



Eng Kong Holdings Limited

Unaudited Half Year Financial Statements and Dividend Announcement

The Directors are pleased to announce the unaudited half year financial statements on consolidated results for the half year ended 30 Jun 09.

1(a)(i) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		
	Half Year ended 30 Jun 09 S\$'000	Half Year ended 30 Jun 08 S\$'000	Variance %
Revenue	41,925	39,966	4.9
Cost of sales	(29,017)	(29,217)	(0.7)
Gross profit	12,908	10,749	20.1
Other operating income	776	683	13.6
Selling and distribution costs	(1,434)	(1,536)	(6.6)
Administrative expenses	(5,971)	(5,992)	(0.4)
Other operating expenses	(1,808)	(195)	827.2
Share of results of associates	(48)	86	NM
Share of results of joint ventures	21	(52)	NM
Finance costs	(228)	(151)	51.0
Profit before tax	4,216	3,592	17.4
Income tax expense	(1,004)	(479)	109.6
Profit after tax	3,212	3,113	3.2
Attributable to:			
Equity holders of the Company	3,122	3,143	(0.7)
Minority interests	90	(30)	NM
	3,212	3,113	3.2

	Half Year ended 30 Jun 09 S\$'000	Half Year ended 30 Jun 08 S\$'000	Variance %
Profit before tax is arrived at after (crediting) charging the following:			
(A) Other income including interest income	(738)	(439)	68.1
(B) Depreciation and amortisation	1,932	1,688	14.5
(C) Foreign exchange loss (gain)	195	(233)	NM
(D) Adjustment for under (over) provision of tax in respect of prior years	16	(75)	NM
(E) Gain on disposal of quoted investments, property, plant and equipment	(38)	(11)	245.5
(F) Allowance for doubtful receivables	128	63	103.2
(G) Allowance for doubtful loan receivable	731	-	NM
(H) Allowance for inventories	215	-	NM
(I) Impairment loss on investment in associate	330	-	NM
(J) Impairment loss on available-for-sale investment	43	-	NM
(K) Impairment loss (Write-back of impairment loss) on property, plant and equipment	87	(1)	NM

NM – Not meaningful

**Consolidated Statement of Other
Comprehensive Income**

	Group		
	Half Year ended 30 Jun 09 S\$'000	Half Year ended 30 Jun 08 S\$'000	Variance %
Profit after tax	3,212	3,113	3.2
Other comprehensive income:			
Exchange differences arising from translation of foreign operations, representing other comprehensive income (expense) for the period, net of tax	226	(1,329)	NM
Total comprehensive income for the period	3,438	1,784	92.7
Attributable to:			
Equity holders of the Company	3,329	1,816	83.3
Minority interests	109	(32)	NM
	3,438	1,784	92.7

1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year.

Statement for Financial Position

	Group		Company	
	30 Jun 09 S\$'000	31 Dec 08 S\$'000	30 Jun 09 S\$'000	31 Dec 08 S\$'000
Assets				
Current assets				
Cash and bank balances	22,010	24,315	13,796	16,339
Trade and other receivables	22,830	19,890	11,289	12,066
Inventories	3,758	3,556	-	-
Current portion of loan receivables	-	134	-	134
Derivative asset	1,710	1,693	1,710	1,693
Total current assets	50,308	49,588	26,795	30,232
Non-current assets				
Property, plant and equipment	21,625	21,719	-	-
Prepaid lease payments	1,720	1,739	-	-
Goodwill	4,120	4,120	-	-
Intangible assets	92	286	-	-
Subsidiaries	-	-	15,590	15,487
Associates	12,400	12,777	11,195	11,525
Joint ventures	1,934	1,913	2,015	2,015
Available-for-sale investments	230	273	230	273
Deferred tax assets	47	46	-	-
Loan receivables	400	994	400	994
Total non-current assets	42,568	43,867	29,430	30,294
Total assets	92,876	93,455	56,225	60,526
Liabilities and Equity				
Current liabilities				
Bank loans	5,123	5,311	4,000	4,000
Trade and other payables	13,713	14,733	17,975	19,885
Current portion of finance leases	438	353	-	-
Income tax payable	1,787	1,197	353	276
Total current liabilities	21,061	21,594	22,328	24,161
Non-current liabilities				
Bank loans	4,572	5,888	-	2,000
Finance leases	752	633	-	-
Dividend payable to minority shareholders	242	518	-	-
Deferred tax liabilities	2,746	2,735	-	-
Total non-current liabilities	8,312	9,774	-	2,000
Capital, reserves and minority interests				
Share capital	28,167	27,872	28,167	27,872
Treasury shares	(245)	(245)	(245)	(245)
Warrants reserve	43	92	43	92
Capital reserve	269	269	-	-
Translation reserve	(467)	(674)	-	-
Employee share option reserve	104	72	104	72
Retained earnings	33,555	32,733	5,828	6,574
Equity attributable to equity holders of the Company	61,426	60,119	33,897	34,365
Minority interests	2,077	1,968	-	-
Total equity	63,503	62,087	33,897	34,365
Total liabilities and equity	92,876	93,455	56,225	60,526

