


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

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**RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2016**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2016	Quarter ended 30.06.2015	Year to date ended 30.06.2016	Year to date ended 30.06.2015
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		<b>59,960</b>	<b>51,659</b>	<b>114,602</b>	<b>99,858</b>
Cost of sales		(43,006)	(36,534)	(81,990)	(71,735)
Gross profit		16,954	15,125	32,612	28,123
Other operating income		2,600	2,821	6,378	5,861
Operating expenses		(9,339)	(10,543)	(22,525)	(21,054)
Finance costs		(296)	(198)	(575)	(419)
<b>Profit before tax</b>		<b>9,919</b>	<b>7,205</b>	<b>15,890</b>	<b>12,511</b>
Tax expense	20	(1,306)	(2,048)	(1,802)	(2,987)
<b>Net profit for the period</b>		<b>8,613</b>	<b>5,157</b>	<b>14,088</b>	<b>9,524</b>
Other comprehensive loss					
Foreign currency translations		(454)	(1,433)	(2,438)	(1,146)
<b>Total comprehensive income for the period</b>		<b>8,159</b>	<b>3,724</b>	<b>11,650</b>	<b>8,378</b>
Profit attributable to owners of the parent		8,613	5,157	14,088	9,524
<b>Total comprehensive income attributable to owners of the parent</b>		<b>8,159</b>	<b>3,724</b>	<b>11,650</b>	<b>8,378</b>
<b>Earnings per share attributable to owners of the parent</b>	26				
Basic (sen)		11.46	6.86	18.74	12.67
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 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		275,378	270,963
Investment properties		15,600	15,600
Available-for-sale financial asset		130	130
Intangible assets		1	5
		291,109	286,698
<b>Current Assets</b>			
Inventories		34,541	39,354
Trade receivables		41,266	36,990
Other receivables, deposits & prepayments		9,024	9,544
Current tax assets		728	1,689
Cash and bank balances		36,409	23,669
		121,968	111,246
<b>Total Assets</b>		<b>413,077</b>	<b>397,944</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		(240)	2,198
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		225,973	211,885
		266,540	254,890
<b>Total Equity</b>		<b>341,697</b>	<b>330,047</b>
<b>Non-Current Liabilities</b>			
Borrowings (interest bearing)	22	18	303
Employment benefit obligation		43	32
Deferred tax liabilities		21,480	22,614
		21,541	22,949
<b>Current Liabilities</b>			
Trade payables		6,917	7,911
Other payables & accruals		6,115	7,908
Borrowings (interest bearing)	22	35,350	28,353
Current tax liabilities		1,457	776
		49,839	44,948
<b>Total Liabilities</b>		<b>71,380</b>	<b>67,897</b>
<b>Total Equity and Liabilities</b>		<b>413,077</b>	<b>397,944</b>
Net assets per share attributable to owners of the parent (RM)		4.55	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**

	<b>Year to date ended 30.06.2016 RM'000</b>	<b>Year to date ended 30.06.2015 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	15,890	12,511
Adjustments for:-		
Amortisation and depreciation	12,828	11,469
Bad debts written off	3	4
Impairment losses on trade receivables	101	241
Interest income	(66)	(79)
Interest expense	575	419
Inventories written down	162	-
Net gain on disposal of property, plant and equipment	(292)	(69)
Property, plant and equipment written off	6	173
Provision for employment benefit obligation	13	-
Reversal of impairment loss on trade receivables	(34)	(6)
Unrealised (gain) / loss on foreign exchange differences	(927)	80
Operating profit before changes in working capital	28,259	24,743
Net change in current assets	3,518	(3,601)
Net change in current liabilities	(5,862)	(1,910)
Tax paid	(1,294)	(1,831)
<b>Net cash generated from operating activities</b>	24,621	17,401
<b>Cash Flows From Investing Activities</b>		
Interest received	66	79
Proceeds from disposal of property, plant and equipment	303	69
Purchase of property, plant and equipment	(17,748)	(18,867)
<b>Net cash used in investing activities</b>	(17,379)	(18,719)
<b>Cash Flows From Financing Activities</b>		
Interest paid	(575)	(419)
Net drawdown of bank borrowings	6,739	7,809
Repayment on hire purchase	(8)	-
<b>Net cash generated from financing activities</b>	6,156	7,390

