

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

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Website : www.newhoongfatt.com.my**RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2013**

The Board of Directors is pleased to announce the Group's un-audited quarterly report on consolidated results for the period ended 30 June 2013.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2013	Quarter ended 30.06.2012	Year to date ended 30.06.2013	Year to date ended 30.06.2012
		RM'000	RM'000	RM'000	RM'000
Revenue		54,937	54,622	109,250	108,640
Cost of sales		(38,125)	(38,589)	(76,567)	(80,405)
Gross profit		16,812	16,033	32,683	28,235
Other operating income		3,495	3,755	6,236	7,240
Operating expenses		(10,149)	(9,558)	(20,328)	(19,306)
Finance costs		(375)	(395)	(761)	(664)
Profit before tax		9,783	9,835	17,830	15,505
Tax expense	20	(1,845)	(378)	(3,137)	(1,953)
Net profit for the period		7,938	9,457	14,693	13,552
Other comprehensive income, net of tax					
Foreign currency translations		423	192	439	(14)
Total comprehensive income for the period		8,361	9,649	15,132	13,538
Profit attributable to owners of the parent		7,938	9,457	14,693	13,552
Total comprehensive income attributable to owners of the parent		8,361	9,649	15,132	13,538
Earnings per share attributable to owners of the parent	26				
Basic (sen)		10.56	12.58	19.55	18.03
Diluted (sen)		N.A.	N.A.	N.A.	N.A.

(The Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Un-Audited As at 30.06.2013 RM'000	Audited As at 31.12.2012 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		239,292	216,936
Prepaid lease payments for land		1,307	1,349
Investment properties		9,500	9,500
Available for sale financial asset		130	130
Intangible assets		4,173	4,476
		254,402	232,391
Current Assets			
Inventories		36,716	36,893
Trade receivables		42,207	44,380
Other receivables, deposits & prepayments		20,888	16,632
Current tax assets		260	282
Cash and cash equivalents		18,383	30,974
		118,454	129,161
Total Assets		372,856	361,552
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
Foreign exchange translation reserve		298	(141)
Available for sale reserve		47	47
<u>Distributable:</u>			
Retained profits		201,478	186,785
		242,583	227,451
Total Equity		317,740	302,608
Non-Current Liabilities			
Borrowings (interest bearing)	22	10,831	7,425
Deferred tax liabilities		15,997	15,859
		26,828	23,284
Current Liabilities			
Trade payables		6,287	6,229
Other payables & accruals		5,244	8,112
Borrowings (interest bearing)	22	15,322	20,497
Current tax liabilities		1,435	822
		28,288	35,660
Total Liabilities		55,116	58,944
Total Equity and Liabilities		372,856	361,552
Net assets per share attributable to owners of the parent (RM)		4.23	4.03

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 30.06.2013 RM'000	Year to date ended 30.06.2012 RM'000
Cash Flow From Operating Activities		
Profit before tax	17,830	15,505
Adjustments for:-		
Depreciation and amortization	10,504	9,393
Fair value adjustment on derivative instruments	-	(42)
Interest income	(144)	(403)
Interest paid	761	664
Net gain on disposal of property, plant and equipment	(281)	(87)
Property, plant and equipment written off	6	44
Reversal of impairment loss on trade and other receivables	-	(1)
Bad debts written off	-	9
Unrealised loss / (gain) on foreign exchange differences	395	(190)
Operating profit before changes in working capital	29,071	24,892
Net change in current assets	(29)	(1,102)
Net change in current liabilities	(2,811)	(1,234)
Tax paid	(2,365)	(1,615)
Net cash generated from operating activities	23,866	20,941
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	295	87
Purchase of property, plant and equipment	(34,225)	(15,381)
Purchase of intangible assets	(5)	(38)
Interest received	144	403
Net cash used in investing activities	(33,791)	(14,929)
Cash Flow From Financing Activities		
Interest paid	(761)	(664)
(Repayment)/Drawdown of short term borrowings	(5,856)	4,636
Proceeds from / (Repayment of) hire purchase	5	(29)
Drawdown/(Repayment) of term loan	3,507	(669)
Net cash (used in)/generated from financing activities	(3,105)	3,274

