


NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2013

The Board of Directors is pleased to announce the Group's un-audited quarterly report on consolidated results for the financial year ended 31 December 2013.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.12.2013	Quarter ended 31.12.2012	Year to date ended 31.12.2013	Year to date ended 31.12.2012
		RM'000	RM'000	RM'000	RM'000
Revenue		49,761	54,963	210,604	217,467
Cost of sales		(36,267)	(38,456)	(150,022)	(156,879)
Gross profit		13,494	16,507	60,582	60,588
Other operating income		2,714	1,935	11,642	12,239
Operating expenses		(13,677)	(14,906)	(43,290)	(43,976)
Finance costs		(430)	(209)	(1,576)	(1,182)
Profit before tax		2,101	3,327	27,358	27,669
Tax expense	20	(2,150)	(1,738)	(7,209)	(4,906)
Net (loss) / profit for the period		(49)	1,589	20,149	22,763
Other comprehensive income, net of tax					
Foreign currency translations		(352)	15	393	(313)
Total comprehensive (loss) / income for the period		(401)	1,604	20,542	22,450
(Loss) / profit attributable to owners of the parent		(49)	1,589	20,149	22,763
Total comprehensive (loss) / income attributable to owners of the parent		(401)	1,604	20,542	22,450
(Loss) / earnings per share attributable to owners of the parent	26				
Basic (sen)		(0.07)	2.11	26.81	30.29
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 31.12.2013 RM'000	Audited As at 31.12.2012 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		267,539	216,936
Prepaid lease payments for land		1,265	1,349
Investment properties		9,500	9,500
Available for sale financial asset		130	130
Intangible assets		601	4,476
		279,035	232,391
Current Assets			
Inventories		38,038	36,893
Trade receivables		47,198	44,380
Other receivables, deposits & prepayments		1,936	16,632
Current tax assets		760	282
Cash and cash equivalents		25,685	30,974
		113,617	129,161
Total Assets		<u>392,652</u>	<u>361,552</u>
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		252	(141)
Available for sale reserve		47	47
<u>Distributable:</u>			
Retained profits		197,164	186,785
		238,223	227,451
Total Equity		<u>313,380</u>	<u>302,608</u>
Non-Current Liabilities			
Borrowings (interest bearing)	22	10,238	7,425
Deferred tax liabilities		18,801	15,859
		29,039	23,284
Current Liabilities			
Trade payables		12,974	6,229
Other payables & accruals		11,055	8,112
Borrowings (interest bearing)	22	25,812	20,497
Current tax liabilities		392	822
		50,233	35,660
Total Liabilities		<u>79,272</u>	<u>58,944</u>
Total Equity and Liabilities		<u>392,652</u>	<u>361,552</u>
Net assets per share attributable to owners of the parent (RM)		4.17	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 31.12.2013 RM'000	Year to date ended 31.12.2012 RM'000
Cash Flow From Operating Activities		
Profit before tax	27,358	27,669
Adjustments for:-		
Amortisation and depreciation	20,436	19,326
Bad debts written off	-	9
Fair value adjustment on derivative instruments	-	(42)
Impairment loss on fixed asset	99	-
Impairment loss on goodwill on consolidation	3,239	5,300
Impairment loss on trade receivables	-	5
Intangible assets written off	-	1
Interest income	(282)	(856)
Interest paid	1,576	1,182
Net gain on disposal of property, plant and equipment	(626)	(340)
Property, plant and equipment written off	24	74
Provision for doubtful debt	218	-
Reversal of impairment loss on trade receivables	-	(1)
Unrealised (gain)/loss on foreign exchange differences	(537)	236
Operating profit before changes in working capital	51,505	52,563
Net change in current assets	10,983	(11,435)
Net change in current liabilities	7,238	1,006
Tax paid	(5,175)	(5,149)
Net cash generated from operating activities	64,551	36,985
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	947	746
Purchase of property, plant and equipment	(67,928)	(33,456)
Purchase of intangible assets	-	(452)
Interest received	282	856
Net cash used in investing activities	(66,699)	(32,306)
Cash Flow From Financing Activities		
Interest paid	(1,576)	(1,182)
Drawdown of bank borrowings	7,510	961
Repayment of hire purchase creditors	(13)	(59)
Dividend paid	(9,770)	(9,019)
Net cash used in financing activities	(3,849)	(9,299)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date Ended 31.12.2013 RM'000	Year to date Ended 31.12.2012 RM'000
Net decrease in cash and cash equivalents	(5,997)	(4,620)
Effects of exchange rate fluctuations on cash & cash equivalents	708	92
Cash and cash equivalents at beginning of the financial period	30,974	35,502
Cash and cash equivalents at end of the financial period	25,685	30,974
Cash and cash equivalents comprise of :		
Cash and bank balances	25,685	24,637
Short term placements	-	6,337
	25,685	30,974

