



NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007

The Board of Directors is pleased to announce the Group's quarterly report on consolidated results for the fourth financial quarter ended 31 December 2007. The cumulative quarter figures have been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter Ended 31.12.2007 RM'000	Quarter Ended 31.12.2006 RM'000	Year To Date Ended 31.12.2007 RM'000	Year To Date Ended 31.12.2006 RM'000
Revenue		41,860	37,079	156,757	156,904
Cost of sales		(29,182)	(26,010)	(111,914)	(111,273)
Gross profit		12,678	11,069	44,843	45,631
Other operating income		1,538	3,125	5,235	9,679
Operating expenses		(6,243)	(5,940)	(23,244)	(22,359)
Finance costs		(644)	(640)	(1,943)	(2,262)
Profit before tax		7,329	7,614	24,891	30,689
Tax expenses	18	(1,398)	(1,015)	(1,888)	(3,789)
Profit after tax		5,931	6,599	23,003	26,900
Minority interests		-	-	-	-
Net profit for the year		<u>5,931</u>	<u>6,599</u>	<u>23,003</u>	<u>26,900</u>
Basic earnings per ordinary share (sen)	26	7.89	8.78	30.61	35.79
Diluted earnings per ordinary share (sen)		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	Audited As at 31.12.2007 RM'000	Audited As at 31.12.2006 RM'000
Non-Current Assets			
- Property, plant and equipment		151,284	140,621
- Prepaid lease payments for land		9,838	8,200
- Investment Properties		-	7,200
- Investments		83	83
- Intangible asset - Goodwill		31,226	31,226
		<u>192,431</u>	<u>187,330</u>
Current Assets			
- Inventories		24,476	22,887
- Trade receivables		40,268	36,510
- Other receivables, deposits & prepayments		4,156	2,320
- Tax recoverable		-	25
- Cash and cash equivalents		17,583	11,808
		<u>86,483</u>	<u>73,550</u>
Total Assets		<u>278,914</u>	<u>260,880</u>
Current Liabilities			
- Trade payables		5,394	4,480
- Other payables & accruals		9,758	7,662
- Short term borrowings	22	30,642	37,869
- Tax liability		848	707
		<u>46,642</u>	<u>50,718</u>
Non-Current Liabilities			
- Deferred tax liabilities		13,987	15,727
- Borrowings	22	10,636	2,113
		<u>24,623</u>	<u>17,840</u>
Total Liabilities		<u>71,265</u>	<u>68,558</u>
Net Assets		<u>207,649</u>	<u>192,322</u>
Financed by:			
Share capital			
Reserves			
Non-Distributable :-			
- Share premium		4,210	4,210
- Revaluation reserve	9	13,513	12,899
Distributable :-			
- Retained profits		114,769	100,056
		<u>132,492</u>	<u>117,165</u>
Shareholders' fund		<u>207,649</u>	<u>192,322</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		2.76	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

	Year To Date Ended 31.12.2007 RM'000	Year To Date Ended 31.12.2006 RM'000
Profit before tax	24,891	30,689
Adjustments for:-		
Non-cash items	15,191	10,336
Non-operating items	1,593	1,944
Operating profit before working capital changes	41,675	42,969
Net change in current assets	(7,191)	4,419
Net change in current liabilities	3,012	(1,890)
Tax paid	(2,848)	(3,083)
Net cash from operating activities	34,648	42,415
Investing activities		
Proceeds from disposal of investment property	7,140	7,858
Proceeds from disposal of property, plant and equipment	470	493
Purchase of property, plant and equipment	(26,072)	(11,668)
Purchase of prepaid land lease payments	(1,823)	-
Acquisition of subsidiaries, net of cash acquired	-	(20,285)
Interest received	349	318
Net cash used in investing activities	(19,936)	(23,284)
Interest paid	(1,943)	(2,262)
(Repayment)/Drawdown of short term borrowings	(6,081)	3,247
Dividend paid	(8,290)	(8,267)
Drawdown/(Repayment) of term loan	7,377	(9,398)
Net cash used in financing activities	(8,937)	(16,680)
Net increase in cash and cash equivalents	5,775	2,451
Cash and cash equivalents at beginning of financial year	11,808	9,357
Cash and cash equivalents at end of the financial year	17,583	11,808

(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

	Note	Share capital RM'000	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		-	-	-	26,900	26,900
Tax exempt dividends for financial year ended						
- 31 December 2005		-	-	-	(8,267)	(8,267)
- 31 December 2006		-	-	-	(2,255)	(2,255)
Revaluation surplus	9	-	-	9,172	-	9,172
Balance as at 31 December 2006		75,157	4,210	12,899	100,056	192,322
Balance as at 1 January 2007		75,157	4,210	12,899	100,056	192,322
Profit after tax		-	-	-	23,003	23,003
Dividends 11% gross, less tax 27% for financial year ended						
- 31 December 2006		-	-	-	(6,035)	(6,035)
Tax exempt dividends for financial year ended						
- 31 December 2007		-	-	-	(2,255)	(2,255)
Revaluation surplus	9	-	-	614	-	614
Balance as at 31 December 2007		75,157	4,210	13,513	114,769	207,649