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

	<b>Year to date ended 30.06.2016 RM'000</b>	<b>Year to date ended 30.06.2015 RM'000</b>
Net increase in cash and cash equivalents	13,398	6,072
Effects of exchange rate fluctuations on cash & cash equivalents	(658)	(28)
Cash and cash equivalents at beginning of the financial period	23,669	13,486
<b>Cash and cash equivalents at end of the financial period</b>	<b>36,409</b>	<b>19,530</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash and bank balances	36,408	19,525
Short term placements	1	5
	<b>36,409</b>	<b>19,530</b>

*(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	-	-	-	-	-	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>
As at 1 January 2016	75,157	4,210	36,550	47	2,198	211,885	330,047
Profit for the financial period	-	-	-	-	-	14,088	14,088
Foreign currency translations	-	-	-	-	(2,438)	-	(2,438)
Total comprehensive (loss) / income	-	-	-	-	(2,438)	14,088	11,650
<b>As at 30 June 2016</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(240)</b>	<b>225,973</b>	<b>341,697</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 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:-

<b>Title</b>	<b>Effective date</b>
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:

<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>	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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	31,515	26,275	60,935	52,997
- Manufacturing	28,445	25,384	53,667	46,861
Total Segment Revenue	59,960	51,659	114,602	99,858
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	296	(1,820)	(44)	(2,723)
- Manufacturing	10,121	9,468	16,899	16,069
- Investment	(202)	(245)	(390)	(416)
Total Segment Profit	10,215	7,403	16,465	12,930

## 9 Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
<u>Segment Revenue</u>	RM'000	RM'000	RM'000	RM'000
- Malaysia	28,895	23,959	55,184	48,383
- Asean	10,271	6,547	18,408	15,248
- Non-Asean	20,794	21,153	41,010	36,227
Total Segment Revenue	59,960	51,659	114,602	99,858
<u>Segment Capital Expenditure</u>				
- Malaysia	7,643	9,594	17,647	18,738
- Asean	54	63	98	128
- Non-Asean	3	-	3	1
Total Segment Capital Expenditure	7,700	9,657	17,748	18,867

By Geographical Segment	As at 30.06.2016	As at 31.12.2015
<u>Segment Non-Current Assets</u>	RM'000	RM'000
- Malaysia	269,098	263,818
- Asean	21,829	22,632
- Non-Asean	182	248
Total Segment Non-Current Assets	291,109	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	(1,444)	(11,384)	-	(12,828)



**9 Segmental information (continued)**

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

<b>Profit for the financial period</b>	<b>RM'000</b>
Total profit for reportable segments	16,465
Finance costs	<u>(575)</u>
Profit before tax	15,890
Income tax expense	<u>(1,802)</u>
Net profit for the financial period	<u><u>14,088</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:

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>41,822</u>	<u>33,571</u>

**14 Capital commitments**

	<b>As at 30.06.2016 RM'000</b>
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>12,041</u>
Approved but not contracted for	<u>14,960</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 RM8.3 million or 16.1% increase in revenue from RM51.7 million in the corresponding quarter of preceding year (“2Q 2015”) to RM60.0 million in the current quarter under review (“2Q 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 RM2.7 million or 37.5% from RM7.2 million in 2Q 2015 to RM9.9 million in 2Q 2016. 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*

The Group recorded RM14.7 million or 14.7% increase in revenue from RM99.9 million in YTD 2Q 2015 to RM114.6 million in YTD 2Q 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.

PBT increased by RM3.4 million or 27.2% from RM12.5 million in YTD 2Q 2015 to RM15.9 million in YTD 2Q 2016. This 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 RM5.2 million or 19.8% from RM26.3 million in 2Q 2015 to RM31.5 million in 2Q 2016. The increase in revenue was mainly attributed to higher demand in the local market.

Consequently, the segment recorded a profit of RM0.3 million in 2Q 2016 compared to a loss of RM1.8 million in 2Q 2015. The increase in profit was mainly due to higher revenue and favourable impact from foreign exchange rate in the current quarter under review.

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

Revenue for the trading segment increased by RM7.9 million or 14.9% from RM53.0 million in YTD 2Q 2015 to RM60.9 million in YTD 2Q 2016, mainly attributed to higher demand in the local and overseas market.

The segment had improved its loss position to a minor loss of RM44,000 in YTD 2Q 2016 compared to a loss of RM2.7 million in YTD 2Q 2015, mainly due to higher revenue and unrealised foreign exchange gain in the current YTD period under review.

## 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 RM3.0 million or 11.8% from RM25.4 million in 2Q 2015 to RM28.4 million in 2Q 2016. The increase was mainly due to higher revenue in the overseas market and favourable impact from foreign exchange rate.