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 30.06.2013 RM'000	Year to date ended 30.06.2012 RM'000
Net (decrease) / increase in cash and cash equivalents	(13,030)	9,286
Effect of exchange rate changes on cash & cash equivalents	439	(14)
Cash and cash equivalents at beginning of the financial period	30,974	35,502
Cash and cash equivalents at end of the financial period	18,383	44,774
Cash and cash equivalents comprise of :		
Cash and bank balances	18,383	21,853
Short term placements	-	22,921
	18,383	44,774

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Non-distributable					Distributable	
	Share capital	Share premium	Revaluation reserve	Available for sale reserve	Foreign exchange translation reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	75,157	4,210	42,832	47	172	166,759	289,177
Profit for the financial year	-	-	-	-	-	13,552	13,552
Foreign currency translations	-	-	-	-	(14)	-	(14)
Total comprehensive income	-	-	-	-	(14)	13,552	13,538
At 30 June 2012	75,157	4,210	42,832	47	158	180,311	302,715
At 1 January 2013	75,157	4,210	36,550	47	(141)	186,785	302,608
Profit for the financial year	-	-	-	-	-	14,693	14,693
Foreign currency translations	-	-	-	-	439	-	439
Total comprehensive income	-	-	-	-	439	14,693	15,132
At 30 June 2013	75,157	4,210	36,550	47	298	201,478	317,740

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2012)

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134, INTERIM FINANCIAL REPORTING

1 Basis of preparation

The interim financial report 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 2012.

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 year ended 31 December 2012.

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 2012 except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”) to be applied by all Entities Other Than Private Entities during the current financial period :-

Title		Effective for financial periods beginning on or after
MFRS 3	<i>Business Combinations (IFRS Business Combinations issued by IASB in March 2004)</i>	1 July 2012
MFRS 10	<i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11	<i>Joint Arrangements</i>	1 January 2013
MFRS 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13	<i>Fair Value Measurement</i>	1 January 2013
MFRS 119	<i>Employee Benefits (IAS 19 as amended by IASB in June 2011)</i>	1 January 2013
MFRS 127	<i>Separate Financial Statements (IAS 27 as amended by IASB in May 2011)</i>	1 January 2013
MFRS 128	<i>Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)</i>	1 January 2013
Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 1	<i>Government Loans</i>	1 January 2013
Amendments to MFRS 7	<i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs	<i>Annual Improvements 2009 – 2011 Cycle</i>	1 January 2013

2 Adoption of Malaysian Financial Reporting Standards (continued)

Title		Effective for financial periods beginning on or after
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance</i>	1 January 2013
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

The Group has not adopted the following MFRSs and Amendments to MFRSs which are in issue but not yet effective:

Title		Effective for financial periods beginning on or after
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	<i>Investment Entities</i>	1 January 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>		1 January 2015
Amendments to MFRS 9	<i>Financial Instruments (IFRS 9 issued by IASB in Nov 2009)</i>	1 January 2015
Amendments to MFRS 9	<i>Financial Instruments (IFRS 9 issued by IASB in Oct 2010)</i>	1 January 2015

3 Qualified audit report

The financial statements for the financial year ended 31 December 2012 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.

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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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	34,504	33,369	67,809	66,520
- Manufacturing	42,072	41,288	82,735	82,765
- Investment	4,359	4,568	8,421	8,770
Elimination of inter segment revenue	(25,998)	(24,603)	(49,715)	(49,415)
Total Segment Revenue	54,937	54,622	109,250	108,640
<u>Segment Results</u>				
- Trading	(896)	(537)	(1,501)	(1,193)
- Manufacturing	9,819	9,595	18,204	15,684
- Investment	1,235	1,172	1,888	1,678
Total Segment Results	10,158	10,230	18,591	16,169
Finance Costs	(375)	(395)	(761)	(664)
Group Results	9,783	9,835	17,830	15,505

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	33,468	32,555	65,385	65,060
- Asean	8,510	8,519	15,687	13,720
- Non-Asean	12,959	13,548	28,178	29,860
Total Segment Revenue	54,937	54,622	109,250	108,640
<u>Segment Capital Expenditure</u>				
- Malaysia	4,203	8,776	9,908	15,094
- Asean	319	82	24,281	118
- Non-Asean	32	108	41	207
Total Segment Capital Expenditure	4,554	8,966	34,230	15,419

9 Segmental information (continued)

By Geographical Segment	Unaudited as at	
	30.06.2013	31.12.2012
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	334,828	347,128
- Asean	31,090	6,814
- Non-Asean	6,938	9,201
Total Segment Assets	372,856	363,143

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, no item, transaction or event of a material nature has arisen during the period from the end of the reporting period to 21 August 2013 which is likely to affect substantially the results of the operations of the Group for the financial period ended 30 June 2013.

