

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

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Website : www.newhoongfatt.com.my**RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2016****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.03.2016	Quarter ended 31.03.2015	Year to date ended 31.03.2016	Year to date ended 31.03.2015
		RM'000	RM'000	RM'000	RM'000
Revenue		54,642	48,199	54,642	48,199
Cost of sales		(38,984)	(35,201)	(38,984)	(35,201)
Gross profit		15,658	12,998	15,658	12,998
Other operating income		3,778	3,040	3,778	3,040
Operating expenses		(13,186)	(10,511)	(13,186)	(10,511)
Finance costs		(279)	(221)	(279)	(221)
Profit before tax		5,971	5,306	5,971	5,306
Tax expense	20	(496)	(939)	(496)	(939)
Net profit for the period		5,475	4,367	5,475	4,367
Other comprehensive (loss) / income					
Foreign currency translations		(1,984)	287	(1,984)	287
Total comprehensive income for the period		3,491	4,654	3,491	4,654
Profit attributable to owners of the parent		5,475	4,367	5,475	4,367
Total comprehensive income attributable to owners of the parent		3,491	4,654	3,491	4,654
Earnings per share attributable to owners of the parent	26				
Basic (sen)		7.28	5.81	7.28	5.81
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 2015)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		273,488	270,963
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		3	5
		289,221	286,698
Current Assets			
Inventories		36,244	39,354
Trade receivables		41,508	36,990
Other receivables, deposits & prepayments		9,216	9,544
Current tax assets		686	1,689
Cash and bank balances		22,140	23,669
		109,794	111,246
Total Assets		399,015	397,944
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		214	2,198
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		217,360	211,885
		258,381	254,890
Total Equity		333,538	330,047
Non-Current Liabilities			
Borrowings (interest bearing)	22	160	303
Employment benefit obligation		38	32
Deferred tax liabilities		21,508	22,614
		21,706	22,949
Current Liabilities			
Trade payables		7,179	7,911
Other payables & accruals		5,226	7,908
Borrowings (interest bearing)	22	30,237	28,353
Current tax liabilities		1,129	776
		43,771	44,948
Total Liabilities		65,477	67,897
Total Equity and Liabilities		399,015	397,944
Net assets per share attributable to owners of the parent (RM)		4.44	4.39

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2015)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 31.03.2016 RM'000	Year to date ended 31.03.2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	5,971	5,306
Adjustments for:-		
Amortisation and depreciation	6,315	5,812
Bad debts written off	3	4
Impairment losses on trade receivables	64	241
Interest income	(30)	(41)
Interest expense	279	221
Inventories written back	(24)	-
Net gain on disposal of property, plant and equipment	(163)	(66)
Property, plant and equipment written off	5	4
Reversal of impairment loss on trade receivables	(15)	-
Unrealised loss / (gain) on foreign exchange differences	1,150	(300)
Operating profit before changes in working capital	13,555	11,181
Net change in current assets	(3,381)	2,380
Net change in current liabilities	(1,987)	(4,796)
Tax paid	(246)	(874)
Net cash generated from operating activities	7,941	7,891
Cash Flows From Investing Activities		
Interest received	30	41
Proceeds from disposal of property, plant and equipment	171	66
Purchase of property, plant and equipment	(10,048)	(9,210)
Net cash used in investing activities	(9,847)	(9,103)
Cash Flows From Financing Activities		
Interest paid	(279)	(221)
Net drawdown of bank borrowings	1,750	2,851
Repayment on hire purchase	(8)	-
Net cash generated in financing activities	1,463	2,630

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 31.03.2016 RM'000	Year to date ended 31.03.2015 RM'000
Net (decrease) / increase in cash and cash equivalents	(443)	1,418
Effects of exchange rate fluctuations on cash & cash equivalents	(1,086)	61
Cash and cash equivalents at beginning of the financial period	23,669	13,486
Cash and cash equivalents at end of the financial period	22,140	14,965
Cash and cash equivalents comprise of :		
Cash and bank balances	22,137	14,965
Short term placements	3	-
	22,140	14,965

