

**UNAUDITED RESULTS FOR SECOND QUARTER ENDED 30 JUNE 2006****PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>GROUP</b>					
	<b>Second Quarter Ended</b>			<b>Six Months Ended</b>		
	<b>30.6.2006</b>	<b>30.6.2005</b> (restated) #	<b>+/(-) %</b>	<b>30.6.2006</b>	<b>30.6.2005</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	15,262	25,157	(39.33)	40,278	36,294	10.98
Cost of sales	(6,815)	(18,400)	(62.96)	(24,871)	(23,672)	5.07
<b>Gross profit</b>	8,447	6,757	25.01	15,407	12,622	22.06
Other income	8,252	8,240	0.15	8,738	9,638	(9.34)
General and administrative costs	(4,179)	(3,894)	7.32	(8,232)	(7,550)	9.03
Selling and distribution costs	(1,026)	(973)	5.45	(2,283)	(2,115)	7.94
Other operating income/(costs)	68	(139)	n.m.	(105)	(147)	(28.57)
Finance costs	(396)	(233)	69.96	(720)	(392)	83.67
Share of results of associates and unincorporated joint venture	210	17	n.m.	404	(373)	n.m.
<b>Profit before taxation</b>	11,376	9,775	16.38	13,209	11,683	13.06
Taxation	(1,048)	(449)	133.41	(1,474)	(791)	86.35
<b>Profit for the period</b>	10,328	9,326	10.74	11,735	10,892	7.74
Attributable to:						
Equity holders of the Company	10,328	9,334		11,735	10,900	
Minority interests	-	(8)		-	(8)	
	10,328	9,326		11,735	10,892	

**Note**

Profit before taxation included the following:

	<b>GROUP</b>		
	<b>Second Quarter Ended</b>		
	<b>30.6.2006</b>	<b>30.6.2005</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Investment income	648	1,010	(35.84)
Other income including interest income	9,465	9,490	(0.26)
Interest on borrowings	(396)	(233)	69.96
Depreciation and amortisation and impairment loss on property, plant and equipment	(231)	(243)	(4.94)
Write-back/(allowance) for doubtful debts and bad debts written off	85	(53)	n.m.
Allowance for stock obsolescence	-	(93)	(100.00)
Foreign exchange (loss)/gain (included in other income)	785	(136)	n.m.
Gain on disposal of investments <sup>(1)</sup>	2,117	252	740.08
Gain on disposal of investment properties (included in other income)	2,439	6,854	(64.41)
Loss on disposal of fixed assets	-	(75)	(100.00)

# The Group adopted, *inter alia*, the revised FRS 28 on the financial statements for the second quarter and six months of 2005 and the cumulative effect of the adoption of FRS 28 was made in the announcement of results on 5 August 2005. The effect of the adoption of FRS 28 on the financial statements for the first quarter of 2005 was made in the announcement of results for the first quarter ended 31 March 2006 released by the Company on 28 April 2006. As a result, the share of results for the second quarter of 2005 had to be restated accordingly.

n.m. denotes not meaningful.

(1) Included under other income is the amount of \$1.921 million for the second quarter ended 30 June 2006 and the amount of \$0.037 million for the second quarter ended 30 June 2005.

