

**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 2017****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.03.2017	Quarter ended 31.03.2016	Year to date ended 31.03.2017	Year to date ended 31.03.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		62,473	54,642	62,473	54,642
Cost of sales		(43,875)	(38,984)	(43,875)	(38,984)
Gross profit		18,598	15,658	18,598	15,658
Other operating income	15	3,086	2,132	3,086	2,132
Operating expenses	15	(12,770)	(11,540)	(12,770)	(11,540)
Finance costs		(304)	(279)	(304)	(279)
Profit before tax		8,610	5,971	8,610	5,971
Tax expense	21	(1,239)	(496)	(1,239)	(496)
Net profit for the period		7,371	5,475	7,371	5,475
Other comprehensive income / (loss)					
Foreign currency translations		86	(1,984)	86	(1,984)
Total comprehensive income for the period		7,457	3,491	7,457	3,491
Profit attributable to owners of the parent		7,371	5,475	7,371	5,475
Total comprehensive income attributable to owners of the parent		7,457	3,491	7,457	3,491
Earnings per share attributable to owners of the parent	27				
Basic (sen)		9.81	7.28	9.81	7.28
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 2016)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		314,602	310,439
Investment properties		16,500	16,500
Available-for-sale financial assets		130	130
		331,232	327,069
Current Assets			
Inventories		40,931	43,979
Trade receivables		44,072	44,440
Other receivables, deposits & prepayments		13,185	12,671
Current tax assets		402	1,004
Cash and bank balances		31,676	24,172
		130,266	126,266
Total Assets		461,498	453,335
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		60,983	60,983
Exchange translation reserve		(1,579)	(1,665)
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained earnings		240,976	233,605
		304,637	297,180
Total Equity		379,794	372,337
Non-Current Liabilities			
Employment benefit obligation		52	48
Deferred tax liabilities		28,103	28,018
		28,155	28,066
Current Liabilities			
Trade payables		9,367	9,118
Other payables & accruals		8,027	8,217
Borrowings (interest bearing)	23	36,051	35,213
Current tax liabilities		104	384
		53,549	52,932
Total Liabilities		81,704	80,998
Total Equity and Liabilities		461,498	453,335
Net assets per share attributable to owners of the parent (RM)		5.05	4.95

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2016)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 31.03.2017 RM'000	Year to date ended 31.03.2016 RM'000
Cash Flows From Operating Activities		
Profit before tax	8,610	5,971
Adjustments for:-		
Amortisation and depreciation	7,034	6,315
Bad debts written off	-	3
Impairment losses on trade receivables	27	64
Interest income	(32)	(30)
Interest expense	304	279
Inventories written back	(51)	(24)
Net gain on disposal of property, plant and equipment	(124)	(163)
Property, plant and equipment written off	3	5
Provision for employment benefit obligation	4	-
Reversal of impairment losses on trade receivables	(13)	(15)
Unrealised loss on foreign exchange differences	898	1,150
Operating profit before changes in working capital	16,660	13,555
Net change in current assets	2,099	(3,381)
Net change in current liabilities	377	(1,987)
Tax paid	(834)	(246)
Net cash generated from operating activities	18,302	7,941
Cash Flows From Investing Activities		
Interest received	32	30
Proceeds from disposal of property, plant and equipment	200	171
Purchase of property, plant and equipment	(11,369)	(10,048)
Net cash used in investing activities	(11,137)	(9,847)
Cash Flows From Financing Activities		
Interest paid	(304)	(279)
Net drawdown of bank borrowings	839	1,750
Repayment of hire purchase	-	(8)
Net cash generated from financing activities	535	1,463

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 31.03.2017 RM'000	Year to date ended 31.03.2016 RM'000
Net increase / (decrease) in cash and cash equivalents	7,700	(443)
Effects of exchange rate fluctuations on cash & cash equivalents	(196)	(1,086)
Cash and cash equivalents at beginning of the financial period	24,172	23,669
Cash and cash equivalents at end of the financial period	31,676	22,140
Cash and cash equivalents comprise of:		
Cash and bank balances	31,472	22,137
Short term placements	204	3
	31,676	22,140

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2016)

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 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
As at 1 January 2017	75,157	4,210	60,983	47	(1,665)	233,605	372,337
Profit for the financial period	-	-	-	-	-	7,371	7,371
Foreign currency translations	-	-	-	-	86	-	86
Total comprehensive income	-	-	-	-	86	7,371	7,457
As at 31 March 2017	75,157	4,210	60,983	47	(1,579)	240,976	379,794

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2016)

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 2016.