(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 period	-	-	-	-	-	22,763	22,763
Disposal of property, plant & equipment	-	-	(6,282)	-	-	6,282	-
Foreign currency translations	-	-	-	-	(313)	-	(313)
Total comprehensive income	-	-	(6,282)	-	(313)	29,045	22,450
Dividends paid	-	-	-	-	-	(9,019)	(9,019)
At 31 December 2012	75,157	4,210	36,550	47	(141)	186,785	302,608
At 1 January 2013	75,157	4,210	36,550	47	(141)	186,785	302,608
Profit for the financial period	-	-	-	-	-	20,149	20,149
Disposal of property, plant & equipment	-	-	-	-	-	-	-
Foreign currency translations	-	-	-	-	393	-	393
Total comprehensive income	-	-	-	-	393	20,149	20,542
Dividends paid	-	-	-	-	-	(9,770)	(9,770)
At 31 December 2013	75,157	4,210	36,550	47	252	197,164	313,380

(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 financial 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:

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.

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

	Quarter ended 31.12.2013 RM'000	Year to date ended 31.12.2013 RM'000
Final single tier dividend of 8 sen and a special final single tier dividend of 2 sen per ordinary share declared for financial year ended 2012, paid on 19 July 2013	-	7,516
Interim single-tier dividend of 3 sen per ordinary share for financial year ended 31 December 2013 paid on 27 December 2013	2,254	2,254
Total dividends paid	2,254	9,770

9 Segmental information

By Business Segment	Quarter ended		Year to date ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	31,403	35,923	133,430	136,966
- Manufacturing	37,680	40,639	157,806	163,119
- Investment	2,111	3,740	14,892	17,014
Elimination of inter segment revenue	(21,433)	(25,339)	(95,524)	(99,632)
Total Segment Revenue	49,761	54,963	210,604	217,467
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(1,115)	525	(2,989)	(825)
- Manufacturing	7,711	7,726	32,152	31,415
- Investment	(4,065)	(4,709)	(229)	1,733
Total Segment Results	2,531	3,542	28,934	28,857
Finance Costs	(430)	(210)	(1,576)	(1,183)
Group Results	2,101	3,332	27,358	27,674

9. Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
<u>Segment Revenue</u>				
- Malaysia	29,889	34,875	128,316	133,682
- Asean	6,374	6,044	28,010	26,878
- Non-Asean	13,498	14,044	54,278	56,907
Total Segment Revenue	49,761	54,963	210,604	217,467
<u>Segment Capital Expenditure</u>				
- Malaysia	16,409	9,985	26,418	43,642
- Asean	604	29	24,885	170
- Non-Asean	13	37	98	166
Total Segment Capital Expenditure	17,026	10,051	51,401	43,978

By Geographical Segment	Unaudited as at 31.12.2013	Audited as at 31.12.2012
<u>Segment Assets</u>	RM'000	RM'000
- Malaysia	358,910	338,439
- Asean	29,662	14,507
- Non-Asean	4,080	8,606
Total Segment Assets	392,652	361,552