**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.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.6.2006 \$'000</b>	<b>As at 31.12.2005 \$'000</b>	<b>As at 30.6.2006 \$'000</b>	<b>As at 31.12.2005 \$'000</b>
Property, plant and equipment	13,948	14,031	4,636	4,527
Investment properties	107,159	108,090	-	-
Investment in subsidiaries	-	-	471,043	471,043
Investment in associates	61,274	61,606	643	643
Long term investments	66,078	78,994	1,038	3,040
Other receivables	291	415	-	-
<b>Reinsurer's share of technical provisions</b>				
Provision for unearned premiums	2,967	2,695	-	-
Provision for outstanding claims	5,352	6,474	-	-
<b>Current assets</b>				
Short term investments	79,126	63,875	-	-
Inventories	192	144	-	-
Trade receivables	4,362	4,243	-	-
Amount due from associates	116,477	114,072	123	124
Amount due from subsidiaries	-	-	3,649	2,589
Deferred acquisition costs	2,462	2,266	-	-
Other receivables, deposits and prepayments	7,951	8,361	56	75
Tax recoverable	2,122	2,495	-	-
Cash and bank balances	60,609	63,444	82	86
	<b>273,301</b>	<b>258,900</b>	<b>3,910</b>	<b>2,874</b>
<b>Current liabilities</b>				
Trade payables and accruals	(1,480)	(1,379)	-	-
Other payables	(7,716)	(9,871)	(635)	(828)
Amount due to subsidiaries	-	-	(47,477)	(46,578)
Amount due to associates	(1,030)	(446)	(428)	(446)
Advance premiums	-	(1,195)	-	-
Bank overdrafts	(766)	(457)	-	-
Bank loans	(5,049)	(4,952)	-	-
Provision for taxation	(1,057)	(859)	(61)	(60)
	<b>(17,098)</b>	<b>(19,159)</b>	<b>(48,601)</b>	<b>(47,912)</b>
<b>Net current assets/(liabilities)</b>	<b>256,203</b>	<b>239,741</b>	<b>(44,691)</b>	<b>(45,038)</b>
<b>Non current liabilities</b>				
Bank loans	(25,046)	(25,527)	-	-
Other payables	(46)	(38)	-	-
Deferred taxation	(3,885)	(4,255)	(50)	(50)
	<b>(28,977)</b>	<b>(29,820)</b>	<b>(50)</b>	<b>(50)</b>
<b>Technical provisions</b>				
Provision for unearned premiums	(13,474)	(11,777)	-	-
Provision for outstanding claims	(31,017)	(34,025)	-	-
Provision for premium deficiency	(2,245)	(2,245)	-	-
	<b>437,559</b>	<b>434,179</b>	<b>432,619</b>	<b>434,165</b>

	GROUP		COMPANY	
	As at	As at	As at	As at
	30.6.2006	31.12.2005	30.6.2006	31.12.2005
	\$'000	\$'000	\$'000	\$'000
Share capital	172,154	163,376	172,154	163,376
Share premium	-	8,778	-	8,778
Capital reserve	116,460	117,718	-	-
Revenue reserve	139,692	133,185	15,048	16,593
Fair value reserve	8,326	9,919	245,417	245,418
Currency translation adjustment reserve	927	1,203	-	-
	437,559	434,179	432,619	434,165
Minority interests	-	-	-	-
	437,559	434,179	432,619	434,165

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

**Amount repayable in one year or less, or on demand**

As at 30.6.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$5,815,000	-	\$5,409,000	-

**Amount repayable after one year**

As at 30.6.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
\$25,046,000	-	\$25,527,000	-

**Details of any collateral**

The amount of long term bank loans repayable after one year and an amount of \$0.8 million (31.12.2005: \$0.49 million) of long term bank loans repayable within one year are secured over the investment properties of the Group. Short term bank loans of \$4.2 million (31.12.2005: \$4.47 million) and bank overdrafts are secured by corporate guarantees supported by charges over time deposits.

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

	<b>GROUP</b>	
	<b>Second Quarter Ended</b>	
	<b>30.6.2006</b>	<b>30.6.2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities:</b>		
Profit before taxation	11,376	9,775
<i>Adjustments for:</i>		
Interest income	(2,483)	(2,016)
Interest expense	396	233
Depreciation and impairment loss on property, plant and equipment	231	243
Share of results of associates and unincorporated joint venture	(210)	(17)
Gain on disposal of investment properties	(2,439)	(6,854)
Loss on disposal of property, plant and equipment	-	75
Movement on provision for outstanding claims	2,303	2,109
Movement on provision for unearned premiums	(86)	1,350
	<u>(2,288)</u>	<u>(4,877)</u>
<b>Operating income before reinvestment in working capital</b>	<b>9,088</b>	<b>4,898</b>
(Increase)/decrease in receivables and short term investments	(8,171)	516
Decrease in inventories	31	177
Decrease in payables	(2,854)	(4,264)
	<u>(10,994)</u>	<u>(3,571)</u>
<b>Cash (used in)/generated from operations</b>	<b>(1,906)</b>	<b>1,327</b>
Net claims paid	(1,944)	(1,196)
Interest received	2,483	2,016
Interest paid	(396)	(233)
Income taxes paid	(582)	(609)
	<u>(439)</u>	<u>(22)</u>
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,345)</b>	<b>1,305</b>
<b>Cash flow from investing activities:</b>		
Purchase of investment properties	(14,167)	(55,057)
Purchase of property, plant and equipment	(356)	-
(Increase)/decrease in other investments	(2,640)	1,472
Proceeds from disposal of investment properties	17,057	32,968
Increase in amounts due from associates	(617)	(827)
<b>Net cash used in investing activities</b>	<b>(723)</b>	<b>(21,444)</b>
<b>Cash flow from financing activities:</b>		
Increase in bank loans	400	47,354
Increase in bank overdrafts	235	235
Decrease in amount due from an associate	-	50
Dividends paid	(5,228)	(5,228)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,593)</b>	<b>42,411</b>
Net increase in cash and cash equivalents	(7,661)	22,272
Cash and cash equivalent at beginning of the period	68,270	60,313
<b>Cash and cash equivalent at end of the period</b>	<b>60,609</b>	<b>82,585</b>

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.

