

New Hoong Fatt 2Q net profit slips 6% on higher tax expenses

KUALA LUMPUR (Aug 11): New Hoong Fatt Holdings Bhd's net profit slipped 6% to RM5.16 million or 6.86 sen per share in the second quarter ended June 30, 2015 (2QFY15) from RM5.47 million or 7.28 sen per share previously, on higher tax expenses.

The automotive wholesaler's latest quarterly revenue also slipped 9% to RM51.66 million compared with RM56.81 million in 2QFY14, on lower demand in the local market.

Nevertheless, its cumulative six months (1HFY15)'s net profit rose about 20% to RM9.52 million or 12.67 sen per share from RM7.95 million or 10.58 sen per share in 1HFY14, on lower operating expenses and favourable impact from foreign exchange (forex) rates.

Revenue for the period, however, declined 3% to RM99.86 million from RM102.76 million in 1HFY14, again due to lower demand in the local market.

New Hoong Fatt said it continues to face stiff competition in the local and overseas markets, volatility in oil prices and the weakening of the ringgit against the US dollar.

Regardless, it will continue to work on its market development strategies locally and internationally to expand sales and to improve its productivity to strengthen its competitiveness.

New Hoong Fatt (fundamental: 1.95; valuation: 2)'s shares closed unchanged at RM2.50 today, with a market capitalisation of RM187.9 million.

(Note: The Edge Research's fundamental score reflects a company's profitability and balance sheet strength, calculated based on historical numbers. The valuation score determines if a stock is attractively valued or not, also based on historical numbers. A score of 3 suggests strong fundamentals and attractive valuations.)

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