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

Amount repayable in one year or less, or on demand

As at 30 Jun 09 (S\$'000)		As at 31 Dec 08 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
597	4,964	952	4,712

Amount payable after one year

As at 30 Jun 09 (S\$'000)		As at 31 Dec 08 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,662	3,662	2,716	3,805

Details of any collateral

- Loans of S\$1.069 million (31 Dec 08: S\$2.682 million) are secured on a leasehold container yard and office, land development and forklift.
- Finance leases of S\$1.190 million (31 Dec 08: S\$0.986 million) are secured on certain plant and machinery and motor vehicles.

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

Consolidated Statement of Cash Flows

	Group	
	Half Year ended 30 Jun 09 S\$'000	Half Year ended 30 Jun 08 S\$'000
Operating activities:		
Profit before tax	4,216	3,592
Adjustments for:		
Depreciation of property, plant and equipment	1,702	1,495
Amortisation of intangible assets	193	193
Amortisation of prepaid lease	37	-
Impairment loss (Write-back of impairment loss) on property, plant and equipment	87	(1)
Net foreign currency exchange loss (gain)	161	(1,147)
Gain on disposal of property, plant and equipment	(38)	(11)
Interest expense	228	151
Interest income	(83)	(48)
Property, plant and equipment written off	11	2
Cost of employee share options	32	6
Share of results of associates	48	(86)
Share of results of joint ventures	(21)	52
Allowance for doubtful receivables	128	63
Allowance for doubtful loan receivable	731	-
Allowance for inventories	215	-
Impairment loss on investment in associate	330	-
Impairment loss on available-for-sale investment	43	-
Operating cash flows before movements in working capital	8,020	4,261
Inventories	(417)	(995)
Trade and other receivables	(3,068)	952
Trade and other payables	(1,020)	(1,261)
Cash generated from operations	3,515	2,957
Interest paid	(228)	(151)
Interest received	83	48
Income taxes paid	(402)	(1,432)
Net cash from operating activities	2,968	1,422
Investing activities:		
Release of loan receivables	-	(1,103)
Acquisition of investment in associates	-	(8,341)
Purchase of property, plant and equipment	(1,253)	(2,347)
Proceeds from the disposal of property, plant and equipment	49	11
Proceeds from disposal of available-for-sale investments	-	151
Net cash used in investing activities	(1,204)	(11,629)
Financing activities:		
Movements in fixed deposits pledged	(6)	5
Repayment of finance leases	(218)	(133)
Dividends paid	(2,300)	(716)
Dividends paid to minority shareholders	(277)	-
Proceeds on issue of shares	246	22
Proceeds from bank loans	1,262	8,824
Repayment of bank loans	(2,782)	(415)
Purchase of treasury shares	-	(18)
Net cash (used in) from financing activities	(4,075)	7,569
Net decrease in cash and cash equivalents	(2,311)	(2,638)
Cash and cash equivalents at beginning of period	24,304	13,808
Cash and cash equivalents at end of period	21,993	11,170

Cash and cash equivalents included in the consolidated statement of cash flows comprise of cash and bank balances and fixed deposits. It excludes bank balance pledged to bank as a security of S\$17,000 (30 Jun 08: S\$5,000).

