

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

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Website : [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my)**RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.03.2015	Quarter ended 31.03.2014	Year to date ended 31.03.2015	Year to date ended 31.03.2014
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>48,199</b>	<b>45,951</b>	<b>48,199</b>	<b>45,951</b>
Cost of sales		(35,201)	(34,092)	(35,201)	(34,092)
Gross profit		12,998	11,859	12,998	11,859
Other operating income		3,040	2,130	3,040	2,130
Operating expenses		(10,511)	(10,081)	(10,511)	(10,081)
Finance costs		(221)	(416)	(221)	(416)
<b>Profit before tax</b>		<b>5,306</b>	<b>3,492</b>	<b>5,306</b>	<b>3,492</b>
Tax expense	20	(939)	(1,012)	(939)	(1,012)
<b>Net profit for the period</b>		<b>4,367</b>	<b>2,480</b>	<b>4,367</b>	<b>2,480</b>
Other comprehensive income/(loss)					
Foreign currency translations		287	(972)	287	(972)
<b>Total comprehensive income for the period</b>		<b>4,654</b>	<b>1,508</b>	<b>4,654</b>	<b>1,508</b>
Profit attributable to owners of the parent		4,367	2,480	4,367	2,480
<b>Total comprehensive income attributable to owners of the parent</b>		<b>4,654</b>	<b>1,508</b>	<b>4,654</b>	<b>1,508</b>
<b>Earnings per share attributable to owners of the parent</b>	26				
Basic (sen)		5.81	3.30	5.81	3.30
Diluted (sen)		N.A.	N.A.	N.A.	N.A.

*(The Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2014)*

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		263,261	259,533
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		87	128
		279,078	275,391
<b>Current Assets</b>			
Inventories		37,660	36,325
Trade receivables		32,628	36,641
Other receivables, deposits & prepayments		6,125	5,785
Current tax assets		1,706	1,704
Cash and bank balances		14,965	13,486
		93,084	93,941
<b>Total Assets</b>		<b>372,162</b>	<b>369,332</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		75,157	75,157
Reserves			
<u>Non-Distributable:</u>			
Share premium		4,210	4,210
Revaluation reserve		36,550	36,550
Exchange translation reserve		(967)	(1,254)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		204,486	200,119
		244,326	239,672
<b>Total Equity</b>		<b>319,483</b>	<b>314,829</b>
<b>Non-Current Liabilities</b>			
Borrowings (interest bearing)	22	2,782	2,918
Deferred tax liabilities		20,662	20,702
		23,444	23,620
<b>Current Liabilities</b>			
Trade payables		5,042	6,876
Other payables & accruals		4,011	6,919
Borrowings (interest bearing)	22	19,539	16,552
Current tax liabilities		643	536
		29,235	30,883
<b>Total Liabilities</b>		<b>52,679</b>	<b>54,503</b>
<b>Total Equity and Liabilities</b>		<b>372,162</b>	<b>369,332</b>
Net assets per share attributable to owners of the parent (RM)		4.25	4.19

*(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2014)*

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year to date ended 31.03.2015 RM'000</b>	<b>Year to date ended 31.03.2014 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	5,306	3,492
Adjustments for:-		
Amortisation and depreciation	5,812	5,852
Bad debts written off	4	-
Impairment losses on trade receivables	241	-
Interest income	(41)	(72)
Interest expense	221	416
Net gain on disposal of property, plant and equipment	(66)	(11)
Property, plant and equipment written off	4	-
Unrealised gain on foreign exchange differences	(300)	(53)
Operating profit before changes in working capital	11,181	9,624
Net change in current assets	2,380	2,380
Net change in current liabilities	(4,796)	(7,291)
Tax paid	(874)	(1,370)
<b>Net cash generated from operating activities</b>	<b>7,891</b>	<b>3,343</b>
<b>Cash Flows From Investing Activities</b>		
Interest received	41	72
Proceeds from disposal of property, plant and equipment	66	11
Purchase of property, plant and equipment	(9,210)	(3,761)
<b>Net cash used in investing activities</b>	<b>(9,103)</b>	<b>(3,678)</b>
<b>Cash Flows From Financing Activities</b>		
Interest paid	(221)	(416)
Net drawdown/(repayment) of bank borrowings	2,851	(2,368)
Repayment of hire purchase	-	(3)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,630</b>	<b>(2,787)</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS** (continued)