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 2016.

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 2016, 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 12 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2017
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

The Group has not adopted the following Standards of MFRS and IC Int. 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 1 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfer of Investment Property</i>	1 January 2018
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
Clarifications to MFRS 15	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</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 2016 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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	34,035	29,420	34,035	29,420
- Manufacturing	28,438	25,222	28,438	25,222
Total Segment Revenue	62,473	54,642	62,473	54,642
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	37	(340)	37	(340)
- Manufacturing	9,103	6,778	9,103	6,778
- Investment	(226)	(188)	(226)	(188)
Total Segment Profit	8,914	6,250	8,914	6,250

9 Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	29,220	26,289	29,220	26,289
- Asean	11,717	8,137	11,717	8,137
- Non-Asean	21,536	20,216	21,536	20,216
Total Segment Revenue	62,473	54,642	62,473	54,642
<u>Segment Capital Expenditure</u>				
- Malaysia	11,359	10,004	11,359	10,004
- Asean	9	44	9	44
- Non-Asean	1	-	1	-
Total Segment Capital Expenditure	11,369	10,048	11,369	10,048

By Geographical Segment	As at 31.03.2017	As at 31.12.2016
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	304,823	300,286
- Asean	26,278	26,639
- Non-Asean	131	144
Total Segment Non-Current Assets	331,232	327,069

Included in the measure of segment profit are:

	Trading RM'000	Manufacturing RM'000	Investment RM'000	Total RM'000
Depreciation and amortisation	(785)	(6,249)	-	(7,034)

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	8,914
Finance costs	(304)
Profit before tax	8,610
Income tax expense	(1,239)
Net profit for the financial period	7,371

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

On 17 April 2017, the Board of Directors of New Hoong Fatt Holdings Berhad (“NHFHB”) had announced that PT. Auto Global Parts Indonesia, an indirect wholly-owned subsidiary of NHFHB, had entered into a binding sales and purchase agreement (“SPA”) to purchase a piece of land from PT. Gerbang Teknologi Cikarang (“Vendor”) for a total purchase consideration of IDR54,065,000,000 (equivalent to approximately RM17,965,800) (excluding 10% Value Added Tax). Subsequently, NHFHB will validate the land certificate once provided by the Vendor. The "Akta Jual Beli" (Deed for sales and purchase) will be signed after the validation of the land certificate. The transfer of ownership of the land certificate will commence after the signing of the "Akta Jual Beli" (Deed for sales and purchase) and is expected to be completed by the third quarter of 2017.

12 Changes in the composition of the Group

There are no changes in the composition of the Group in the current quarter under review.

13 Changes in contingent liabilities

The contingent liabilities of the Group were as follows:

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Corporate guarantees given to banks and vendors for credit facilities granted to subsidiaries	<u>46,578</u>	<u>41,541</u>

14 Capital commitments

	As at 31.03.2017 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>9,320</u>
Approved but not contracted for	<u>31,138</u>

15 Comparative figures

The following comparative amounts have been restated to conform to the current financial period's presentation, which pertains to realised and unrealised foreign exchange gain or loss:

**For the quarter and year to date
ended 31.03.2016**

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income			
Other operating income	3,778	(1,646)	2,132
Operating expenses	(13,186)	1,646	(11,540)

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

16 Review of performance

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

The Group recorded RM7.9 million or 14.5% increase in revenue from RM54.6 million in the corresponding quarter of preceding year (“1Q 2016”) to RM62.5 million in the current quarter under review (“1Q 2017”). The increase in revenue was mainly attributed to higher demand in both local and overseas markets.

Profit Before Tax (“PBT”) increased by RM2.6 million or 43.3% from RM6.0 million in 1Q 2016 to RM8.6 million in 1Q 2017. The increase in PBT was mainly due to higher revenue achieved and favourable impact from foreign exchange rate, partially offset by higher operating expenses.