1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in other than those arising from capitalisation and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

Statements of Changes in Equity of the Group

	Attributable to equity holders of the Company							Total	Minority interests	Total equity
	Share capital S\$'000	Treasury shares S\$'000	Warrants reserve S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000			
As at 1 Jan 08	27,011	(136)	236	269	(1,005)	35	24,892	51,302	2,264	53,566
Total comprehensive income for the period	-	-	-	-	(1,327)	-	3,143	1,816	(32)	1,784
Issue of ordinary shares	22	-	-	-	-	-	-	22	-	22
Exercise of warrants	5	-	(5)	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	-	-	6	-	6	-	6
Repurchase of shares	-	(18)	-	-	-	-	-	(18)	-	(18)
Dividends on ordinary shares	-	-	-	-	-	-	(716)	(716)	-	(716)
As at 30 Jun 08	27,038	(154)	231	269	(2,332)	41	27,319	52,412	2,232	54,644

	Attributable to equity holders of the Company							Total	Minority interests	Total equity
	Share capital S\$'000	Treasury shares S\$'000	Warrants reserve S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Employee share option reserve S\$'000	Retained earnings S\$'000			
As at 1 Jan 09	27,872	(245)	92	269	(674)	72	32,733	60,119	1,968	62,087
Total comprehensive income for the period	-	-	-	-	207	-	3,122	3,329	109	3,438
Issue of ordinary shares	246	-	-	-	-	-	-	246	-	246
Exercise of warrants	49	-	(49)	-	-	-	-	-	-	-
Cost of share-based payment	-	-	-	-	-	32	-	32	-	32
Dividends on ordinary shares	-	-	-	-	-	-	(2,300)	(2,300)	-	(2,300)
As at 30 Jun 09	28,167	(245)	43	269	(467)	104	33,555	61,426	2,077	63,503

**Statement of Changes in
Equity of the Company**

	Attributable to equity holders of the Company					Total equity S\$'000
	Share capital	Treasury shares	Warrants reserve	Employee share option reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 1 Jan 08	27,011	(136)	236	35	3,496	30,642
Total comprehensive income for the period	-	-	-	-	1,156	1,156
Issue of ordinary shares	22	-	-	-	-	22
Exercise of warrants	5	-	(5)	-	-	-
Cost of share-based payment	-	-	-	6	-	6
Repurchase of shares	-	(18)	-	-	-	(18)
Dividends on ordinary shares	-	-	-	-	(716)	(716)
As at 30 Jun 08	27,038	(154)	231	41	3,936	31,092

	Attributable to equity holders of the Company					Total equity S\$'000
	Share capital	Treasury shares	Warrants reserve	Employee share option reserve	Retained earnings	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
As at 1 Jan 09	27,872	(245)	92	72	6,574	34,365
Total comprehensive income for the period	-	-	-	-	1,554	1,554
Issue of ordinary shares	246	-	-	-	-	246
Exercise of warrants	49	-	(49)	-	-	-
Cost of share-based payment	-	-	-	32	-	32
Dividends on ordinary shares	-	-	-	-	(2,300)	(2,300)
As at 30 Jun 09	28,167	(245)	43	104	5,828	33,897

1(d)(ii) Details of any changes in the Company's share capital arising from rights issues, bonus issue, share buy-backs, exercise of shares 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 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.

	Share capital		Treasury shares		Share capital excluding treasury shares	
	No of shares	S\$	No of shares	S\$	No of shares	S\$
As at 1 Jan 09	253,122,460	27,872,000	1,300,000	245,000	251,822,460	27,627,000
Exercise of warrants	4,914,500	295,000	-	-	4,914,500	295,000
As at 30 Jun 09	258,036,960	28,167,000	1,300,000	245,000	256,736,960	27,922,000

	Share options	Warrants
	No of options	No of warrants
As at 1 Jan 09	3,002,000	9,227,790
Share options granted and accepted on 14 May 09	1,189,000	-
Exercise of warrants	-	(4,914,500)
Cancellation of share options	(9,000)	-
Share options lapsed	(100,000)	-
As at 30 Jun 09	4,082,000	4,313,290

During the period, ordinary shares were issued pursuant to the exercise of warrants. This gave rise to an increase in the Company's share capital from S\$27,872,000 as at 31 Dec 08 to S\$28,167,000 as at 30 Jun 09.

