



**NEW HOONG FATT HOLDINGS BERHAD** (425709-K)  
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## CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

The Board of Directors is pleased to announce the Group's quarterly report on consolidated results for the second financial quarter ended 30 June 2008. The figures have not been audited.

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2008	Quarter ended 30.06.2007	6 months ended 30.06.2008	6 months ended 30.06.2007
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		43,902	36,342	86,572	72,898
Cost of sales		<u>(30,931)</u>	<u>(26,116)</u>	<u>(61,966)</u>	<u>(53,179)</u>
<b>Gross profit</b>		12,971	10,226	24,606	19,719
Other operating income		1,837	1,122	3,610	2,296
Operating expenses		(5,704)	(5,282)	(12,269)	(10,659)
Finance costs		<u>(620)</u>	<u>(413)</u>	<u>(1,163)</u>	<u>(892)</u>
<b>Profit before tax</b>		8,484	5,653	14,784	10,464
Tax expenses	18	<u>(922)</u>	<u>(206)</u>	<u>(1,480)</u>	<u>281</u>
<b>Profit after tax</b>		7,562	5,447	13,304	10,745
Minority interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net profit for the period</b>		<u><u>7,562</u></u>	<u><u>5,447</u></u>	<u><u>13,304</u></u>	<u><u>10,745</u></u>
Basic earnings per ordinary share (sen)	26	10.06	7.25	17.70	14.30
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 2007)*

**CONDENSED CONSOLIDATED BALANCE SHEETS**

		<b>Unaudited as at 30.06.2008</b>	<b>Audited as at 31.12.2007</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
- Property, plant and equipment		151,808	151,284
- Prepaid lease payments for land		9,728	9,838
- Investments		83	83
- Intangible asset - Goodwill		31,226	31,226
		192,845	192,431
<b>Current Assets</b>			
- Inventories		20,943	24,476
- Trade receivables		41,652	40,268
- Other receivables, deposits & prepayments		5,743	4,156
- Cash and cash equivalents		38,843	17,583
		107,181	86,483
<b>Total Assets</b>		<b>300,026</b>	<b>278,914</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		75,157	75,157
Reserves			
Non-Distributable:			
- Share premium		4,210	4,210
- Revaluation reserve		13,513	13,513
Distributable:			
- Retained profits		122,061	114,769
		139,784	132,492
<b>Total Equity</b>		<b>214,941</b>	<b>207,649</b>
<b>Non-Current Liabilities</b>			
- Borrowings (interest bearing)	22	10,149	10,636
- Deferred tax liabilities		13,699	13,987
		23,848	24,623
<b>Current Liabilities</b>			
- Trade payables		6,650	5,394
- Other payables & accruals		8,798	9,758
- Borrowings (interest bearing)	22	44,226	30,642
- Current tax payable		1,563	848
		61,237	46,642
<b>Total Liabilities</b>		<b>85,085</b>	<b>71,265</b>
<b>Total Equity and Liabilities</b>		<b>300,026</b>	<b>278,914</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)		2.86	2.76

*(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)*

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>6 months ended 30.06.2008</b>	<b>6 months ended 30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	14,784	10,464
Adjustments for:-		
Non-cash items	8,388	7,237
Non-operating items	818	741
Operating profit before working capital changes	23,990	18,442
Net change in current assets	550	(5,322)
Net change in current liabilities	2,550	(398)
Tax paid	(1,052)	(1,494)
<b>Net cash from operating activities</b>	<b>26,038</b>	<b>11,228</b>
Investing activities		
Proceeds from disposal of property, plant and equipment	102	261
Purchase of property, plant and equipment	(8,892)	(11,916)
Interest received	345	150
<b>Net cash used in investing activities</b>	<b>(8,445)</b>	<b>(11,505)</b>
Interest paid	(1,163)	(892)
Drawdown of short term borrowings	15,300	6,469
Dividend paid	(8,267)	(8,290)
Repayment of term loan	(2,203)	484
<b>Net cash from/(used in) financing activities</b>	<b>3,667</b>	<b>(2,229)</b>
Net increase/(decrease) in cash and cash equivalents	21,260	(2,506)
Cash and cash equivalents at beginning of financial period	17,583	11,808
Cash and cash equivalents at end of the financial period	38,843	9,302

*(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)*

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

		Share capital	Share premium	Revaluation reserve	Retained profits	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2007		75,157	4,210	12,899	100,056	192,322
Profit after tax		-	-	-	10,745	10,745
Dividend		-	-	-	(6,035)	(6,035)
Revaluation surplus		-	-	532	-	532
<b>Balance as at 30 June 2007</b>		<u>75,157</u>	<u>4,210</u>	<u>13,431</u>	<u>104,766</u>	<u>197,564</u>
Balance as at 1 January 2008		75,157	4,210	13,513	114,769	207,649
Profit after tax		-	-	-	13,304	13,304
Dividend	7	-	-	-	(6,012)	(6,012)
<b>Balance as at 30 June 2008</b>		<u>75,157</u>	<u>4,210</u>	<u>13,513</u>	<u>122,061</u>	<u>214,941</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 2007)*

## **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 2007.

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 2007 except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) which are effective for the financial year beginning 1 January 2008:-

- FRS 107 Cash Flow Statements
- FRS 111 Construction Contracts
- FRS 112 Income Taxes
- FRS 118 Revenue
- FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the FRS 107, 112, 118, 134 and 137 do not have any significant financial impact on the results of the Group. FRS 111 and 120 are not relevant to the Group’s operations.

