



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

Fax : 603-3392 6808

Website : www.newhoongfatt.com.my

RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.09.2015	Quarter ended 30.09.2014	Year to date ended 30.09.2015	Year to date ended 30.09.2014
		RM'000	RM'000	RM'000	RM'000
Revenue		53,171	50,249	153,029	153,006
Cost of sales		(37,264)	(37,613)	(108,999)	(113,498)
Gross profit		15,907	12,636	44,030	39,508
Other operating income		3,807	2,555	9,668	8,641
Operating expenses		(10,577)	(10,578)	(31,631)	(33,216)
Finance costs		(240)	(320)	(659)	(1,039)
Profit before tax		8,897	4,293	21,408	13,894
Tax expense	20	(3,659)	(1,704)	(6,646)	(3,353)
Net profit for the period		5,238	2,589	14,762	10,541
Other comprehensive income / (loss)					
Foreign currency translations		2,743	(346)	1,597	(3,563)
Total comprehensive income for the period		7,981	2,243	16,359	6,978
Profit attributable to owners of the parent		5,238	2,589	14,762	10,541
Total comprehensive income attributable to owners of the parent		7,981	2,243	16,359	6,978
Earnings per share attributable to owners of the parent	26				
Basic (sen)		6.97	3.44	19.64	14.03
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 30.09.2015 RM'000	As at 31.12.2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		268,714	259,533
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		14	128
		284,458	275,391
Current Assets			
Inventories		41,440	36,325
Trade receivables		39,085	36,641
Other receivables, deposits & prepayments		8,114	5,785
Current tax assets		1,116	1,704
Cash and bank balances		13,559	13,486
		103,314	93,941
Total Assets		387,772	369,332
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
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		343	(1,254)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		209,620	200,119
		250,770	239,672
Total Equity		325,927	314,829
Non-Current Liabilities			
Borrowings (interest bearing)	22	545	2,918
Deferred tax liabilities		23,127	20,702
		23,672	23,620
Current Liabilities			
Trade payables		6,806	6,876
Other payables & accruals		6,724	6,919
Borrowings (interest bearing)	22	23,781	16,552
Current tax liabilities		862	536
		38,173	30,883
Total Liabilities		61,845	54,503
Total Equity and Liabilities		387,772	369,332
Net assets per share attributable to owners of the parent (RM)		4.34	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

	Year to date ended 30.09.2015 RM'000	Year to date ended 30.09.2014 RM'000
Cash Flows From Operating Activities		
Profit before tax	21,408	13,894
Adjustments for:-		
Amortisation and depreciation	18,631	17,520
Bad debts written off	4	-
Impairment losses on trade receivables	264	-
Interest income	(119)	(184)
Interest expense	659	1,039
Inventories written down	283	-
Net gain on disposal of property, plant and equipment	(153)	(216)
Property, plant and equipment written off	189	-
Reversal of impairment loss on trade receivables	(23)	(4)
Unrealised (gain) / loss on foreign exchange differences	(947)	25
Operating profit before changes in working capital	40,196	32,074
Net change in current assets	(9,859)	3,758
Net change in current liabilities	(393)	(5,827)
Tax paid	(3,307)	(3,926)
Net cash generated from operating activities	26,637	26,079
Cash Flows From Investing Activities		
Interest received	119	184
Proceeds from disposal of property, plant and equipment	186	273
Purchase of property, plant and equipment	(26,085)	(17,241)
Net cash used in investing activities	(25,780)	(16,784)
Cash Flows From Financing Activities		
Interest paid	(659)	(1,039)
Net drawdown / (repayment) of bank borrowings	4,686	(7,115)
Drawdown / (Repayment) of hire purchase	20	(3)
Dividend paid	(5,261)	(6,764)
Net cash generated used in financing activities	(1,214)	(14,921)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date Ended 30.09.2015 RM'000	Year to date ended 30.09.2014 RM'000
Net decrease in cash and cash equivalents	(357)	(5,626)
Effects of exchange rate fluctuations on cash & cash equivalents	430	(424)
Cash and cash equivalents at beginning of the financial period	13,486	25,686
Cash and cash equivalents at end of the financial period	13,559	19,636
Cash and cash equivalents comprise of :		
Cash and bank balances	13,559	19,636
Short term placements	-	-
	13,559	19,636

