



**NEW HOONG FATT HOLDINGS BERHAD** (425709-K)

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**CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007**

The Board of Directors is pleased to announce the Group's quarterly report on consolidated results for the third financial quarter ended 30 September 2007. The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter Ended 30.09.2007 RM'000	Quarter Ended 30.09.2006 RM'000	Year To Date Ended 30.09.2007 RM'000	Year To Date Ended 30.09.2006 RM'000
<b>Revenue</b>		41,999	40,467	114,897	119,825
Cost of sales		(29,553)	(28,359)	(82,732)	(85,263)
<b>Gross profit</b>		12,446	12,108	32,165	34,562
Other operating income		1,400	3,949	3,696	6,554
Operating expenses		(6,342)	(5,721)	(17,001)	(16,419)
Finance costs		(406)	(449)	(1,298)	(1,622)
<b>Profit before tax</b>		7,098	9,887	17,562	23,075
Tax expenses	18	(772)	(1,007)	(491)	(2,774)
<b>Profit after tax</b>		6,326	8,880	17,071	20,301
Minority interests		-	-	-	-
<b>Net profit for the period</b>		6,326	8,880	17,071	20,301
Basic earnings per ordinary share (sen)	26	8.42	11.82	22.71	27.01
Diluted earnings per ordinary share (sen)	26	N.A.	N.A.	N.A.	N.A.

*(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006)*

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	Note	<b>Unaudited As at 30.09.2007 RM'000</b>	<b>Audited As at 31.12.2006 RM'000</b>
<b>Non-Current Assets</b>			
- Property, plant and equipment		146,302	140,621
- Prepaid land lease payments		9,893	8,200
- Investment Properties		7,200	7,200
- Investments		83	83
- Goodwill on consolidation		31,226	31,226
		194,704	187,330
<b>Current Assets</b>			
- Inventories		22,255	22,887
- Trade receivables		39,461	36,510
- Other receivables, deposits & prepayments		6,777	2,320
- Tax recoverable		-	25
- Cash and bank balances		12,028	11,808
		80,521	73,550
<b>Total Assets</b>		275,225	260,880
<b>Current Liabilities</b>			
- Trade payables		5,398	4,480
- Other payables & accruals		4,615	7,662
- Short term borrowings	22	38,295	37,869
- Taxation		767	707
		49,075	50,718
<b>Non-Current Liabilities</b>			
- Deferred taxation		13,647	15,727
- Borrowings	22	8,613	2,113
		22,260	17,840
<b>Total Liabilities</b>		71,335	68,558
<b>Net Assets</b>		203,890	192,322
<b>Financed by:</b>			
<b>Share capital</b>		75,157	75,157
<b>Reserves</b>			
Non-Distributable :-			
- Share premium		4,210	4,210
- Revaluation reserve	9	13,431	12,899
Distributable :-			
- Retained profits		111,092	100,056
		128,733	117,165
<b>Shareholders' fund</b>		203,890	192,322
Net assets per share attributable to ordinary equity holders of the parent (RM)		2.71	2.56

*(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>Period Ended 30.09.2007 RM'000</b>	<b>Period Ended 30.09.2006 RM'000</b>
Profit before tax	17,562	23,075
Adjustments for:-		
Non-cash items	10,931	8,027
Non-operating items	1,067	1,385
Operating profit before working capital changes	29,560	32,487
Net change in current assets	(6,691)	2,901
Net change in current liabilities	127	(2,228)
Tax paid	(1,955)	(2,077)
<b>Net cash from operating activities</b>	<b>21,041</b>	<b>31,083</b>
Investing activities		
Proceeds from disposal of property, plant and equipment	427	8,267
Purchase of property, plant and equipment	(18,819)	(8,598)
Acquisition of subsidiaries, net of cash acquired	-	(20,285)
Interest received	232	237
<b>Net cash used in investing activities</b>	<b>(18,160)</b>	<b>(20,379)</b>
Interest paid	(1,298)	(1,622)
Drawdown of short term borrowings	1,309	8,646
Dividend paid	(8,290)	(8,267)
Drawdown/(Repayment) of term loan	5,618	(6,864)
<b>Net cash used in financing activities</b>	<b>(2,661)</b>	<b>(8,107)</b>
Net increase in cash and cash equivalents	220	2,597
Cash and cash equivalents at beginning of financial year	11,808	9,357
Cash and cash equivalents at end of the financial period	12,028	11,954

