


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

Lot 5043, Jalan Teratai, Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia.

Tel : 603-3392 6818

 E-mail : [enquiries@newhoongfatt.com.my](mailto:enquiries@newhoongfatt.com.my)

Fax : 603-3392 6808

 Website : [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my)
**RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2015**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2015	Quarter ended 30.06.2014	Year to date ended 30.06.2015	Year to date ended 30.06.2014
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>51,659</b>	<b>56,806</b>	<b>99,858</b>	<b>102,757</b>
Cost of sales		(36,534)	(41,793)	(71,735)	(75,885)
Gross profit		15,125	15,013	28,123	26,872
Other operating income		2,821	3,956	5,861	6,086
Operating expenses		(10,543)	(12,557)	(21,054)	(22,638)
Finance costs		(198)	(303)	(419)	(719)
<b>Profit before tax</b>		<b>7,205</b>	<b>6,109</b>	<b>12,511</b>	<b>9,601</b>
Tax expense	20	(2,048)	(637)	(2,987)	(1,649)
<b>Net profit for the period</b>		<b>5,157</b>	<b>5,472</b>	<b>9,524</b>	<b>7,952</b>
Other comprehensive loss					
Foreign currency translations		(1,433)	(2,245)	(1,146)	(3,217)
<b>Total comprehensive income for the period</b>		<b>3,724</b>	<b>3,227</b>	<b>8,378</b>	<b>4,735</b>
Profit attributable to owners of the parent		5,157	5,472	9,524	7,952
<b>Total comprehensive income attributable to owners of the parent</b>		<b>3,724</b>	<b>3,227</b>	<b>8,378</b>	<b>4,735</b>
<b>Earnings per share attributable to owners of the parent</b>	26				
Basic (sen)		6.86	7.28	12.67	10.58
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 30.06.2015 RM'000	As at 31.12.2014 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		266,278	259,533
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		48	128
		282,056	275,391
<b>Current Assets</b>			
Inventories		41,637	36,325
Trade receivables		32,656	36,641
Other receivables, deposits & prepayments		7,815	5,785
Current tax assets		1,093	1,704
Cash and bank balances		19,530	13,486
		102,731	93,941
<b>Total Assets</b>		<b>384,787</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		(2,400)	(1,254)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		209,643	200,119
		248,050	239,672
<b>Total Equity</b>		<b>323,207</b>	<b>314,829</b>
<b>Non-Current Liabilities</b>			
Borrowings (interest bearing)	22	1,108	2,918
Deferred tax liabilities		20,799	20,702
		21,907	23,620
<b>Current Liabilities</b>			
Trade payables		7,156	6,876
Other payables & accruals		5,341	6,919
Borrowings (interest bearing)	22	26,192	16,552
Current tax liabilities		984	536
		39,673	30,883
<b>Total Liabilities</b>		<b>61,580</b>	<b>54,503</b>
<b>Total Equity and Liabilities</b>		<b>384,787</b>	<b>369,332</b>
Net assets per share attributable to owners of the parent (RM)		4.30	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 30.06.2015 RM'000</b>	<b>Year to date ended 30.06.2014 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	12,511	9,601
Adjustments for:-		
Amortisation and depreciation	11,469	11,764
Bad debts written off	4	-
Impairment losses on trade receivables	241	-
Interest income	(79)	(135)
Interest expense	419	719
Net gain on disposal of property, plant and equipment	(69)	(210)
Property, plant and equipment written off	173	-
Reversal of impairment loss on trade receivables	(6)	-
Unrealised loss on foreign exchange differences	80	648
Operating profit before changes in working capital	24,743	22,387
Net change in current assets	(3,597)	862
Net change in current liabilities	(1,910)	(6,419)
Tax paid	(1,831)	(2,445)
<b>Net cash generated from operating activities</b>	17,405	14,385
<b>Cash Flows From Investing Activities</b>		
Interest received	79	133
Proceeds from disposal of property, plant and equipment	69	282
Purchase of property, plant and equipment	(18,867)	(8,640)
<b>Net cash used in investing activities</b>	(18,719)	(8,225)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(423)	(719)
Net drawdown/(repayment) of bank borrowings	7,809	(1,191)
Repayment of hire purchase	-	(3)
<b>Net cash generated from/(used in) financing activities</b>	7,386	(1,913)