During the period, the Company has granted and the staff have accepted 1,189,000 share options. As at 30 Jun 09, there were 4,082,000 outstanding share options (31 Dec 08: 3,002,000).

As at 30 Jun 09, there were 4,313,290 outstanding warrants (31 Dec 08: 9,227,790).

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or on equivalent standard).

The figures have not been audited or reviewed.

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 Section 5, the unaudited financial statements have been prepared applying accounting policies and methods of computation consistent with those used in the preparation of the audited financial statements for the financial year ended 31 Dec 08.

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 all the new and revised Singapore Financial Reporting Standards (“FRSs”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 Jan 09. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years other than FRS1 which changes the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs.

6. Earnings per ordinary share of the Group for the current 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 for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (i) Based on weighted average number of ordinary shares in issue; and
- (ii) On a fully diluted basis

Group	
Jan to Jun 09	Jan to Jun 08
1.23 cents	1.32 cents
1.20 cents	1.24 cents

Earnings per ordinary share are calculated on the Group profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares of 253,234,210 for half year ended 30 Jun 09 (half year ended 30 Jun 08: 238,325,620).

Diluted earnings per ordinary share are computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 30 Jun 09. The adjusted weighted average number of ordinary shares applicable to diluted earnings per shares was 259,133,232 for half year ended 30 Jun 09 (half year ended 30 Jun 08: 254,271,499).

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share based on existing issued share capital as at the end of the period

Group		Company	
30 Jun 09	31 Dec 08	30 Jun 09	31 Dec 08
23.9 cents	23.9 cents	13.2 cents	13.6 cents

Net asset value per ordinary share for the Group and Company is based on 256,736,960 shares as at 30 Jun 09 (31 Dec 08: 251,822,460). The number of shares used in the computation of net assets value per ordinary share for the Group and Company excludes those shares held as treasury shares.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group’s business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Profit and Loss

For 1H09, the Group registered a growth in revenue of 4.9% to S\$41.9 million as compared to S\$40.0 million in 1H08.

Revenue

The increase in revenue by S\$2.0 million was mainly attributed to:

- i) Higher revenue from Container Depot Operation segment of S\$4.9 million mainly due to higher utilisation of depots for storage activity and higher transportation revenue partially offset by lower handling, repair and sales of parts activities as a consequence of lower throughput (movement) of containers,

Partially offset by:

- ii) Lower revenue from Container Sales, Agencies & Survey segment of S\$2.4 million mainly due to lower demand for used and new containers; and
- iii) Lower revenue from Warehousing and CFS segment of S\$0.5 million due to lower demand for warehousing services in view of the slowdown in the global economy.

Costs of sales

The decrease in cost of sales by S\$0.2 million was mainly due to lower direct cost of sales on repair, sales of parts, container sales and less fuel costs in view of lower fuel rate. These costs were partially offset by higher rental costs on land (due to expansion, increased rental rates and expensive short term leased land) and overflow costs arising from containers in excess of the Group's capacity in certain depots. These overflow costs include expensive storage charged by third party depots, transport costs incurred to truck these containers to third party depots (vice-versa) as well as shifting costs (in addition to handling costs) when retrieving the relevant containers. Also higher machinery upkeep costs were incurred on the prime movers and forklifts.

Gross Profit

Gross profit has increased from S\$10.7 million to S\$12.9 million by 20.1% mainly as storage costs from the Group's depots and these are mostly fixed in nature and high utilisation brought down the average fixed cost per sales dollar.

Expenses

Other operating expenses increased by S\$1.6 million or 827.2% from S\$0.2 million to S\$1.8 million mainly due to the impairment of loan receivables, investment in an associate and available-for-sale investments by S\$1.1 million, allowance for inventories of S\$0.2 million and exchange loss of S\$0.2 million.