	GROUP		COMPANY	
	Second Quarter Ended 30.6.2006	30.6.2005 (restated)	Second Quarter Ended 30.6.2006	30.6.2005 (restated)
	\$'000	\$'000	\$'000	\$'000
<b>Share capital</b>				
Balance at beginning and end of the period	172,154	163,376	172,154	163,376
<b>Share premium</b>				
Balance at beginning and end of the period	-	8,778	-	8,778
<b>Capital reserve</b>				
Balance at beginning of the period	117,607	125,865	-	-
Exchange differences arising on consolidation	-	4	-	-
Adjustment due to disposal of investment properties	(1,193)	(11,015)	-	-
Deferred tax	46	-	-	-
Balance at end of the period	116,460	114,854	-	-
<b>Revenue reserve</b>				
Balance at beginning of the period	134,592	129,203	16,637	23,085
Profit for the period	10,328	9,326	3,639	3,159
Dividend	(5,228)	(5,228)	(5,228)	(5,228)
Balance at end of the period	139,692	133,301	15,048	21,016
<b>Fair value reserve</b>				
Balance at beginning of the period	11,883	7,678	245,417	240,127
Decrease in fair value of investment securities	(4,087)	140	-	-
Deferred tax	530	310	-	-
Balance at end of the period	8,326	8,128	245,417	240,127
<b>Currency translation adjustment reserve</b>				
Balance at beginning of the period	(958)	4,466	-	-
Exchange differences arising from revaluation of monetary items forming part of net investment in foreign operation	449	-	-	-
Exchange differences arising on consolidation	1,436	(78)	-	-
Balance at end of the period	927	4,388	-	-
<b>Minority interests</b>				
Balance at beginning of the period	-	4	-	-
Share of loss in a subsidiary	-	(4)	-	-
Balance at end of the period	-	-	-	-
	437,559	432,825	432,619	433,297

- 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 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.**

Since 31 March 2006, there were no changes to the total number of issued shares of the Company. As at 30 June 2006, the Company's share capital was \$172,154,000 divided into 653,504,000 ordinary shares.

As at 30 June 2006 and 30 June 2005, there were no outstanding options to subscribe for ordinary shares in the capital of the Company under the Hwa Hong Corporation Limited Executives' Share Option Scheme (which had been terminated and is no longer in operation).

No options have been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme since its adoption on 29 May 2001.

- 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 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 annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the most recently audited consolidated financial statements for the financial year ended 31 December 2005.

- 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.**

There are no changes in accounting policies and methods of computation.

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.

	<b>GROUP</b>	
	<b>Second Quarter Ended 30.6.2006</b>	<b>30.6.2005 (restated)</b>
Earnings per ordinary share after deducting any provision for preference dividends:		
(i) Based on the weighted average number of ordinary shares in issue	1.58 cents	1.43 cents
(ii) On a fully diluted basis	1.58 cents	1.43 cents

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 financial period reported on; and

(b) immediately preceding financial year.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 30.6.2006</b>	<b>As at 31.12.2005</b>	<b>As at 30.6.2006</b>	<b>As at 31.12.2005</b>
Net asset value per ordinary share	66.96 cents	66.44 cents	66.20 cents	66.44 cents

**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.**

For the six months ended 30 June 2006 ("1H 2006"), Group profit before taxation was 13.06% higher than the previous corresponding period ended 30 June 2005 ("1H 2005"). The increase was mainly due to:

- (i) higher gain on disposal of investments (1H 2006: \$3.56 million; 1H 2005: \$0.6 million);
- (ii) higher profit before taxation (1H 2006: \$4.5 million; 1H 2005: \$2.73 million) recorded by Tenet Insurance Company Ltd ("Tenet") mainly due to lower claims incurred (1H 2006: \$2.1 million; 1H 2005: \$2.9 million) as a result of release of prior years' reserves (1H 2006: \$3.9 million; 1H 2005: \$2.8 million) and improvement in loss ratios (1H 2006: 62%; 1H 2005: 64%), and higher dividend income (1H 2006: \$1.04 million; 1H 2005: \$0.58 million);
- (iii) increase in contribution from associated companies (as explained below); and
- (iv) increase in other operating income (as explained below).