*(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006)*

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital Note	Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2006	75,157	4,210	3,727	83,678	166,772
Profit after tax	-	-	-	20,301	20,301
Dividend	-	-	-	(8,267)	(8,267)
<b>Balance as at 30 September 2006</b>	<u>75,157</u>	<u>4,210</u>	<u>3,727</u>	<u>95,712</u>	<u>178,806</u>
Balance as at 1 January 2007	75,157	4,210	12,899	100,056	192,322
Profit after tax	-	-	-	17,071	17,071
Dividend	-	-	-	(6,035)	(6,035)
Revaluation surplus	9	-	532	-	532
<b>Balance as at 30 September 2007</b>	<u>75,157</u>	<u>4,210</u>	<u>13,431</u>	<u>111,092</u>	<u>203,890</u>

*(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006)*

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **1 Basis of preparation**

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysia Accounting Standards Board (“MASB”) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2006.

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2006 except for the adoption of revised FRS117 Leases issued by MASB that is effective for the Group’s financial statement commencing 1 January 2007. The principal effects of the change in accounting policy resulting from the adoption of the revised FRS117 are as below:-

Prior to 1 January 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. The adoption of the revised FRS 117 Leases in 2007 resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Under FRS 117, lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment made for the leasehold land represents prepaid land lease payment and is amortised on a straight-line basis over the remaining lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortized carrying amount of leasehold land of RM8.2 million is classified as prepaid land lease payments. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively. Certain comparative figures of the balance sheets of the Group as at 31 December 2006 have been restated. With the adoption of FRS 117, there was no effect on the income statements of the Group.

### **2 Qualified audit report**

The financial statements for the financial year ended 31 December 2006 was not qualified.

### **3 Seasonal or cyclical factors**

The Group’s operation is not significantly affected by seasonal or cyclical factors.

### **4 Unusual items**

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

**5 Changes in estimates**

There is no significant change in estimates of amounts reported in prior interim periods of the current or previous financial year.

**6 Debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current quarter under review.

**7 Dividends paid**

There were no dividends paid during the quarter under review.

**8 Segment information**

No segmental reporting is presented as the Group operates predominantly in the dealing of alternative automotive body parts for motor industry in Malaysia.

**9 Valuation of property, plant and equipment**

There is no revaluation of Property, Plant and Equipment during the period under review. The movement of the revaluation reserve is mainly due to the exemption on the real property gain tax of 5% with effect from 1 April 2007 and the reduction in the statutory tax rate from 28% to 27% and subsequently to 26% for year of assessment 2007 and 2008. These have resulted in a decrease in the Group's deferred tax liability on revaluation surplus of land and buildings in the Balance Sheet by RM0.6 million, an increase in the revaluation reserve on Property, Plant & Equipment by RM0.5 million and a decrease in deferred tax on Investment Property in the Income Statement by RM0.1 million.

**10 Subsequent events**

In the opinion of the Directors, no item, transaction or event of a material nature has arisen during the period from the end of the reporting period to 18 October 2007 which is likely to affect substantially the results of the operations of the Group for the financial period ended 30 September 2007.

**11 Changes in the composition of the Group**

There was no change in the composition of the Group for the current quarter under review.

**12 Changes in contingent liabilities - unsecured**

The contingent liabilities of the Company are as follows:

	<b>Company</b>	
	<b>As at 30.09.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
Guarantee in favour of banks for banking facilities granted to subsidiary companies	46,908	39,982
Guarantee in favour of third parties for supply of goods to subsidiary companies	496	295
	47,404	40,277

**13 Capital commitments**

	<b>Group As at 30.09. 2007 RM'000</b>
Contracted but not provided for in respect of property, plant and equipment	6,062

**ADDITIONAL INFORMATION REQUIRED BY BMS LISTING REQUIREMENTS**

**14 Review of performance**

The Group's total revenue for the current financial quarter showed an increase of 3.7% from RM40.5 million achieved in corresponding quarter last year to RM42.0 million this quarter. Total revenue for current financial period to date had decreased by 4.1% to RM114.9 million from RM119.8 million last financial period.