(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	-	-	-	-	-	10,541	10,541
Foreign currency translations	-	-	-	-	(3,563)	-	(3,563)
Total comprehensive (loss)/income	-	-	-	-	(3,563)	10,541	6,978
Dividend	-	-	-	-	-	(6,764)	(6,764)
As at 30 September 2014	75,157	4,210	36,550	47	(3,206)	200,941	313,699
As at 1 January 2015	75,157	4,210	36,550	47	(1,254)	200,119	314,829
Profit for the financial period	-	-	-	-	-	14,762	14,762
Foreign currency translations	-	-	-	-	1,597	-	1,597
Total comprehensive income	-	-	-	-	1,597	14,762	16,359
Dividend	-	-	-	-	-	(5,261)	(5,261)
As at 30 September 2015	75,157	4,210	36,550	47	343	209,620	325,927

(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 :-

Title	Effective date
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:

Title	Effective date
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

	Quarter ended 30.09.2015 RM'000	Year to date ended 30.09.2015 RM'000
Final single tier dividend of 7 sen per ordinary share declared for financial year ended 2014, paid on 9 July 2015.	<u>5,261</u>	<u>5,261</u>

9 Segmental information

By Business Segment	Quarter ended		Year to date ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	28,511	30,564	81,508	92,666
- Manufacturing	24,660	19,685	71,521	60,340
Total Segment Revenue	53,171	50,249	153,029	153,006

9 Segmental information (continued)

By Business Segment	Quarter ended		Year to date ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(791)	158	(3,514)	(395)
- Manufacturing	10,087	4,592	26,156	15,892
- Investment	(159)	(137)	(575)	(564)
Total Segment Profit	9,137	4,613	22,067	14,933

By Geographical Segment	Quarter ended		Year to date ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	25,851	28,516	74,324	87,614
- Asean	6,783	6,790	22,566	21,647
- Non-Asean	20,537	14,943	56,139	43,745
Total Segment Revenue	53,171	50,249	153,029	153,006
<u>Segment Capital Expenditure</u>				
- Malaysia	7,806	8,590	25,946	17,186
- Asean	10	11	138	52
- Non-Asean	-	-	1	3
Total Segment Capital Expenditure	7,816	8,601	26,085	17,241

By Geographical Segment	As at 30.09.2015	As at 31.12.2014
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	343,934	330,775
- Asean	32,724	29,332
- Non-Asean	11,114	9,225
Total Segment Assets	387,772	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	(2,153)	(16,478)	-	(18,631)

9 Segmental information (continued)

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	22,067
Finance costs	<u>(659)</u>
Profit before tax	21,408
Income tax expense	<u>(6,646)</u>
Net profit for the financial period	<u><u>14,762</u></u>

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:

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>30,121</u>	<u>25,186</u>

14 Capital commitments

	As at 30.09.2015 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>10,861</u>
Approved but not contracted for	<u>12,623</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 under review with corresponding quarter of preceding year

The Group recorded a 6.0% increase in revenue to RM53.2 million in the current quarter under review (“3Q 2015”) compared to RM50.2 million in the corresponding quarter of preceding year (“3Q 2014”). The increase in revenue was mainly attributed to higher demand in the overseas market and favourable impact from foreign exchange rate. However, the increase in revenue in the overseas market was partially offset by lower demand from the local market.

Profit Before Tax (“PBT”) increased by RM4.6 million or 107.0%, from RM4.3 million in 3Q 2014 to RM8.9 million in 3Q 2015. The increase was mainly due to higher revenue and favourable impact from foreign exchange rate.

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

Revenue for the current year to date period ended 30 September 2015 (“YTD 3Q 2015”) of RM153.0 million was the same as the corresponding YTD period of preceding year (“YTD 3Q 2014”). The demand was generally lower in the local market but the decline was offset by the increase in revenue in the overseas market.

Although revenue did not increase, PBT had increased by 54.0% to RM21.4 million in YTD 3Q 2015 from RM13.9 million in YTD 3Q 2014. This was mainly due to lower operating expenses and favourable impact from foreign exchange rate.

16 Segmental performance review

Trading segment

Comparison of current quarter under review with corresponding quarter of preceding year

The trading segment recorded revenue of RM28.5 million in 3Q 2015, a decrease of 6.9% compared to RM30.6 million in 3Q 2014. The decrease in revenue was mainly attributed to lower demand in the local market.

As a result of the lower revenue recorded, the segment recorded a loss of RM0.8 million in 3Q 2015 compared to a profit of RM0.2 million in 3Q 2014.

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

Revenue for the trading segment amounted to RM81.5 million in YTD 3Q 2015 which was 12.1% lower than the revenue of RM92.7 million recorded in YTD 3Q 2014, mainly attributed to the lower demand in the local market.

Consequently, loss for the segment increased to RM3.5 million loss in YTD 3Q 2015, compared to a loss of RM0.4 million in YTD 3Q 2014.