17 Segmental performance review

Trading segment

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

Revenue for the trading segment increased by RM4.6 million or 15.6% from RM29.4 million in 1Q 2016 to RM34.0 million in 1Q 2017. The increase in revenue was mainly attributed to higher demand in the local and overseas markets.

The segment recorded a profit of RM37,000 in 1Q 2017 compared to a loss of RM0.3 million in 1Q 2016. The increase in profit was mainly attributed to the increase in revenue, partially offset by higher operating expenses.

Manufacturing segment

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

Revenue for the manufacturing segment increased by RM3.2 million or 12.7% from RM25.2 million in 1Q 2016 to RM28.4 million in 1Q 2017. The increase was mainly due to higher demand in the overseas market.

Consequently, profit for the segment had increased by RM2.3 million or 33.8% from RM6.8 million in 1Q 2016 to RM9.1 million in 1Q 2017. The increase in profit was mainly due to higher revenue and favourable impact from foreign exchange rate, partially offset by higher operating expenses.

18 Variation of results against preceding quarter

Compared to the preceding quarter (“4Q 2016”), revenue decreased marginally by RM0.3 million or 0.5% from RM62.8 million in 4Q 2016 to RM62.5 million in 1Q 2017.

However, PBT decreased by RM4.5 million or 34.4% from RM13.1 million in 4Q 2016 to RM8.6 million in 1Q 2017. The decrease in PBT was mainly due to lower foreign exchange gain in the current quarter.

19 Future Prospects

The local and global economy will continue to be challenging in 2017. However, the Group remains cautiously optimistic on the outlook of the automotive industry particularly in the after sales market. Moving forward, the Group aims to drive business growth through expanding its product range as well as further strengthening its cost competitiveness via various cost efficiency programs.

20 Profit forecast

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

21 Tax expense

	Quarter ended 31.03.2017 RM'000	Year to date ended 31.03.2017 RM'000
Tax expense	1,156	1,156
Deferred tax liabilities	83	83
	<u>1,239</u>	<u>1,239</u>

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate mainly due to utilisation of Reinvestment Allowance and Investment Tax Allowance.

22 Status of corporate proposal

There were no corporate proposals announced but not completed as at the date of this report.

23 Group borrowings and debt securities

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	35,890	32,000
Term loans	161	3,213
Total borrowings	<u>36,051</u>	<u>35,213</u>
Total borrowings		
Bankers' acceptances	35,890	32,000
Term loans	161	3,213
	<u>36,051</u>	<u>35,213</u>

23 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings is as follows:

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Ringgit Malaysia	36,051	32,304
US Dollar	-	2,909
	<u>36,051</u>	<u>35,213</u>

24 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.

25 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.

26 Dividend

The Board of Directors has not recommended any interim dividend for the financial quarter ended 31 March 2017.

27 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 31.03.2017	Quarter ended 31.03.2016	Year to date ended 31.03.2017	Year to date ended 31.03.2016
Net profit attributable to owners of the parent (RM'000)	<u>7,371</u>	<u>5,475</u>	<u>7,371</u>	<u>5,475</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)	9.81	7.28	9.81	7.28

28 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 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings before consolidated adjustments		
- Realised	340,867	333,547
- Unrealised	(16,872)	(17,563)
	323,995	315,984
Less: Consolidated adjustments	(83,019)	(82,379)
Total Group retained earnings as per consolidated financial statements	240,976	233,605

29 Profit before tax

	Quarter ended 31.03.2017 RM'000	Year to date ended 31.03.2017 RM'000
Profit before tax is arrived at after charging / (crediting):		
Depreciation of property, plant and equipment	7,034	7,034
Gain on disposal of property, plant and equipment	(124)	(124)
Gain on foreign exchange:		
- Realised	(431)	(431)
Impairment losses on trade receivables	27	27
Interest expense	304	304
Interest income	(32)	(32)
Inventories written back	(51)	(51)
Loss on foreign exchange:		
- Unrealised	898	898
Property, plant and equipment written off	3	3
Provision for employment benefit obligation	4	4
Rental income from investment properties	(180)	(180)
Reversal of impairment loss on trade receivables	(13)	(13)

By Order of the Board

TAI YIT CHAN
CHOONG LEE WAH
Secretaries

Kuala Lumpur
16 May 2017