Consequently, profit for the segment had increased by RM0.6 million or 6.3% from RM9.5 million in 2Q 2015 to RM10.1 million in 2Q 2016. The increase in profit was mainly due to higher revenue and favourable impact from foreign exchange rate in the current quarter under review.

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

Revenue for the manufacturing segment increased by 14.5% from RM46.9 million in YTD 2Q 2015 to RM53.7 million in YTD 2Q 2016. The increase was mainly due to higher revenue in the overseas market and favourable impact from foreign exchange rate.

Consequently, profit for the segment had increased by RM0.8 million or 5.0% from RM16.1 million in YTD 2Q 2015 to RM16.9 million in YTD 2Q 2016. The increase in profit was mainly due to higher revenue and favourable impact from foreign exchange rate in the current YTD period.

## 17 Variation of results against preceding quarter

Compared to the preceding quarter, revenue had increased by RM5.4 million or 9.9% from RM54.6 million in 1Q 2016 to RM60.0 million in 2Q 2016. The increase was mainly due to higher demand in the local and overseas markets as well as favourable impact from foreign exchange rate.

PBT increased by RM3.9 million or 65.0% from RM6.0 million in 1Q 2016 to RM9.9 million in 2Q 2016, mainly due to higher sales volume and unrealised foreign exchange gain in the current quarter under review.

## 18 Future Prospects

The global and local economic conditions will remain challenging. However, the Group will continue to focus on driving 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**

	<b>Quarter ended 30.06.2016 RM'000</b>	<b>Year to date ended 30.06.2016 RM'000</b>
Tax expense	1,334	2,936
Deferred tax liabilities	(28)	(1,134)
	<u>1,306</u>	<u>1,802</u>

The effective tax rate for the current quarter and year to date under review was lower than the statutory tax rate mainly due to utilisation of Reinvestment Allowance and reversal of deferred tax liabilities arising from unrealised 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**

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
<b>Current liabilities</b>		
<i>Unsecured:-</i>		
Bankers' acceptance	34,260	25,300
Hire purchase	-	8
Term loans	1,090	3,045
Sub-total	<u>35,350</u>	<u>28,353</u>
<b>Non-current liabilities</b>		
<i>Unsecured:-</i>		
Term loans	18	303
Sub-total	<u>18</u>	<u>303</u>
<b>Total borrowings</b>	<u>35,368</u>	<u>28,656</u>
<b>Total borrowings</b>		
Bankers' acceptances	34,260	25,300
Hire purchase	-	8
Term loans	1,108	3,348
	<u>35,368</u>	<u>28,656</u>

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

The currency exposure profile of borrowings is as follows:

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Ringgit Malaysia	35,368	28,226
Chinese Renminbi	-	422
Indonesia Rupiah	-	8
	35,368	28,656

**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 30 June 2016.

**26 Earnings per share**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Quarter ended 30.06.2016</b>	<b>Quarter ended 30.06.2015</b>	<b>Year to date ended 30.06.2016</b>	<b>Year to date ended 30.06.2015</b>
Net profit attributable to owners of the parent (RM'000)	8,613	5,157	14,088	9,524
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)	11.46	6.86	18.74	12.67

**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 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
Total retained earnings before consolidated adjustments		
- Realised	311,860	303,334
- Unrealised	(15,819)	(19,340)
	296,041	283,994
Less : Consolidated adjustments	(70,068)	(72,109)
Total Group retained earnings as per consolidated financial statements	225,973	211,885

**28 Profit before tax**

	<b>Quarter ended 30.06.2016 RM'000</b>	<b>Year to date ended 30.06.2016 RM'000</b>
Profit before tax is arrived at after charging / (crediting):		
Amortisation of intangible asset	1	3
Bad debts written off	-	3
Depreciation of property, plant and equipment	6,512	12,825
Impairment losses on trade receivables	37	101
Interest expense	296	575
Interest income	(36)	(66)
Inventories written down	186	162
Net gain on disposal of property, plant and equipment	(129)	(292)
Net realised loss / (gain) on foreign exchange	78	(7)
Net unrealised loss / (gain) on foreign exchange	(2,077)	(927)
Property, plant and equipment written off	1	6
Provision for employment benefit obligation	13	13
Rental income from investment properties	(202)	(405)
Reversal of impairment loss on trade receivables	(19)	(34)

By Order of the Board

YEOH CHONG KEAT  
REBECCA LEONG SIEW KWAN  
Secretaries

Kuala Lumpur  
29 July 2016