	<b>Year to date ended 31.03.2015 RM'000</b>	<b>Year to date ended 31.03.2014 RM'000</b>
Net increase/(decrease) in cash and cash equivalents	1,418	(3,122)
Effects of exchange rate fluctuations on cash & cash equivalents	61	20
Cash and cash equivalents at beginning of the financial period	13,486	25,686
<b>Cash and cash equivalents at end of the financial period</b>	<b>14,965</b>	<b>22,584</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash and bank balances	14,965	20,806
Short term placements	-	1,778
	<b>14,965</b>	<b>22,584</b>

*(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2014)*

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to owners of the parent						Total Equity RM'000
	Non-distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available for sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
As at 1 January 2014	75,157	4,210	36,550	47	357	197,164	313,485
Profit for the financial period	-	-	-	-	-	2,480	2,480
Foreign currency translations	-	-	-	-	(972)	-	(972)
Total comprehensive (loss)/income	-	-	-	-	(972)	2,480	1,508
<b>As at 31 March 2014</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(615)</b>	<b>199,644</b>	<b>314,993</b>
As at 1 January 2015	75,157	4,210	36,550	47	(1,254)	200,119	314,829
Profit for the financial period	-	-	-	-	-	4,367	4,367
Foreign currency translations	-	-	-	-	287	-	287
Total comprehensive income	-	-	-	-	287	4,367	4,654
<b>As at 31 March 2015</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(967)</b>	<b>204,486</b>	<b>319,483</b>

*(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2014)*

## PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134, INTERIM FINANCIAL REPORTING

### 1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market 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 2014.

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 financial year ended 31 December 2014.

### 2 Adoption of Malaysian Financial Reporting Standards

The significant accounting policies 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 2014, except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”) applied during the current financial period :-

<b>Title</b>	<b>Effective date</b>
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014

The Group has not adopted the following Standards of MFRS Framework that have been issued but not yet effective:

<b>Title</b>	<b>Effective date</b>
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statement</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements 2012 – 2014 Cycle</i>	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

### 3 Qualified audit report

The financial statements for the financial year ended 31 December 2014 was not qualified.

### 4 Seasonal or cyclical factors

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

### 5 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.

### 6 Changes in estimates

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

### 7 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.

### 8 Dividends paid

There were no dividends paid during the quarter under review.

### 9 Segmental information

By Business Segment	Quarter ended		Year to date ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	26,722	29,379	26,722	29,379
- Manufacturing	39,498	34,293	39,498	34,293
- Investment	3,984	3,273	3,984	3,273
Elimination of inter segment revenue	(22,005)	(20,994)	(22,005)	(20,994)
Total Segment Revenue	48,199	45,951	48,199	45,951
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(903)	(139)	(903)	(139)
- Manufacturing	6,601	4,300	6,601	4,300
- Investment	(171)	(253)	(171)	(253)
Total Segment Profit	5,527	3,908	5,527	3,908

## 9 Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	24,424	27,857	24,424	27,857
- Asean	8,701	6,976	8,701	6,976
- Non-Asean	15,074	11,118	15,074	11,118
Total Segment Revenue	48,199	45,951	48,199	45,951
<u>Segment Capital Expenditure</u>				
- Malaysia	9,144	3,752	9,144	3,752
- Asean	65	8	65	8
- Non-Asean	1	1	1	1
Total Segment Capital Expenditure	9,210	3,761	9,210	3,761