Finance costs have increased by S\$0.1 million or 51.0% mainly due to a S\$8.0 million term loan drawn down in May 2008 to finance part of the investment in an associate.

Income tax expense increased by S\$0.5 million primarily due to higher profit contributed from subsidiaries in Singapore, Malaysia and Thailand, underprovision of prior years' tax in 1H09 and overprovision of prior years' tax in 1H08.

Other Income

Other operating income has increased by S\$0.1 million from S\$0.7 million to S\$0.8 million mainly due to Government jobs credit of S\$0.2 million and compensation received of S\$0.1 million. This is partially offset by exchange gain of S\$0.2 million in the last corresponding period.

Balance sheet

Current Assets

Trade and other receivables increased by S\$2.9 million from S\$19.9 million to S\$22.8 million. This was in line with the increased turnover.

Non-current Assets

Intangible assets decreased by S\$0.2 million from S\$0.3 million to S\$0.1 million mainly due to amortisation.

Investment in associates decreased by S\$0.4 million from S\$12.8 million to S\$12.4 million. This was primarily due to an impairment loss made on its investment in an associate of S\$0.3 million. This associate has a depot which was recently requisitioned by local PRC authorities, resulting in the associate having to terminate the lease. Full impairment in value of investment in and loan receivable from this associate of S\$1.1 million was made.

Available-for-sale investments decreased by S\$43K from S\$273K to S\$230K mainly due to impairment loss.

The decrease in loan receivables (including current portion of long term loan receivable) by S\$0.7 million from S\$1.1 million to S\$0.4 million was mainly due impairment loss of S\$0.7 million in an associate as explained above.

Current Liabilities

Finance leases have increased by S\$0.1 million from S\$0.35 million to S\$0.44 million primarily due to purchase of forklift and prime movers.

Non-current Liabilities

Bank loans decreased by S\$1.3 million from S\$5.9 million to S\$4.6 million due to repayment of S\$2.8 million partially offset by additional loans obtained for the Group's expansion of operations in Malaysia and Thailand.

Finance leases have increased by S\$0.1 million from S\$0.63 million to S\$0.75 million primarily due to purchase of forklift and prime movers.

Dividend payable to minority shareholders has reduced from S\$0.5 million to S\$0.2 million due to repayment.

Cashflow

The Group's cash and cash equivalents decreased by S\$2.3 million to S\$22.0 million mainly due to cash used in investing and financing activities of S\$1.2 million and S\$4.1 million respectively, offset by cash from operating activities of S\$3.0 million.

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

Not applicable.

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 announced on 22 May 09 to purchase a leasehold property in Malaysia at RM6,684,929 (approximately S\$2,764,953). It expects to complete the acquisition in 2H09.

As the Group expects international trade volumes to improve, there will be less demand for extra storage requiring overflow space. Consequently, the Group expects non-storage revenue such as repair, sales of parts, handling, transport and container sales and survey activities to increase.

11. Dividend

(a) Current Financial Period Reported On

The Directors are pleased to recommend an interim dividend of 0.5 cent per ordinary share.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.5 cent per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

(b) Corresponding Period of the Immediately Preceding Financial Year

Dividends declared for the corresponding period of the immediately preceding financial year were as follow:

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share	0.3 cent per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

Name of Dividend	Final – Special
Dividend Type	Cash
Dividend Amount Per Share	0.6 cent per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share	0.3 cent per ordinary share
Tax Rate	Not applicable (one-tier tax exempt)

(c) Date payable

16 Sep 09

(d) Books closure date

Registrable Transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 up to 5.00pm on 27 Aug 09 will be registered before entitlements to the dividend are determined and the Register of Members and the Transfer Books of the Company will be closed on 28 Aug 09 for the purpose of determining shareholders' entitlements to the dividends.

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

Not applicable.

13. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Li Hung and Ng Kam Ming, being the Deputy Chairman and the Managing Director of Eng Kong Holdings Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first half year 2009 financial results to be false or misleading in any material aspect.

On behalf of the Board

Li Hung
Deputy Chairman

Ng Kam Ming
Managing Director

BY ORDER OF THE BOARD

Li Hung
Deputy Chairman
12 Aug 09