


NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2015
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.12.2015	Quarter ended 31.12.2014	Year to date ended 31.12.2015	Year to date ended 31.12.2014
		RM'000	RM'000	RM'000	RM'000
Revenue		54,197	47,590	207,226	200,596
Cost of sales		(39,319)	(36,477)	(148,318)	(149,975)
Gross profit		14,878	11,113	58,908	50,621
Other operating income		1,626	3,718	11,294	12,359
Operating expenses		(11,107)	(10,588)	(42,738)	(43,804)
Finance costs		(235)	(237)	(894)	(1,276)
Profit before tax		5,162	4,006	26,570	17,900
Tax expense	20	(674)	(2,573)	(7,320)	(5,926)
Net profit for the period		4,488	1,433	19,250	11,974
Other comprehensive income / (loss)					
Foreign currency translations		1,855	1,952	3,452	(1,611)
Remeasurement of employment benefit obligation		32	-	32	-
Total comprehensive income for the period		6,375	3,385	22,734	10,363
Profit attributable to owners of the parent		4,488	1,433	19,250	11,974
Total comprehensive income attributable to owners of the parent		6,375	3,385	22,734	10,363
Earnings per share attributable to owners of the parent	26				
Basic (sen)		5.97	1.91	25.61	15.93
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 31.12.2015 RM'000	As at 31.12.2014 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		270,963	259,533
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		5	128
		286,698	275,391
Current Assets			
Inventories		39,354	36,325
Trade receivables		36,990	36,641
Other receivables, deposits & prepayments		9,544	5,785
Current tax assets		1,689	1,704
Cash and bank balances		23,669	13,486
		111,246	93,941
Total Assets		397,944	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		2,198	(1,254)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		211,885	200,119
		254,890	239,672
Total Equity		330,047	314,829
Non-Current Liabilities			
Borrowings (interest bearing)	22	303	2,918
Employment benefit obligation		32	26
Deferred tax liabilities		22,614	20,702
		22,949	23,646
Current Liabilities			
Trade payables		7,911	6,876
Other payables & accruals		7,908	6,893
Borrowings (interest bearing)	22	28,353	16,552
Current tax liabilities		776	536
		44,948	30,857
Total Liabilities		67,897	54,503
Total Equity and Liabilities		397,944	369,332
Net assets per share attributable to owners of the parent (RM)		4.39	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 31.12.2015 RM'000	Year to date ended 31.12.2014 RM'000
Cash Flows From Operating Activities		
Profit before tax	26,570	17,900
Adjustments for:-		
Amortisation and depreciation	25,339	25,047
Bad debts written off	6	6
Fair value gain on investment properties	-	(256)
Impairment losses on trade receivables	264	7
Interest income	(143)	(249)
Interest expense	894	1,276
Inventories written down / (back)	659	(335)
Net gain on disposal of property, plant and equipment	(138)	(760)
Property, plant and equipment written off	15	31
Provision for employment benefit obligation	38	26
Reversal of impairment loss on trade receivables	(36)	(2)
Unrealised (gain) / loss on foreign exchange differences	(34)	32
Operating profit before changes in working capital	53,434	42,723
Net change in current assets	(8,161)	5,210
Net change in current liabilities	3,002	(1,513)
Tax paid	(5,153)	(4,826)
Net cash generated from operating activities	43,122	41,594
Cash Flows From Investing Activities		
Interest received	143	249
Proceeds from disposal of property, plant and equipment	531	894
Purchase of property, plant and equipment	(34,593)	(27,672)
Net cash used in investing activities	(33,919)	(26,529)
Cash Flows From Financing Activities		
Interest paid	(894)	(1,276)
Net drawdown / (repayment) of bank borrowings	9,178	(16,457)
Drawdown / (Repayment) of hire purchase	8	(3)
Dividend paid	(7,516)	(9,019)
Net cash generated / (used) in financing activities	776	(26,755)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 31.12.2015 RM'000	Year to date ended 31.12.2014 RM'000
Net increase / (decrease) in cash and cash equivalents	9,979	(11,690)
Effects of exchange rate fluctuations on cash & cash equivalents	204	(510)
Cash and cash equivalents at beginning of the financial period	13,486	25,686
Cash and cash equivalents at end of the financial period	23,669	13,486
Cash and cash equivalents comprise of :		
Cash and bank balances	23,667	13,486
Short term placements	2	-
	23,669	13,486