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 18 February 2014 which is likely to affect substantially the results of the operations of the Group for the financial period ended 31 December 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	
	Unaudited As at 31.12.2013 RM'000	Audited As at 31.12.2012 RM'000
Guarantee in favour of banks for banking facilities granted to subsidiary companies	36,047	27,907

14 Capital commitments

	Group As at 31.12.2013 RM'000
<u>Property, plant and equipment</u>	
Approved and contracted for	75,645
Approved but not contracted for	22,040

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 total revenue of RM49.8 million for the current quarter (“4Q”) 2013 which was lower by 9.5% compared to RM55.0 million in 4Q 2012. The reduction of revenue was largely attributed to lower sentiment in the local market in 4Q 2013.

Profit before taxation reduced by 36.4% from RM3.3 million in 4Q 2012 to RM2.1 million in 4Q 2013. This was mainly due to lower sales and higher manufacturing costs.

Comparison of current YTD with corresponding YTD of preceding year

The Group’s consolidated revenue for financial year ended 31 December 2013 (“YTD 4Q 2013”) of RM210.6 million showed a decline of 3.2% as compared to YTD 4Q 2012 of RM217.5 million. The decline in revenue was mainly attributed to contraction of economies worldwide and depreciation of currency of certain countries towards the second half of 2013.

Profit before taxation for YTD 4Q 2013 amounting to RM27.4 million has declined slightly by 1.1% as compared to RM27.7 million in 2012. Although revenue was lower and operating expenses was higher in 2013, lower manufacturing costs and impairment of goodwill helped cushion their impact.

16 Segmental performance review

Trading segment

The trading segment contributed revenue of RM31.4 million for 4Q 2013, declining by 12.6% compared to 4Q 2012. For YTD 4Q 2013, revenue achieved was RM133.4 million, slightly lower by 2.6% compared to YTD 4Q 2012. The reduction of revenue was mainly attributed to lower market sentiment.

Loss before taxation of RM1.1 million for 4Q 2013 and RM3.0 million for YTD 4Q 2013 was higher compared with 2012 due to higher operating expenses for both the overseas operations.

Manufacturing segment

Manufacturing segment contributed revenue amounting to RM37.7 million for 4Q 2013, decreased by 7.3% as compared to 4Q 2012. For YTD 4Q 2013, revenue of RM157.8 million, decreased by 3.2% as compared to YTD 4Q 2012. This was mainly due to lower market sentiment.

Profit before taxation of RM7.7 million for 4Q 2013 approximate that of 4Q 2012 whereas profit before taxation for YTD 4Q 2013 of RM32.2 million had increased by 2.5% as compared to YTD 4Q 2012. Although revenue was lower and operating expenses was higher in 2013, lower manufacturing costs helped cushion their impact.

17 Variation of results against preceding quarter

Compared to preceding quarter, total revenue drop by 3.5% from RM51.6 million in 3Q 2013 to RM49.8 million this quarter due to lower sentiment in the local market in 4Q. Profit before taxation of RM2.1 million in 4Q 2013 was lower compared to RM7.4 million in 3Q 2013. This was mainly due to lower revenue as well as impairment of goodwill of RM3.2 million taken up in the current quarter under review.

18 Current Year Prospects

As the global economy continues to face challenges in the year 2014, Malaysia is expected to experience inflationary pressure caused by increasing prices of essential goods and services. In addition, Malaysian automotive industry will be impacted by the updated National Automotive Policy, interest rate trends and foreign currency movements. Despite these challenges, the group continues to focus on its regional business initiatives coupled with greater emphasis on improvements to efficiency, productivity and product range to translate into satisfactory financial results in 2014.