12 Changes in the composition of the Group

There is no change in the composition of the Group.

13 Changes in contingent liabilities

The contingent liabilities of the Company are as follows:

	Company	
	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Guarantee in favour of banks for banking facilities granted to subsidiary companies	26,133	27,907

14 Capital commitments

	Group As at 30.06.2013 RM'000
<u>Property, plant and equipment</u>	
Approved and contracted for	49,823
Approved but not contracted for	18,500

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 with corresponding quarter of preceding year

The group recorded a revenue of RM54.9 million for the second quarter (“2Q”) 2013, consistent with the RM54.6 million achieved in 2Q 2012, carried over to the profit before taxation of RM9.8 million recorded in both 2Q 2013 and 2Q 2012. Net Profit reduced by 16.8% to RM7.9 million this quarter compared to RM9.5 million in 2Q 2012, mainly due to higher utilisation of Allowance for Increased Export Incentive of a subsidiary company of the Group for the quarter 2Q 2012.

Comparison of current YTD with corresponding YTD of preceding year

Revenue of RM109.3 million for the financial period ended 30 June 2013 (“YTD 2Q 2013”) showed marginal improvement of 0.6% (RM0.7 million), up from RM108.6 million recorded in YTD 2Q 2012. Profit before taxation however increased significantly by 14.8% from RM15.5 million in YTD 2Q 2012 to RM17.8 million in YTD 2Q 2013. The increase was largely attributed to lower manufacturing costs. Correspondingly, net profit increased by 8.1% from RM13.6 million in YTD 2Q 2012 to RM14.7 million in YTD 2Q 2013.

16 Segmental performance review

Trading segment

Comparison of current quarter with corresponding quarter of preceding year

The trading segment contributed revenue of RM34.5 million for 2Q 2013, an increase of RM1.1 million (3.3%) from RM33.4 million in 2Q 2012. However, total loss before taxation of RM0.9 million for 2Q 2013 was higher compared with loss before taxation of RM0.5 million in 2Q 2012. The higher losses were mainly attributed by the full quarter of operating expenses of overseas’ operations as compared with lower initial operating expenses in 2Q 2012.

Comparison of current YTD with corresponding YTD of preceding year

Revenue of RM67.8 million was achieved for YTD 2Q 2013 compared with RM66.5 million in YTD 2Q 2012, an increase of RM1.3 million (2.0%). However, a loss before taxation of RM1.5 million for the YTD 2Q 2013 showed a slight increase of loss before taxation of RM1.2 million in YTD 2Q 2012, largely attributed by the full quarter of operating expenses of overseas’ operations as compared with lower initial operating expenses in the preceding year.

Manufacturing segment

Comparison of current quarter with corresponding quarter of preceding year

Manufacturing segment contributed revenue amounting to RM42.0 million for 2Q 2013, up by RM0.7 million (1.7%) from RM41.3 million in 2Q 2012. This led to higher profit before taxation of RM9.8 million for 2Q 2013 as opposed to RM9.6 million in 2Q 2012, a rise of RM0.2 million or 2.1%.

16 Segmental performance review (continued)

Comparison of current YTD with corresponding YTD of preceding year

RM82.7 million of revenue was recorded for both YTD 2Q 2013 and YTD 2Q 2012. Profit before taxation of RM18.2 million for the YTD 2Q 2013 was higher by RM2.5 million (15.9%) from RM15.7 million in YTD 2Q 2012. The uptrend was mainly due to lower manufacturing costs.

17 Variation of results against preceding quarter

There was an increase in revenue by RM0.6 million (1.1%) from RM54.3 million in 1Q 2013 to RM54.9 million in 2Q 2013. The profit before taxation of RM9.8 million in 2Q 2013 was 22.5% higher compared to RM8.0 million in 1Q 2013. This was mainly due to lower manufacturing costs as well as better sales of higher margin products. This attributes to higher net profit for 2Q 2013 of RM7.9 million as compared with RM6.8 million in 1Q 2013.