The Group registered a profit after taxation of \$10.33 million in the second quarter ended 30 June 2006 ("2Q 2006"), which was 10.74% higher than the profit of \$9.33 million in the second quarter ended 30 June 2005 ("2Q 2005"). The main reasons for the fluctuations in the Group's results in 2Q 2006 were as follows:

Revenue decreased by 39.33% to \$15.26 million in 2Q 2006 mainly due to lower revenue recorded from disposal of investments (2Q 2006: \$3 million; 2Q 2005: \$14.7 million).

Cost of sales decreased by 62.96% to \$6.82 million in 2Q 2006 mainly due to lower cost of investments sold and also lower claims incurred (2Q 2006: \$0.2 million; 2Q 2005: \$1.4 million), resulting in an increase in gross profit.

Other income increased slightly from \$8.24 million in 2Q 2005 to \$8.25 million in 2Q 2006 mainly due to an increase in gain on disposal of investments (2Q 2006: \$1.921 million; 2Q 2005: \$0.037 million) and an exchange gain of \$0.7 million in 2Q 2006 as compared to exchange loss of \$0.1 million in 2Q 2005. The exchange gain in 2Q 2006 was due to the strengthening of Sterling Pound currency against Singapore Dollar currency. The increase was partially offset by lower gain on disposal of investment properties in United Kingdom (2Q 2006: \$2.4 million; 2Q 2005: \$6.85 million).

General and administrative costs increased by 7.32% to \$4.18 million in 2Q 2006 mainly brought about by higher staff cost due to increment and increase in professional fees and management expenses due to increase in number of properties owned by the Group.

Selling and distribution costs increased by 5.45% to \$1.03 million in 2Q 2006 mainly due to increase in net commission expense of Tenet (2Q 2006: \$0.945 million; 2Q 2005: \$0.937 million). In addition, the trading segment was also affected by higher distribution costs brought about by high fuel prices.



Finance costs increased by 69.96% to \$0.396 million in 2Q 2006 mainly due to additional bank borrowings taken up to finance the acquisition of properties in United Kingdom.

The contribution from the share of results of associates and unincorporated joint venture improved from \$0.017 million in 2Q 2005 to \$0.21 million in 2Q 2006 mainly due to lower losses recorded by an associated company which has capitalised its borrowing costs on a development project.

The effective tax rate applicable to profit before taxation of the Group in 2Q 2006 was lower than the statutory tax rate of 20% mainly because certain items were exempted from tax. The increase in taxation in 2Q 2006 was mainly due to losses incurred by foreign subsidiaries which cannot be offset against taxable profits of other companies in the Group.

Despite an increase in profit after taxation, the Group recorded a decrease in cash flow from operations. This was mainly due to the acquisitions of unquoted bonds and floating rate notes which earn higher interest rates than fixed deposit rates.

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 demand for high-end residential properties in Singapore is expected to remain strong. 347 units of *RiverGate* development, out of a total of 545 units, were sold as at end of July 2006 and profit from this development is expected to be recognised progressively as from the third quarter of 2007. The development for *The Pier at Robertson* was completed and the apartments were handed to purchasers. The remaining unsold apartments of 74 units are being actively marketed together with leasing of the commercial areas.

The demand for warehousing/industrial space is expected to be flat. Occupancy level at the Paya Lebar property is 73%.

In London, the property at 36-38 Hatton Gardens was sold and the profit was recognised in the current period under review. Another property is under offer with completion expected in the third quarter of 2006. The remaining residential and commercial properties are 99% let.

Whilst the performance of Tenet Insurance Company Ltd for the first half of 2006 showed an improvement as compared to the previous corresponding period due primarily to release of prior years' reserves and rising investment income, competition remains strong and premium rates continue to slide downwards.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? Yes.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.5 cents, less tax
Tax Rate	20%

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per Share (in cents)	1 cent, less tax
Tax Rate	20%

***(c) Date payable***

1 September 2006

***(d) Books closure date***

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 22 August 2006 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 21 August 2006 will be registered before entitlements to the dividend are determined. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

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

Not applicable.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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 immediately preceding year.**

Not applicable.

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.**

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**17. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current period's presentation.

**18. INTERESTED PERSON TRANSACTIONS**

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

**BY ORDER OF THE BOARD**

TAN MEE CHOO  
COMPANY SECRETARY  
2 AUGUST 2006