19 Profit forecast

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

20 Tax expenses

	Quarter ended 31.12.2013 RM'000	Year to date ended 31.12.2013 RM'000
Tax expenses	1,030	4,267
Deferred tax liabilities	1,120	2,942
	<u>2,150</u>	<u>7,209</u>

The effective tax rate of the Group for the current quarter is 102.3% and year to date is 26.4%. The current quarter effective tax rate is higher than the statutory rate due to increased deferred tax liabilities arose from the purchase of property, plant and equipment by certain subsidiary companies of the Group. The year to date effective tax rate is higher than the statutory tax rate mainly due to non-allowable expense.

21 Status of corporate proposal

- (a) There were no corporate proposals announced but not completed as at 18 February 2014.
 (b) Utilisation of proceeds raised from corporate proposals: Not applicable.

22 Group borrowings and debt securities

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Current		
<i>Secured:-</i>		
Term loan	1,100	-
<i>Unsecured:-</i>		
Bankers' Acceptance	10,000	14,910
Revolving credit	7,572	-
Term loans	7,137	5,572
Hire purchase	3	15
Sub-total	<u>25,812</u>	<u>20,497</u>
Non-current		
<i>Secured:-</i>		
Term loan	3,393	-
<i>Unsecured:-</i>		
Term loans	6,845	7,425
Sub-total	<u>10,238</u>	<u>7,425</u>
Total Borrowings	<u>36,050</u>	<u>27,922</u>
Total Borrowings		
Bankers' Acceptance	10,000	14,910
Term Loans	18,475	12,997
Revolving credit	7,572	-
Hire purchase	3	15
	<u>36,050</u>	<u>27,922</u>

22 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings are as follows :

Ringgit Malaysia	23,560	27,907
Indonesia Rupiah	4,496	15
US Dollar	7,572	-
Chinese Renminbi	422	-
	36,050	27,922

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.

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 18 February 2014.

25 Dividends

The Board of Directors is pleased to propose a final single-tier dividend of 8 sen and a special final single-tier dividend of 1 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013 amounting to RM6,764,094 (2012 : single-tier 8 sen and a special final-single tier dividend of 2 sen per ordinary share amounting to RM7,515,660).

The proposed final dividends are subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company. These dividends, upon approval by the shareholders, will be accounted for as an appropriation of retained earnings in the year in which it is declared. The dividend payment date and entitlement date will be advised later.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended</u> 31.12.2013	<u>Quarter ended</u> 31.12.2012	<u>Year to date ended</u> 31.12.2013	<u>Year to date ended</u> 31.12.2012
Net (loss) / profit attributable to owners of the parent (RM'000)	(49)	1,589	20,149	22,763
Number of ordinary shares in issue	75,156,600	75,156,600	75,156,600	75,156,600
Basic (loss) / earnings per share (sen)	(0.07)	2.11	26.81	30.29

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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	268,301	256,017
- Unrealised	(16,985)	(10,827)
	251,316	245,190
Less : Consolidated adjustments	(54,152)	(58,405)
Total group retained profits as per consolidated financial statements	197,164	186,785

28 Profit before taxation

	Quarter ended 31.12.2013 RM'000	Year to date ended 31.12.2013 RM'000
Profit before tax is arrived at after charging/(crediting) :		
Amortisation of prepaid lease payment	21	85
Amortisation of intangible asset	141	569
Depreciation of property, plant and equipment	4,898	19,782
Net gain on disposal of property, plant and equipment	(206)	(626)
Gain / loss on disposal of quoted or unquoted investment	-	-
Gain / loss on disposal of derivatives	-	-
Interest income	(81)	(282)
Investment income :		
- rental income	(94)	(378)
Interest expenses	430	1,576
Impairment on goodwill	3,239	3,239
Provision for and write off of receivables	91	218
Provision for and write off of inventories	534	534
Impairment of assets	99	99
Property, plant and equipment written off	4	24
Realised gain on foreign exchange transactions	121	(189)
Unrealised gain on foreign exchange translations	(451)	(537)

By Order of the Board

YE OH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
25 February 2014