18 Current Year Prospects

Globally, the European Union has emerged from recession after eighteen months of economic contraction, China's slower growth remain unchanged, while US economic data pointed to a possible recovery. Meanwhile, growth opportunities for the Group within ASEAN remain promising, particularly for the Group's principal activities of manufacturing and trading of automotive parts and accessories.

As such, the Group will focus on optimizing manufacturing productivity and efficiency to meet on-going demands. Additionally, product variation expected to mitigate the burden on revenue, thus leading to business growth. The Group expects the remaining year to be challenging.

19 Profit forecast

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

20 Tax expenses

	Quarter ended 30.06.2013 RM'000	Year to date ended 30.06.2013 RM'000
Tax expenses	1,847	2,999
Deferred tax liabilities	(2)	138
	<u>1,845</u>	<u>3,137</u>

The effective tax rate of the Group for the current quarter is 18.9% and year to date is 17.6%. This is lower than the statutory tax rate mainly due to the utilisation of Allowance for Increase Export Incentive and Reinvestment Allowance by a subsidiary company of the Group.

21 Status of corporate proposal

- (a) There were no corporate proposals announced but not completed as at 21 August 2013.
- (b) Utilisation of proceeds raised from corporate proposals: Not applicable.

22 Group borrowings and debt securities

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Current		
<i>Secured:-</i>		
Term loan	1,282	-
<i>Unsecured:-</i>		
Bankers' Acceptance	4,390	14,910
Term loans	-	5,572
Revolving credit	9,630	-
Hire purchase	20	15
Sub-total	<u>15,322</u>	<u>20,497</u>
Non-current		
<i>Secured:-</i>		
Term loan	4,595	-
<i>Unsecured:-</i>		
Term loans	<u>6,236</u>	<u>7,425</u>
Sub-total	<u>10,831</u>	<u>7,425</u>
Total Borrowings	<u>26,153</u>	<u>27,922</u>
Total Borrowings		
Bankers' Acceptance	4,390	14,910
Term Loans	12,113	12,997
Revolving credit	9,630	-
Hire purchase	20	15
	<u>26,153</u>	<u>27,922</u>

The currency exposure profile of borrowings are as follows :

Ringgit Malaysia	10,625	27,907
Indonesia Rupiah	5,898	15
US Dollar	9,630	-
	<u>26,153</u>	<u>27,922</u>

23 Changes in fair value of financial instruments

The carrying amounts of the financial instruments of the Group as at balance sheet date approximate their fair values due to relatively short term maturity of these financial instruments except as set out below:

	Group	
	Carrying amount RM'000	Fair Value RM'000
As at 30 June 2013		
Fixed Rate Term loans	160	154

Fair value is determined by using estimated discounting future cash flows at the current market interest rate available to the Group for similar 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 21 August 2013.

25 Dividends

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 June 2013.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 30.06.2013	Quarter ended 30.06.2012	Year to date ended 30.06.2013	Year to date ended 30.06.2012
Net profit attributable to owners of the parent (RM'000)	7,938	9,457	14,693	13,552
Number of ordinary shares in issue	75,156,600	75,156,600	75,156,600	75,156,600
Basic earnings per share (sen)	10.56	12.58	19.55	18.03

27 Realised and Unrealised Profits or Losses Disclosure

The following realised and unrealised profits or losses disclosure are 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 30.06.2013 RM'000	As At 31.12.2012 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	271,782	256,017
- Unrealised	(10,245)	(10,827)
	261,537	245,190
Less : Consolidated adjustments	(60,059)	(58,405)
Total group retained profits as per consolidated financial statements	201,478	186,785

28 Profit before taxation

	Quarter ended 30.06.2013 RM'000	Year to date ended 30.06.2013 RM'000
Profit before tax is arrived at after charging /(crediting) :		
Amortisation of prepaid lease payment	21	42
Amortisation of intangible asset	150	305
Depreciation of property, plant and equipment	5,189	10,157
Net gain on disposal of property, plant and equipment	(135)	(281)
Gain / loss on disposal of quoted or unquoted investment	-	-
Gain / loss on disposal of derivatives	-	-
Interest income	(56)	(144)
Investment income :		
- rental income	(95)	(189)
Interest expenses	375	761
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Impairment of assets	-	-
Property, plant and equipment written off	2	6
Realised gain on foreign exchange transactions	(13)	(61)
Unrealised loss on foreign exchange translations	172	395

By Order of the Board

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries
Kuala Lumpur
28 August 2013