(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	-	-	-	-	-	11,974	11,974
Foreign currency translations	-	-	-	-	(1,611)	-	(1,611)
Total comprehensive (loss) / income	-	-	-	-	(1,611)	11,974	10,363
Dividend paid	-	-	-	-	-	(9,019)	(9,019)
As at 31 December 2014	75,157	4,210	36,550	47	(1,254)	200,119	314,829
As at 1 January 2015	75,157	4,210	36,550	47	(1,254)	200,119	314,829
Profit for the financial period	-	-	-	-	-	19,250	19,250
Remeasurement of employment benefit obligation	-	-	-	-	-	32	32
Foreign currency translations	-	-	-	-	3,452	-	3,452
Total comprehensive income	-	-	-	-	3,452	19,282	22,734
Dividend paid	-	-	-	-	-	(7,516)	(7,516)
As at 31 December 2015	75,157	4,210	36,550	47	2,198	211,885	330,047

(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>	Deferred
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 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</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 31.12.2015 RM'000	Year to date ended 31.12.2015 RM'000
Final single tier dividend of 7 sen per ordinary share declared for financial year ended 2014, paid on 9 July 2015.	-	5,261
Interim single tier dividend of 3 sen per ordinary share declared for financial year ended 31 December 2015, paid on 23 December 2015	2,255	2,255
Total single-tier dividend paid	2,255	7,516

9 Segmental information

By Business Segment	Quarter ended		Year to date ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	29,154	29,462	110,662	122,128
- Manufacturing	25,043	18,128	96,564	78,468
Total Segment Revenue	54,197	47,590	207,226	200,596

9 Segmental information (continued)

By Business Segment	Quarter ended		Year to date ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(922)	810	(4,436)	415
- Manufacturing	6,428	3,535	32,584	19,427
- Investment	(109)	(102)	(684)	(666)
Total Segment Profit	5,397	4,243	27,464	19,176

By Geographical Segment	Quarter ended		Year to date ended	
	31.12.2015	30.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	26,181	26,676	100,505	114,290
- Asean	8,009	5,212	30,575	26,859
- Non-Asean	20,007	15,702	76,146	59,447
Total Segment Revenue	54,197	47,590	207,226	200,596
<u>Segment Capital Expenditure</u>				
- Malaysia	8,458	10,372	34,404	27,558
- Asean	50	22	188	74
- Non-Asean	-	37	1	40
Total Segment Capital Expenditure	8,508	10,431	34,593	27,672

By Geographical Segment	As at 31.12.2015	As at 31.12.2014
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	359,152	330,775
- Asean	31,526	29,332
- Non-Asean	7,266	9,225
Total Segment Assets	397,944	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	(2,960)	(22,379)	-	(25,339)

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	27,464
Finance costs	<u>(894)</u>
Profit before tax	26,570
Income tax expense	<u>(7,320)</u>
Net profit for the financial period	<u><u>19,250</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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>31,910</u>	<u>25,186</u>

14 Capital commitments

	As at 31.12.2015 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>12,376</u>
Approved but not contracted for	<u>33,748</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 13.9% increase in revenue to RM54.2 million in the current quarter under review (“4Q 2015”) compared to RM47.6 million in the corresponding quarter of preceding year (“4Q 2014”). The increase in revenue was mainly attributed to higher demand in the overseas market and favourable impact from foreign exchange rate.

Profit Before Tax (“PBT”) increased by RM1.2 million or 30.0% to RM5.2 million in 4Q 2015 compared to RM4.0 million in 4Q 2014. 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 financial year ended 31 December 2015 (“YTD 4Q 2015”) increased by 3.3% to RM207.2 million compared to RM200.6 million in the corresponding period of preceding year (“YTD 4Q 2014”). The increase was mainly due to higher revenue in the overseas market although the increase was partially offset by lower revenue from the local market.

PBT increased by 48.6% to RM26.6 million in YTD 4Q 2015 compared to RM17.9 million in YTD 4Q 2014. The increase was attributed to higher revenue, 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

Revenue for the trading segment decreased marginally by 1.0% to RM29.2 million in 4Q 2015 compared to RM29.5 million in 4Q 2014, mainly attributed to lower demand in the local market.

The segment recorded a loss of RM0.9 million in 4Q 2015 compared to a profit of RM0.8 million in 4Q 2014. The loss was attributed to lower revenue and higher operating expenses during the quarter under review.

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

Revenue for the trading segment decreased by 9.3% to RM110.7 million in YTD 4Q 2015 compared to RM122.1 million in YTD 4Q 2014, mainly attributed to lower demand in the local market.