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2015)

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 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
As at 31 March 2015	75,157	4,210	36,550	47	(967)	204,486	319,483
As at 1 January 2016	75,157	4,210	36,550	47	2,198	211,885	330,047
Profit for the financial period	-	-	-	-	-	5,475	5,475
Foreign currency translations	-	-	-	-	(1,984)	-	(1,984)
Total comprehensive (loss) / income	-	-	-	-	(1,984)	5,475	3,491
As at 31 March 2016	75,157	4,210	36,550	47	214	217,360	333,538

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2015)

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 2015.

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 2015.

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 2015, 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 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

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 107 <i>Disclosure Initiatives</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
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
MFRS 16 <i>Leases</i>	1 January 2019

3 Qualified audit report

The financial statements for the financial year ended 31 December 2015 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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	29,420	26,722	29,420	26,722
- Manufacturing	25,222	21,477	25,222	21,477
Total Segment Revenue	54,642	48,199	54,642	48,199
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(255)	(903)	(255)	(903)
- Manufacturing	6,672	6,601	6,672	6,601
- Investment	(167)	(171)	(167)	(171)
Total Segment Profit	6,250	5,527	6,250	5,527

9 Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
- Malaysia	26,289	24,424	26,289	24,424
- Asean	8,137	8,701	8,137	8,701
- Non-Asean	20,216	15,074	20,216	15,074
Total Segment Revenue	54,642	48,199	54,642	48,199
<u>Segment Capital Expenditure</u>				
- Malaysia	10,004	9,144	10,004	9,144
- Asean	44	65	44	65
- Non-Asean	-	1	-	1
Total Segment Capital Expenditure	10,048	9,210	10,048	9,210

By Geographical Segment	As at 31.03.2016	As at 31.12.2015
<u>Segment Non-Current Assets</u>	RM'000	RM'000
- Malaysia	267,732	263,818
- Asean	21,288	22,632
- Non-Asean	201	248
Total Segment Non-Current Assets	289,221	286,698

Included in the measure of segment profit are:

	Trading RM'000	Manufacturing RM'000	Investment RM'000	Total RM'000
Depreciation and amortisation	(721)	(5,594)	-	(6,315)

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	6,250
Finance costs	<u>(279)</u>
Profit before tax	5,971
Income tax expense	<u>(496)</u>
Net profit for the financial period	<u><u>5,475</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 31.03.2016 RM'000	As at 31.12.2015 RM'000
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>37,146</u>	<u>33,571</u>

14 Capital commitmentsProperty, plant and equipment

Contracted but not provided for

7,007

Approved but not contracted for

24,000

**As at
31.03.2016
RM'000**

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 RM6.4 million or 13.3% increase in revenue from RM48.2 million in the corresponding quarter of preceding year (“1Q 2015”) to RM54.6 million in the current quarter under review (“1Q 2016”). The increase in revenue was mainly attributed to higher demand in the local and overseas markets as well as favourable impact from foreign exchange rate.

Profit Before Tax (“PBT”) increased by RM0.7 million or 13.2% from RM5.3 million in 1Q 2015 to RM6.0 million in 1Q 2016. The increase was mainly due to higher revenue 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 increased by RM2.7 million or 10.1% from RM26.7 million in 1Q 2015 to RM29.4 million in 1Q 2016. The increase in revenue was mainly attributed to higher demand in the local market.

The segment recorded a loss of RM0.3 million in 1Q 2016 compared to a loss of RM0.9 million in 1Q 2015. The lower loss was attributed to the increase of revenue in the current quarter under review.

Manufacturing segment

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

Revenue for the manufacturing segment increased by RM3.7 million or 17.2% from RM21.5 million in 1Q 2015 to RM25.2 million in 1Q 2016. This was mainly due to higher demand in the overseas market and favourable impact from foreign exchange rate.