16 Segmental performance review (continued)

Manufacturing segment

Comparison of current quarter under review with corresponding quarter of preceding year

Manufacturing segment recorded revenue of RM24.7 million in 3Q 2015, an increase of 25.4% compared to RM19.7 million in 3Q 2014. This was mainly due to higher demand in the overseas market and favourable impact from foreign exchange rate.

Profit for the segment increased by 119.6% or RM5.5 million to RM10.1 million in 3Q 2015 compared to RM4.6 million in 3Q 2014, mainly due to favourable impact from foreign exchange rate and lower operating expenses.

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

Revenue for the manufacturing segment increased by 18.6%, from RM60.3 million in YTD 3Q 2014 to RM71.5 million in YTD 3Q 2015. The increase was mainly attributed to higher revenue in the overseas market and favourable impact from foreign exchange rate.

Profit for the segment increased by 64.8% or RM10.3 million to RM26.2 million in YTD 3Q 2015, compared to RM15.9 million in YTD 3Q 2014. This was mainly due to favourable impact from foreign exchange rate and lower operating expenses.

17 Variation of results against preceding quarter

Compared to the preceding quarter, revenue increased by 2.9% from RM51.7 million in 2Q 2015 to RM53.2 million in 3Q 2015, mainly due to higher revenue in both the local and overseas market as well as favourable impact from foreign exchange rate.

In line with higher revenue achieved and favourable impact from foreign exchange rate, PBT increased by 23.6% from RM7.2 million in 2Q 2015 to RM8.9 million in the current quarter under review.

18 Current Year Prospects

General market condition has been softer especially on the domestic front and around the Asian region. In light of the more challenging environment, the Group will continue to work on the execution of the marketing strategies to strengthen its market positions both locally and internationally whilst building the competitive edge through continuous improvement programs.

19 Profit forecast

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

20 Tax expense

	Quarter ended 30.09.2015 RM'000	Year to date ended 30.09.2015 RM'000
Tax expense	1,331	4,221
Deferred tax liabilities	2,328	2,425
	<u>3,659</u>	<u>6,646</u>

The effective tax rate for the current quarter and year to date is higher than the statutory tax rate due to the timing difference of unabsorbed losses and timing difference of unrealized foreign exchange differences by subsidiary companies 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

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	19,800	12,000
Hire purchase	20	-
Term loans	3,961	4,552
Sub-total	<u>23,781</u>	<u>16,552</u>
Non-current liabilities		
<i>Unsecured:-</i>		
Term loans	545	2,918
Sub-total	<u>545</u>	<u>2,918</u>
Total borrowings	<u>24,326</u>	<u>19,470</u>
Total borrowings		
Bankers' acceptances	19,800	12,000
Hire purchase	20	-
Term loans	4,506	7,470
	<u>24,326</u>	<u>19,470</u>

22 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings is as follows:

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Ringgit Malaysia	23,723	18,883
Chinese Renminbi	583	587
Indonesia Rupiah	20	-
	24,326	19,470

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 is pleased to declare an interim single tier dividend of 3 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2015 amounting to RM2,254,698 (2014: interim single tier 3 sen per ordinary share of RM1.00 each, RM2,254,698).

The dividend will be paid on 23 December 2015 to shareholders registered in the Record of Depositors on 9 December 2015.

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

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 30.09.2015	Quarter ended 30.09.2014	Year to date ended 30.09.2015	Year to date ended 30.09.2014
Net profit attributable to owners of the parent (RM'000)	5,238	2,589	14,762	10,541
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)	6.97	3.44	19.64	14.03

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:

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings before consolidated adjustments		
- Realised	301,784	273,471
- Unrealised	(19,920)	(12,038)
	281,864	261,433
Less : Consolidated adjustments	(72,244)	(61,314)
Total Group retained earnings as per consolidated financial statements	209,620	200,119

28 Profit before tax

	Quarter ended 30.09.2015 RM'000	Year to date ended 30.09.2015 RM'000
Profit before tax is arrived at after charging/ (crediting):		
Amortisation of intangible asset	18	97
Bad debts written off	-	4
Depreciation of property, plant and equipment	7,144	18,534
Fair value gain on investment properties	-	-
Impairment losses on trade receivables	23	264
Interest expense	240	659
Interest income	(40)	(119)
Inventories written down	283	283
Net gain on disposal of property, plant and equipment	(84)	(153)
Net realised gain on foreign exchange transactions	(764)	(1,664)
Net unrealised gain on foreign exchange translations	(1,027)	(947)
Property, plant and equipment written off	16	189
Rental income from investment properties	(203)	(603)
Reversal of impairment loss on trade receivables	(17)	(23)

By Order of the Board

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
24 November 2015