Consequently, loss for the segment increased to RM4.4 million in YTD 4Q 2015, compared to a profit of RM0.4 million in YTD 4Q 2014.

16 Segmental performance review (continued)

Manufacturing segment

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

Revenue for the manufacturing segment increased by 38.1% to RM25.0 million in 4Q 2015 compared to RM18.1 million in 4Q 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 82.9% to RM6.4 million in 4Q 2015 compared to RM3.5 million in 4Q 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 23.1% to RM96.6 million in YTD 4Q 2015 compared to RM78.5 million in YTD 4Q 2014. 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 68.0% from RM19.4 million in YTD 4Q 2014 to RM32.6 million in YTD 4Q 2015. This was mainly due to higher revenue, favourable impact from foreign exchange rate and lower operating expenses.

17 Variation of results against preceding quarter

Compared to the preceding quarter, revenue had increased by 1.9% to RM54.2 million in 4Q 2015 compared 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.

PBT had decreased by 41.6% to RM5.2 million in 4Q 2015 compared to RM8.9 million in 3Q 2015, mainly due to reversal of unrealised foreign exchange gains and higher operating expenses in the current quarter under review.

18 Future Year's Prospects

The local and global economy will remain challenging in 2016. However, the Group remains cautiously optimistic on the outlook of the automotive replacement parts industry.

The Group will continue to focus on its strategies to achieve organic growth and strengthening market development activities to reach a wider market as well as drive various cost and operational efficiency programmes to maintain its competitiveness.

19 Profit forecast

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

20 Tax expense

	Quarter ended 31.12.2015 RM'000	Year to date ended 31.12.2015 RM'000
Tax expense	1,186	5,408
Deferred tax liabilities	(512)	1,912
	674	7,320

The effective tax rate for the current quarter under review was lower than the statutory tax rate mainly due to the reversal of timing differences of unabsorbed losses by subsidiary companies of the Group. However, the effective tax rate for the year to date period was higher than the statutory tax rate as a result of the timing differences of unabsorbed losses and 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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	25,300	12,000
Hire purchase	8	-
Term loans	3,045	4,552
Sub-total	28,353	16,552
Non-current liabilities		
<i>Unsecured:-</i>		
Term loans	303	2,918
Sub-total	303	2,918
Total borrowings	28,656	19,470
Total borrowings		
Bankers' acceptances	25,300	12,000
Hire purchase	8	-
Term loans	3,348	7,470
	28,656	19,470

22 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings is as follows:

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Ringgit Malaysia	28,226	18,883
Chinese Renminbi	422	587
Indonesia Rupiah	8	-
	<u>28,656</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 Dividend

The Board of Directors is pleased to propose a final single tier dividend of 8 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015 amounting to RM6,012,528 (2014: interim single tier 7 sen per ordinary share of RM1.00 each, RM5,260,962).

The proposed final dividend is subject to the approval of shareholders at the upcoming Annual General Meeting of the Company. 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 announced in due course.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 31.12.2015	Quarter ended 31.12.2014	Year to date ended 31.12.2015	Year to date ended 31.12.2014
Net profit attributable to owners of the parent (RM'000)	<u>4,488</u>	<u>1,433</u>	<u>19,250</u>	<u>11,974</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)	5.97	1.91	25.61	15.93

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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings before consolidated adjustments		
- Realised	303,334	273,471
- Unrealised	(19,340)	(12,038)
	<u>283,994</u>	<u>261,433</u>
Less : Consolidated adjustments	(72,109)	(61,314)
Total Group retained earnings as per consolidated financial statements	<u>211,885</u>	<u>200,119</u>

28 Profit before tax

	Quarter ended 31.12.2015 RM'000	Year to date ended 31.12.2015 RM'000
Profit before tax is arrived at after charging/ (crediting):		
Amortisation of intangible asset	26	123
Bad debts written off	2	6
Depreciation of property, plant and equipment	6,682	25,216
Fair value gain on investment properties	-	-
Impairment losses on trade receivables	-	264
Interest expense	235	894
Interest income	(24)	(143)
Inventories written down	376	659
Net loss / (gain) on disposal of property, plant and equipment	15	(138)
Net realised gain on foreign exchange transactions	(438)	(2,102)
Net unrealised loss / (gain) on foreign exchange translations	913	(34)
Property, plant and equipment written (back) / off	(174)	15
Provision for employment benefit obligation	38	38
Rental income from investment properties	(202)	(805)
Reversal of impairment loss on trade receivables	(13)	(36)

By Order of the Board

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
23 February 2016