(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

	Current Quarter Ended		Cumulative Quarter Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
Trading	31,810	28,708	115,535	115,125
Manufacturing	29,432	24,756	110,980	107,604
Others	2,539	4,046	3,568	10,838
Elimination of inter segment sales	(21,921)	(20,431)	(73,326)	(76,663)
Group Revenue	41,860	37,079	156,757	156,904
<u>Segment Results</u>				
Trading	1,438	836	4,576	4,327
Manufacturing	6,530	4,664	22,026	25,661
Others	5	2,754	232	2,963
Group Results	7,973	8,254	26,834	32,951

9 Valuation of property, plant and equipment

There is no revaluation of Property, Plant and Equipment during the year 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 26% and subsequently to 25% for year of assessment 2008 and 2009. 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 RM0.7 million, an increase in the revaluation reserve on Property, Plant & Equipment by RM0.6 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 22 February 2008 which is likely to affect substantially the results of the operations of the Group for the financial year ended 31 December 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:

	Company	
	As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
Guarantee in favour of banks for banking facilities granted to subsidiary companies	41,278	39,982
Guarantee in favour of third parties for supply of goods to subsidiary companies	1,142	295
	42,420	40,277

13 Capital commitments

	Group As at 31.12. 2007 RM'000
Contracted but not provided for in respect of property, plant and equipment	7,053

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 12.9% from RM37.1 million achieved in corresponding quarter last year to RM41.9 million this quarter. This was mainly due to increase in export sales this quarter. Total revenue for current financial year to date had decreased marginally by 0.1% to RM156.8 million from RM156.9 million last financial year.

Profit before tax for the current quarter decreased by 3.9% to RM7.3 million from RM7.6 million in the corresponding quarter last year. For the current financial year to date, profit before tax has decreased by 18.9% from RM30.7 million previously to RM24.9 million this year. The decrease was mainly due to gain on disposal of investment properties and revaluation surplus in the last financial year.

15 Variation of results against preceding quarter

Profit before tax for the current quarter has increased by 2.8% to RM7.3 million from RM7.1 million in the preceding quarter.

16 Current year prospects

While rising costs and inflation will remain a great concern in 2008, we also see the foreign currency exchange risk and global inflation as major challenges to hamper growth and trade. In addressing these concerns, the Group will continue to rely on its prudent expansion strategy, focusing on product range expansion and increasing operational efficiencies.

Barring any unforeseen circumstances, the Group will record satisfactory financial performance in 2008.

17 Profit forecast

Not applicable as no profit forecast was published.

18 Tax expenses

	Individual Quarter Current Year RM'000	Cumulative Quarter Current Year RM'000
Tax expenses for the period	976	2,976
(Over)/under provision of tax expense in prior year	-	38
Deferred tax liabilities	422	(1,126)
	1,398	1,888
	1,398	1,888

The effective tax rate of the Group for the current quarter is 19.1% and year to date is 7.6%. 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 during the current quarter and financial year to date.

During the quarter under review, a subsidiary of the Company, Hoeken Industrial Sdn. Bhd. had completed the disposal of the entire piece of freehold industrial land measuring approximately three acres together with a single-storey factory buildings and a two-storey office erected thereon held under title No. GM 3176, Lot 4993, Mukim Kapar, Daerah Klang, Negeri Selangor. The disposal had resulted in a net loss of approximately RM60,000.

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 22 February 2008.

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

22 Borrowings and debt securities

	As at 31.12.2007 RM'000
Current	
- <i>Unsecured</i>	
Term loans	5,742
Bankers' acceptance	19,900
Revolving credit	5,000
	<u>30,642</u>
Non-current	
- <i>Unsecured</i>	
Term loans	10,636
Total Borrowings	<u><u>41,278</u></u>

There are no borrowings denominated in foreign currency.

23 Off balance sheet financial instruments

As at 22 February 2008, the Group had entered into forward foreign exchange contracts amounted to US Dollar 1 million equivalent to approximately RM3.3 million. The latest maturity date of these contracts is 16 July 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 22 February 2008.

25 Dividend

The Board of Directors is pleased to propose a final tax exempt dividend for the financial year ended 31 December 2007 of 8 sen per ordinary share, amounting to RM6,012,528 (2006 : 11 sen per ordinary share less 27% Malaysian Income Tax, M6,035,075).

The proposed final dividend has yet to be approved by the shareholders at the forthcoming Annual General Meeting. This dividend, upon approval by the shareholders, will be accounted for as an appropriation of retained earnings in the year in which it is declared. The dividend payment date and entitlement date will be advised later.

26 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter	Quarter	Year To	Year To
	Ended	Ended	Date Ended	Date Ended
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Net profit for the quarter (RM'000)	5,931	6,599	23,003	26,900
Number of ordinary shares in issue	75,156,600	75,156,600	75,156,600	75,156,600
Basic earnings per share (sen)	7.89	8.78	30.61	35.79

By Order of the Board
MAH LI CHEN
Secretary

Kuala Lumpur
29 February 2008