### **2 Qualified audit report**

The financial statements for the financial year ended 31 December 2007 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**

	<b>Quarter ended 30.06.2008 RM'000</b>	<b>6 months ended 30.06.2008 RM'000</b>
Interim tax exempt dividend of 3 sen per ordinary share declared in 2007	-	2,255
Final tax exempt dividend of 8 sen per ordinary share declared in 2008	6,012	6,012
	6,012	8,267

**8 Segmental information**

	<b>Quarter ended</b>		<b>6 months ended</b>	
	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Segment Revenue</u>				
- Trading	33,148	27,044	64,146	53,979
- Manufacturing	30,410	25,499	60,765	51,275
- Investment Holding	8,384	8,175	8,468	8,271
- Others	136	236	259	483
Elimination of inter segment sales	(28,176)	(24,612)	(47,066)	(41,110)
Group Revenue	43,902	36,342	86,572	72,898
<u>Segment Results</u>				
- Trading	1,686	1,074	3,148	1,892
- Manufacturing	7,456	4,962	12,897	9,354
- Investment Holding	8,247	8,030	8,191	8,025
- Others	15	79	11	164
Consolidated Adjustment	(8,300)	(8,079)	(8,300)	(8,079)
Segment Results	9,104	6,066	15,947	11,356
Finance Costs	(620)	(413)	(1,163)	(892)
Group Results	8,484	5,653	14,784	10,464

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

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

**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 17 July 2008 which is likely to affect substantially the results of the operations of the Group for the financial period ended 30 June 2008.

**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 30.06.2008 RM'000</b>	<b>As at 31.12.2007 RM'000</b>
Guarantee in favour of banks for banking facilities granted to subsidiary companies	54,375	41,278
Guarantee in favour of third parties for supply of goods to subsidiary companies	725	1,142
	55,100	42,420

**13 Capital commitments**

Contracted but not provided for in respect of property, plant and equipment

<b>Group As at 30.06.2008 RM'000</b>
6,383

**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 20.9% from RM36.3 million achieved in corresponding quarter last year to RM43.9 million this quarter. Total revenue for current financial period to date had increased by 18.8% to RM86.6 million from RM72.9 million last financial period. The increase was mainly due to increase in local and export sales.

Profit before tax for the current quarter increase by 49.1% to RM8.5 million from RM5.7 million in the corresponding quarter last year. For the current financial period to date, profit before tax has increased by 41.0% from RM10.5 million previously to RM14.8 million this year. This was mainly due to higher sales achieved and higher sales of steel scrap.

**15 Variation of results against preceding quarter**

Profit before tax for the current quarter has increased by 34.9% to RM8.5 million from RM6.3 million in the preceding quarter. This was mainly due to increase in local sales this quarter, and payment of annual insurance premium and high machine maintenance costs incurred in preceding quarter.

**16 Current year prospects**

Despite the significant growth in revenue and profit in current financial period to date compared to the corresponding financial period of 2007, the Group remains cautious as rising costs of raw materials and inflation threatens to affect revenue growth and profit margins for the remainder of the year. However, barring any unforeseen circumstances, the Group expects to record satisfactory financial performance in 2008.

**17 Profit forecast**

Not applicable as no profit forecast was published.

**18 Tax expenses**

	<b>Quarter ended 30.06.2008 RM'000</b>	<b>6 months ended 30.06.2008 RM'000</b>
Tax expenses for the period	971	1,767
Deferred tax liabilities	(49)	(287)
	<u>922</u>	<u>1,480</u>

The effective tax rate of the Group for the current quarter is 10.9% and year to date is 10.0%. This is lower than the statutory tax rate mainly because of the utilisation of reinvestment allowances by certain subsidiary companies of the Group.

**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.

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 17 July 2008.

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

**22 Borrowings and debt securities**

	<b>As at 30.06.2008 RM'000</b>
<b>Current</b>	
- <i>Unsecured</i>	
Term loans	4,026
Bankers' acceptance	35,200
Revolving credit	5,000
	<u>44,226</u>
<b>Non-current</b>	
- <i>Unsecured</i>	
Term loans	10,149
<b>Total Borrowings</b>	<u>54,375</u>

There are no borrowings denominated in foreign currency.



**23 Off balance sheet financial instruments**

As at 17 July 2008, the Group had entered into forward foreign exchange contracts amounted to US Dollar 2 million equivalent to approximately RM6.4 million. The latest maturity date of these contracts is 22 October 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 17 July 2008.

**25 Dividend**

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 June 2008.

**26 Earnings per share**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Quarter ended</b>	<b>Quarter ended</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30.06.2008</b>	<b>30.06.2007</b>	<b>30.06.2008</b>	<b>30.06.2007</b>
Net profit for the quarter (RM'000)	<u>7,562</u>	<u>5,447</u>	<u>13,304</u>	<u>10,745</u>
Number of ordinary shares in issue	75,156,600	75,156,600	75,156,600	75,156,600
Basic earnings per share (sen)	10.06	7.25	17.70	14.30

By Order of the Board  
MAH LI CHEN  
Secretary

Kuala Lumpur  
24 July 2008