired an additional 51.43% equity interest in Goldease, resulting in Goldease and its subsidiaries becoming wholly-owned subsidiaries of the Company.

As the acquisition of interest in Goldease was completed in January 2010, the transaction was affected by the revised FRS 103 and amendments to FRS 27. The impact arising from this transaction had been disclosed in the announcement for the first quarter ended 31 March 2010.

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	
2nd Quarter 2010	2nd Quarter 2009
0.12 cts	2.25 cts
0.12 cts	2.25 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately \$762,000 (2009 : \$14,849,000) and the weighted average number of ordinary shares outstanding of 659,554,698.

There are no potential dilutive ordinary shares in existence as at 30 June 2010 and 30 June 2009.

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	
30.06.2010	31.12.2009	30.06.2010	31.12.2009
122 cts	122 cts	35 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 increased approximately by \$1.9 million as compared to the previous period. This was mainly due to the recognition of sales revenue from its completed development properties which more than offset a decrease in rental income from its investment properties due to lower rental rates.

Although there was an increase in revenue, the Group reported a profit before its share of results of associates of approximately \$2.0 million as compared to a profit of approximately \$21.5 million for the previous period. This was principally due to the absence in gain on revaluation of its investment properties. However, the Group recorded a decrease in finance expense due to lower interest rates on its loans.

The increase in cash and cash equivalents came mainly from monies collected from the sales of the residential units of Concourse Skyline.

The increase in trade and other payables was mainly due to the accrual of construction cost for Concourse Skyline development in June 2010.

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 rental and occupancy rate of the office property market is firming. However, the sales of up-market residential properties seem to lag behind the sales of mass market residential properties.

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

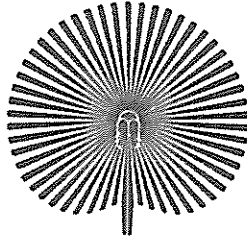
NA.

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 2010.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
13 August 2010



HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(5) 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 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
13 August 2010