Profit before tax for the current quarter decreased by 28.3% to RM7.1 million from RM9.9 million in the corresponding quarter last year. For the current financial period to date, profit before tax has decreased by 23.8% from RM23.1 million previously to RM17.6 million this year. The decrease was mainly due to gain on disposal of investment properties in the corresponding quarter last year and higher sales achieved in corresponding nine months last year.

**15 Variation of results against preceding quarter**

Profit before tax for the current quarter has increased by 24.6% to RM7.1 million from RM5.7 million in the preceding quarter. This was mainly due to higher sales achieved in this quarter.

**16 Current year prospects**

Barring any unforeseen circumstances, the Group will remain profitable for the rest of this financial year.

**17 Profit forecast**

Not applicable as no profit forecast was published.

**18 Tax expenses**

	<b>Individual Quarter Current Year RM'000</b>	<b>Cumulative Quarter Current Year RM'000</b>
Tax expenses for the period	774	2,001
(Over)/under provision of tax expense in prior year	(2)	38
Deferred tax liabilities	-	(1,548)
	<u>772</u>	<u>491</u>

The effective tax rate of the Group for the current quarter is 10.9% and year to date is 2.8%. This is lower than the statutory tax rate mainly because of the utilisation of reinvestment allowances by certain subsidiary companies of the Group and decrease in deferred tax liabilities on revaluation surplus of investment property and Property, Plant and Equipment due to reduction in statutory tax rate and the abolishment of real property gains tax.

**19 Unquoted investments and properties**

There was no disposal of unquoted investments or properties during the quarter under review.

**20 Quoted investments**

There was no purchase nor disposal of quoted securities for the current quarter and financial year to date.

As at the end of the current quarter, the Group does not hold any investment in quoted shares.

**21 Status of corporate proposal**

(a) There were no corporate proposals announced but not completed as at 18 October 2007.

(b) Utilisation of proceeds raised from corporate proposals: Not applicable.

**22 Borrowings and debt securities**

	<b>As at 30.09.2007 RM'000</b>
<b>Current</b>	
<b>- Unsecured</b>	
Term loans	6,005
Bankers' acceptance	22,290
Revolving credit	<u>10,000</u>
	38,295
<b>Non-current</b>	
<b>- Unsecured</b>	
Term loans	<u>8,613</u>
<b>Total Borrowings</b>	<u>46,908</u>

There are no borrowings denominated in foreign currency.



**23 Off balance sheet financial instruments**

As at 18 October 2007, the Group had entered into forward foreign exchange contracts amounted to US Dollar 2.6 million equivalent to approximately RM9.2 million. The latest maturity date of these contracts is 20 February 2008.

These contracts were entered into as hedges for the Group's export sales proceeds. These transactions will subsequently be recorded in the books and the difference will be taken up in the income statement upon maturity. The above contracts are entered into with licensed bank and the Group does not foresee any significant currency risk from the above contracts.

**24 Material litigation**

The Group is not engaged in any material litigation and is not aware of any proceedings, which might materially affect the position or business of the Group as at 18 October 2007.

**25 Dividend**

The Board of Directors is pleased to declare an interim tax exempt dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2007 amounting to RM2,254,698 (2006: tax exempt 3 sen per ordinary share, RM2,254,698). The dividend will be paid on 11 January 2008 to shareholders registered in the Record of Depositors on 12 December 2007.

This interim dividend will be accounted for as an appropriation of retained earnings in the year in which it is declared.

**26 Earnings per share**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Quarter</b>	<b>Quarter</b>	<b>Year To</b>	<b>Year To</b>
	<b>Ended</b>	<b>Ended</b>	<b>Date Ended</b>	<b>Date Ended</b>
	<b>30.09.2007</b>	<b>30.09.2006</b>	<b>30.09.2007</b>	<b>30.09.2006</b>
Net profit for the quarter (RM'000)	<u>6,326</u>	<u>8,880</u>	<u>17,071</u>	<u>20,301</u>
Number of ordinary shares in issue	75,156,600	75,156,600	75,156,600	75,156,600
Basic earnings per share (sen)	8.42	11.82	22.71	27.01

Kuala Lumpur  
25 October 2007

By Order of the Board  
MAH LI CHEN  
Secretary