By Geographical Segment	As at 31.03.2015	As at 31.12.2014
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	333,870	330,775
- Asean	30,416	29,332
- Non-Asean	7,876	9,225
Total Segment Assets	372,162	369,332

Included in the measure of segment profit are:

	Trading RM'000	Manufacturing RM'000	Investment RM'000	Total RM'000
Depreciation and amortisation	(711)	(5,101)	-	(5,812)

Reconciliation of reportable segment profit or loss to the Group's corresponding amount is as follows:

Profit for the financial period	RM'000
Total profit for reportable segments	5,527
Finance costs	(221)
Profit before tax	5,306
Income tax expense	(939)
Net profit for the financial period	4,367



**10 Valuation of property, plant and equipment and investment properties**

The valuation of land and buildings has been brought forward, without any amendment to the previous annual financial statements.

**11 Subsequent events**

In the opinion of the Directors, there are no material subsequent events to be disclosed as at the date of this report.

**12 Changes in the composition of the Group**

In 2011, Hoeken Industrial Sdn. Bhd. (“HISB”), a wholly-owned subsidiary of the Group and of the Company had commenced a member’s voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965.

The liquidation process had been completed and HISB was fully dissolved on 9 March 2015. During the previous financial year, proceeds of RM44,250 was received by the Company. Accordingly, cost of investment amounted to RM56,573,000 and impairment loss of RM55,526,960 previously recognised had been written off. In addition, investment in a subsidiary of RM1,790 was written off during the previous financial year. The remaining balance of RM1,000,000 was offset against the amount owing by the Company.

**13 Changes in contingent liabilities**

The contingent liabilities of the Group were as follows:

	<b>As at 31.03.2015 RM’000</b>	<b>As at 31.12.2014 RM’000</b>
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	30,379	25,186

**14 Capital commitments**

<u>Property, plant and equipment</u>	<b>As at 31.03.2015 RM’000</b>
Contracted but not provided for	8,550
Approved but not contracted for	36,811

## **PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

### **15 Review of performance**

#### Comparison of current quarter with corresponding quarter of preceding year

The Group recorded a 4.8% increase in revenue to RM48.2 million in the current quarter under review (“1Q 2015”) compared to RM46.0 million in 1Q 2014. The increase in revenue was attributed to higher demand in the overseas market.

Profit before taxation increased by 51.4% from RM3.5 million in 1Q 2014 to RM5.3 million in 1Q 2015 mainly due to higher revenue achieved.

### **16 Segmental performance review**

#### **Trading segment**

#### Comparison of current quarter with corresponding quarter of preceding year

The trading segment recorded revenue of RM26.7 million in 1Q 2015, a decrease of 9.2% compared to RM29.4 million in 1Q 2014. The decrease in revenue was mainly attributed to lower demand in the local market.

As a result of the lower revenue recorded, loss for the segment in 1Q 2015 increased to RM0.9 million compared to RM0.1 million loss in 1Q 2014.

#### **Manufacturing segment**

#### Comparison of current quarter with corresponding quarter of preceding year

Manufacturing segment recorded revenue of RM39.5 million in 1Q 2015, an increase of 15.2% compared to RM34.3 million in 1Q 2014. This was mainly due to higher demand in the overseas market.

Profit for the segment increased by 53.5%, from RM4.3 million in 1Q 2014 to RM6.6 million in 1Q 2015 mainly due to higher revenue.

### **17 Variation of results against preceding quarter**

Compared to the preceding quarter, revenue increased by 1.3% from RM47.6 million in 4Q 2014 to RM48.2 million in 1Q 2015, mainly due to higher demand in the overseas market.

In line with the higher revenue achieved, profit before taxation increased by 32.5% from RM4.0 million in 4Q 2014 to RM5.3 million in the current quarter under review.

### **18 Current Year Prospects**

The Malaysian economy faces uncertainty with volatile oil prices, a weakening Ringgit Malaysia against the US Dollar and concerns about the rising cost of doing business. These factors weigh heavily on consumers’ confidence and demand. However, the Group will continue to work on improving operational efficiency and market development to strengthen our competitiveness in the market.