Profit for the segment increased by RM0.2 million or 3.0% from RM6.6 million in 1Q 2015 to RM6.8 million in 1Q 2016. There was only a marginal increase in profit due to the reversal of unrealised foreign exchange gain in the current quarter under review.

17 Variation of results against preceding quarter

Compared to the preceding quarter, revenue had increased marginally by RM0.4 million or 0.7% from RM54.2 million in 4Q 2015 to RM54.6 million in 1Q 2016, mainly due to higher revenue in the overseas market.

PBT had increased by RM0.8 million or 15.4% from RM5.2 million in 4Q 2015 to RM6.0 million in 1Q 2016, mainly due to higher revenue as well as lower operating expenses in the current quarter under review.

18 Future Prospects

The local and global economy will remain challenging in 2016. Despite the challenges, the Group remains focus on its strategies to achieve organic growth and strengthening market developments activities. In addition, the Group will continue its efforts in cost and operational efficiency programs to enhance its competitiveness in the market. The Group remains cautiously optimistic on the overall outlook of the automotive replacement parts industry.

19 Profit forecast

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

20 Tax expense

	Quarter ended 31.03.2016 RM'000	Year to date ended 31.03.2016 RM'000
Tax expense	1,602	1,602
Deferred tax liabilities	(1,106)	(1,106)
	<u>496</u>	<u>496</u>

The effective tax rate for the current quarter under review was lower than the statutory tax rate mainly due to utilisation of Reinvestment Allowance and reversal of deferred tax liabilities arising from 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 31.03.2016 RM'000	As at 31.12.2015 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	28,150	25,300
Hire purchase	-	8
Term loans	2,087	3,045
Sub-total	<u>30,237</u>	<u>28,353</u>
Non-current liabilities		
<i>Unsecured:-</i>		
Term loans	160	303
Sub-total	<u>160</u>	<u>303</u>
Total borrowings	<u>30,397</u>	<u>28,656</u>
Total borrowings		
Bankers' acceptances	28,150	25,300
Hire purchase	-	8
Term loans	2,247	3,348
	<u>30,397</u>	<u>28,656</u>

The currency exposure profile of borrowings is as follows:

	As at 31.03.2016 RM'000	As at 31.12.2015 RM'000
Ringgit Malaysia	30,072	28,226
Chinese Renminbi	325	422
Indonesia Rupiah	-	8
	<u>30,397</u>	<u>28,656</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 has not recommended any interim dividend for the financial quarter ended 31 March 2016.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended</u> 31.03.2016	<u>Quarter ended</u> 31.03.2015	<u>Year to date ended</u> 31.03.2016	<u>Year to date ended</u> 31.03.2015
Net profit attributable to owners of the parent (RM'000)	5,475	4,367	5,475	4,367
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)	7.28	5.81	7.28	5.81

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 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings before consolidated adjustments		
- Realised	300,567	303,334
- Unrealised	(13,939)	(19,340)
	<u>286,628</u>	<u>283,994</u>
Less : Consolidated adjustments	(69,268)	(72,109)
Total Group retained earnings as per consolidated financial statements	<u>217,360</u>	<u>211,885</u>

28 Profit before tax

	Quarter ended 31.03.2016 RM'000	Year to date ended 31.03.2016 RM'000
Profit before tax is arrived at after charging / (crediting):		
Amortisation of intangible asset	2	2
Bad debts written off	3	3
Depreciation of property, plant and equipment	6,313	6,313
Fair value gain on investment properties	-	-
Impairment losses on trade receivables	64	64
Interest expense	279	279
Interest income	(30)	(30)
Inventories written back	(24)	(24)
Net gain on disposal of property, plant and equipment	(163)	(163)
Net realised gain on foreign exchange transactions	(85)	(85)
Net unrealised loss on foreign exchange translations	1,150	1,150
Property, plant and equipment written off	5	5
Provision for employment benefit obligation	-	-
Rental income from investment properties	(203)	(203)
Reversal of impairment loss on trade receivables	(15)	(15)

By Order of the Board

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
24 May 2016