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

	<b>Year to date ended 30.06.2015 RM'000</b>	<b>Year to date ended 30.06.2014 RM'000</b>
Net increase in cash and cash equivalents	6,072	4,247
Effects of exchange rate fluctuations on cash & cash equivalents	(28)	(628)
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>19,530</b>	<b>29,305</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash and bank balances	19,525	27,789
Short term placements	5	1,516
	<b>19,530</b>	<b>29,305</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						
	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	Total Equity RM'000
As at 1 January 2014	75,157	4,210	36,550	47	357	197,164	313,485
Profit for the financial period	-	-	-	-	-	7,952	7,952
Foreign currency translations	-	-	-	-	(3,217)	-	(3,217)
Total comprehensive (loss)/income	-	-	-	-	(3,217)	7,952	4,735
<b>As at 30 June 2014</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(2,860)</b>	<b>205,116</b>	<b>318,220</b>
As at 1 January 2015	75,157	4,210	36,550	47	(1,254)	200,119	314,829
Profit for the financial period	-	-	-	-	-	9,524	9,524
Foreign currency translations	-	-	-	-	(1,146)	-	(1,146)
Total comprehensive (loss)/income	-	-	-	-	(1,146)	9,524	8,378
<b>As at 30 June 2015</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(2,400)</b>	<b>209,643</b>	<b>323,207</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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	26,365	32,723	53,087	62,102
- Manufacturing	53,674	43,442	93,172	77,735
- Investment	4,420	3,839	8,404	7,112
Elimination of inter segment revenue	(32,800)	(23,198)	(54,805)	(44,192)
Total Segment Revenue	51,659	56,806	99,858	102,757
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(1,820)	(414)	(2,723)	(553)
- Manufacturing	9,468	7,000	16,069	11,300
- Investment	(245)	(174)	(416)	(427)
Total Segment Profit	7,403	6,412	12,930	10,320

## 9 Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	23,959	31,241	48,383	59,098
- Asean	6,547	7,881	15,248	14,857
- Non-Asean	21,153	17,684	36,227	28,802
Total Segment Revenue	51,659	56,806	99,858	102,757
<u>Segment Capital Expenditure</u>				
- Malaysia	9,594	4,844	18,738	8,596
- Asean	63	33	128	41
- Non-Asean	-	2	1	3
Total Segment Capital Expenditure	9,657	4,879	18,867	8,640

By Geographical Segment	As at 30.06.2015	As at 31.12.2014
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	347,543	330,775
- Asean	28,922	29,332
- Non-Asean	8,322	9,225
Total Segment Assets	384,787	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	(1,429)	(10,040)	-	(11,469)

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	12,930
Finance costs	(419)
Profit before tax	12,511
Income tax expense	(2,987)
Net profit for the financial period	9,524



**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**

There are no changes in the composition of the Group.

**13 Changes in contingent liabilities**

The contingent liabilities of the Group were as follows:

	<b>As at 30.06.2015 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	<u>31,910</u>	<u>25,186</u>

**14 Capital commitments**

<u>Property, plant and equipment</u>	<b>As at 30.06.2015 RM'000</b>
Contracted but not provided for	<u>6,346</u>
Approved but not contracted for	<u>29,895</u>

## **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 9.0% decrease in revenue to RM51.7 million in the current quarter under review (“2Q 2015”) compared to RM56.8 million in 2Q 2014. The decrease in revenue was attributed to lower demand in the local market.

However, Profit Before Tax (“PBT”) increased by 18.0% from RM6.1 million in 2Q 2014 to RM7.2 million in 2Q 2015, mainly due to lower operating expenses and favourable impacts from foreign exchange rates.

#### Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the financial period ended 30 June 2015 (“YTD 2Q 2015”) was RM99.9 million, a 2.8% decrease compared to RM102.8 million in YTD 2Q 2014. The decrease in revenue was largely attributed to lower demand in the local market.

Despite of the lower revenue achieved, PBT increased by 30.2% from RM9.6 million in YTD 2Q 2014 to RM12.5 million in YTD 2Q 2015. This was mainly due to lower operating expenses and favourable impacts from foreign exchange rates.

### **16 Segmental performance review**

#### **Trading segment**

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

The trading segment recorded revenue of RM26.4 million in 2Q 2015, a decrease of 19.3% compared to RM32.7 million in 2Q 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 2Q 2015 increased to RM1.8 million compared to RM0.4 million loss in 2Q 2014.

#### Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the trading segment amounted to RM53.1 million in YTD 2Q 2015, 14.5% lower than the revenue recorded of RM62.1 million in YTD 2Q 2014, mainly attributed to the lower demand in the local market.

Consequently, loss for the segment increased from RM0.6 million in YTD 2Q 2014 to RM2.7 million loss in YTD 2Q 2015.

## 16 Segmental performance review (continued)

### Manufacturing segment

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

Manufacturing segment recorded revenue of RM53.7 million in 2Q 2015, an increase of 23.7% compared to RM43.4 million in 2Q 2014. This was mainly due to higher revenue in the overseas market and favourable impacts from foreign exchange rates.

Profit for the segment increased by 35.7%, from RM7.0 million in 2Q 2014 to RM9.5 million in 2Q 2015 mainly due to higher revenue from the overseas market and lower operating expenses.

#### Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the manufacturing segment increased by 19.9%, from RM77.7 million in YTD 2Q 2014 to RM93.2 million in YTD 2Q 2015. The increase was mainly attributed to higher revenue in the overseas market and favourable foreign exchange rates.

Profit before taxation increased by 42.5% to RM16.1 million in YTD 2Q 2015, compared to RM11.3 million in YTD 2Q 2014. This was mainly due to higher revenue in the overseas market and lower operating expenses.

## 17 Variation of results against preceding quarter

Compared to the preceding quarter, revenue increased by 7.3% from RM48.2 million in 1Q 2015 to RM51.7 million in 2Q 2015, mainly due to higher revenue in the overseas market.

In line with the higher revenue achieved and the favourable impacts from foreign exchange rates, profit before taxation increased by 35.8% from RM5.3 million in 1Q 2015 to RM7.2 million in the current quarter under review.

## 18 Current Year Prospects

The Group continues to face stiff competition in the local and overseas markets, uncertainty in oil prices and weakening Ringgit Malaysia against the US Dollar. In light of the challenging environment, the Group will continue to work on the market development strategies locally and internationally to expand sales and to improve its productivity to strengthen the competitiveness in the market.

**19 Profit forecast**

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

**20 Tax expense**

	<b>Quarter ended 30.06.2015 RM'000</b>	<b>Year to date ended 30.06.2015 RM'000</b>
Tax expense	(1,912)	(2,890)
Deferred tax liabilities	(136)	(97)
	<u>(2,048)</u>	<u>(2,987)</u>

The effective tax rate is slightly higher during the current quarter, mainly due to timing differences of tax in the intercompany sale of goods within the Group. However, the effective tax rate for year to date is lower than the statutory tax rate due to the utilisation of Reinvestment Allowance by a subsidiary company of the Group.

**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 30.06.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
<b>Current liabilities</b>		
<i>Unsecured:-</i>		
Bankers' acceptance	19,500	12,000
Hire purchase	29	-
Term loans	6,663	4,552
Sub-total	<u>26,192</u>	<u>16,552</u>
<b>Non-current liabilities</b>		
<i>Unsecured:-</i>		
Term loans	1,108	2,918
Sub-total	<u>1,108</u>	<u>2,918</u>
<b>Total borrowings</b>	<u>27,300</u>	<u>19,470</u>
<b>Total borrowings</b>		
Bankers' acceptances	19,500	12,000
Hire purchase	29	-
Term loans	7,771	7,470
	<u>27,300</u>	<u>19,470</u>

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

The currency exposure profile of borrowings is as follows:

	<b>As at 30.06.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
Ringgit Malaysia	26,635	18,883
Chinese Renminbi	636	587
Indonesia Rupiah	29	-
	<u>27,300</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 30 June 2015.

**26 Earnings per share**

	<b><u>INDIVIDUAL QUARTER</u></b>		<b><u>CUMULATIVE QUARTER</u></b>	
	<b>Quarter ended 30.06.2015</b>	<b>Quarter ended 30.06.2014</b>	<b>Year to date ended 30.06.2015</b>	<b>Year to date ended 30.06.2014</b>
Net profit attributable to owners of the parent (RM'000)	<u>5,157</u>	<u>5,472</u>	<u>9,524</u>	<u>7,952</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)	6.86	7.28	12.67	10.58

**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 30.06.2015 RM'000</b>	<b>As at 31.12.2014 RM'000</b>
Total retained earnings before consolidated adjustments		
- Realised	289,314	273,471
- Unrealised	(12,232)	(12,038)
	<u>277,082</u>	<u>261,433</u>
Less : Consolidated adjustments	(67,439)	(61,314)
Total Group retained earnings as per consolidated financial statements	<u>209,643</u>	<u>200,119</u>

**28 Profit before tax**

	<b>Quarter ended 30.06.2015 RM'000</b>	<b>Year to date ended 30.06.2015 RM'000</b>
Profit before tax is arrived at after charging/ (crediting):		
Amortisation of intangible asset	40	79
Bad debts written off	-	4
Depreciation of property, plant and equipment	5,617	11,390
Fair value gain on investment properties	-	-
Impairment losses on trade receivables	-	241
Interest expense	198	419
Interest income	(38)	(79)
Inventories written back	-	-
Net gain on disposal of property, plant and equipment	(3)	(69)
Net realised gain on foreign exchange transactions	(312)	(900)
Net unrealised loss on foreign exchange translations	380	80
Property, plant and equipment written off	169	173
Rental income from investment properties	(200)	(400)
Reversal of impairment loss on trade receivables	(6)	(6)

By Order of the Board

YEOH CHONG KEAT  
REBECCA LEONG SIEW KWAN  
Secretaries

Kuala Lumpur  
11 August 2015