**19 Profit forecast**

There was no revenue or profit forecast announced by the Group.

**20 Tax expense**

	<b>Quarter ended 31.03.2015 RM'000</b>	<b>Year to date ended 31.03.2015 RM'000</b>
Tax expense	(979)	(979)
Deferred tax liabilities	40	40
	<u>(939)</u>	<u>(939)</u>

The effective tax rate for the current quarter and year to date were lower than the statutory tax rate due to adjustments in deferred taxation from 25% to 24% which is in line with the statutory tax rate for 2016.

**21 Status of corporate proposal**

There were no corporate proposals announced but not completed as at the date of this report.

**22 Group borrowings and debt securities**

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Current liabilities</b>		
<i>Unsecured:-</i>		
Bankers' acceptance	13,500	12,000
Term loans	6,039	4,552
Sub-total	<u>19,539</u>	<u>16,552</u>
<b>Non-current liabilities</b>		
<i>Unsecured:-</i>		
Term loans	2,782	2,918
Sub-total	<u>2,782</u>	<u>2,918</u>
<b>Total borrowings</b>	<u>22,321</u>	<u>19,470</u>
 <b>Total borrowings</b>		
Bankers' acceptances	13,500	12,000
Term loans	8,821	7,470
	<u>22,321</u>	<u>19,470</u>

**22 Group borrowings and debt securities (continued)**

The currency exposure profile of borrowings is as follows:

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
Ringgit Malaysia	21,615	18,883
Chinese Renminbi	706	587
	<u>22,321</u>	<u>19,470</u>

**23 Changes in fair value of financial instruments**

The carrying amounts of the financial instruments of the Group as at reporting date approximate their fair values due to relatively short term maturity of these financial instruments.

**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 the date of this report.

**25 Dividends**

The Board of Directors has not recommended any interim dividend for the financial quarter ended 31 March 2015.

**26 Earnings per share**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended 31.03.2015</u>	<u>Quarter ended 31.03.2014</u>	<u>Year to date ended 31.03.2015</u>	<u>Year to date ended 31.03.2014</u>
Net profit attributable to owners of the parent (RM'000)	<u>4,367</u>	<u>2,480</u>	<u>4,367</u>	<u>2,480</u>
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	75,157	75,157	75,157	75,157
Basic earnings per share (sen)	5.81	3.30	5.81	3.30

**27 Realised and unrealised profits or losses disclosure**

The determination of Realised and Unrealised Profits or Losses is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and at the directive of Bursa Malaysia Securities Berhad:

	<b>As at 31.03.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
Total retained earnings before consolidated adjustments		
- Realised	279,560	273,471
- Unrealised	(12,603)	(12,038)
	266,957	261,433
Less : Consolidated adjustments	(62,471)	(61,314)
Total Group retained earnings as per consolidated financial statements	204,486	200,119

**28 Profit before tax**

	<b>Quarter ended 31.03.2015 RM'000</b>	<b>Year to date ended 31.03.2015 RM'000</b>
Profit before tax is arrived at after charging/ (crediting):		
Amortisation of intangible asset	39	39
Bad debts written off	4	4
Depreciation of property, plant and equipment	5,773	5,773
Fair value gain on investment properties	-	-
Impairment losses on trade receivables	241	241
Interest expense	221	221
Interest income	(41)	(41)
Inventories written back	-	-
Net gain on disposal of property, plant and equipment	(66)	(66)
Net realised gain on foreign exchange transactions	(588)	(588)
Net unrealised gain on foreign exchange translations	(300)	(300)
Property, plant and equipment written off	4	4
Rental income from investment properties	(200)	(200)
Reversal of impairment loss on trade receivables	-	-

By Order of the Board

YEOH CHONG KEAT  
REBECCA LEONG SIEW KWAN  
Secretaries

Kuala Lumpur  
5 May 2015