


NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2014

The Board of Directors is pleased to announce the Group's un-audited quarterly report on consolidated results for the financial quarter ended 31 March 2014.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended	Quarter ended	Year to date ended	Year to date ended
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		45,951	54,313	45,951	54,313
Cost of sales		(34,092)	(38,442)	(34,092)	(38,442)
Gross profit		11,859	15,871	11,859	15,871
Other operating income		2,130	2,741	2,130	2,741
Operating expenses		(10,081)	(10,179)	(10,081)	(10,179)
Finance costs		(416)	(386)	(416)	(386)
Profit before tax		3,492	8,047	3,492	8,047
Tax expense	20	(1,012)	(1,292)	(1,012)	(1,292)
Net profit for the period		2,480	6,755	2,480	6,755
Other comprehensive (loss)/income, net of tax					
Foreign currency translations		(972)	16	(972)	16
Total comprehensive income for the period		1,508	6,771	1,508	6,771
Profit attributable to owners of the parent		2,480	6,755	2,480	6,755
Total comprehensive income attributable to owners of the parent		1,508	6,771	1,508	6,771
Earnings per share attributable to owners of the parent	26				
Basic (sen)		3.30	8.99	3.30	8.99
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 Report for the financial year ended 31 December 2013)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Un-Audited As at 31.03.2014 RM'000	Audited As at 31.12.2013 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		257,970	265,393
Investment properties		15,344	9,500
Available-for-sale financial asset		130	130
Intangible assets		482	623
		273,926	275,646
Current Assets			
Inventories		37,716	38,185
Trade receivables		35,963	40,418
Other receivables, deposits & prepayments		7,645	5,327
Current tax assets		1,092	863
Cash and cash equivalents		22,584	25,686
		105,000	110,479
Total Assets		378,926	386,125
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		(615)	357
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained profits		199,644	197,164
		239,836	238,328
Total Equity		314,993	313,485
Non-Current Liabilities			
Borrowings (interest bearing)	22	5,471	10,239
Deferred tax liabilities		18,654	18,800
		24,125	29,039
Current Liabilities			
Trade payables		5,941	6,184
Other payables & accruals		5,191	11,108
Borrowings (interest bearing)	22	28,162	25,812
Current tax liabilities		514	497
		39,808	43,601
Total Liabilities		63,933	72,640
Total Equity and Liabilities		378,926	386,125
Net assets per share attributable to owners of the parent (RM)		4.19	4.17

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 31.03.2014 RM'000	Year to date ended 31.03.2013 RM'000
Cash Flow From Operating Activities		
Profit before tax	3,492	8,047
Adjustments for:-		
Amortisation and depreciation	5,852	5,144
Interest income	(72)	(88)
Interest paid	416	386
Net gain on disposal of property, plant and equipment	(11)	(146)
Property, plant and equipment written off	-	4
Unrealised (gain)/loss on foreign exchange differences	(53)	223
Operating profit before changes in working capital	9,624	13,570
Net change in current assets	2,380	4,841
Net change in current liabilities	(7,291)	(2,738)
Tax paid	(1,370)	(1,390)
Net cash generated from operating activities	3,343	14,283
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	11	159
Purchase of property, plant and equipment	(3,761)	(29,674)
Purchase of intangible assets	-	(2)
Interest received	72	88
Net cash used in investing activities	(3,678)	(29,429)
Cash Flow From Financing Activities		
Interest paid	(416)	(386)
(Repayment of)/Drawdown of bank borrowings	(2,368)	5,462
(Repayment of)/Proceeds from hire purchase	(3)	24
Net cash (used in)/generated from financing activities	(2,787)	5,100

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date Ended 31.03.2014 RM'000	Year to date Ended 31.03.2013 RM'000
Net decrease in cash and cash equivalents	(3,122)	(10,046)
Effects of exchange rate fluctuations on cash & cash equivalents	20	16
Cash and cash equivalents at beginning of the financial period	25,686	30,974
Cash and cash equivalents at end of the financial period	22,584	20,944
Cash and cash equivalents comprise of :		
Cash and bank balances	20,806	20,606
Short term placements	1,778	338
	22,584	20,944

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013)

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 2013	75,157	4,210	36,550	47	(141)	186,785	302,608
Profit for the financial period	-	-	-	-	-	6,755	6,755
Foreign currency translations	-	-	-	-	16	-	16
Total comprehensive income	-	-	-	-	16	6,755	6,771
At 31 March 2013	75,157	4,210	36,550	47	(125)	193,540	309,379
At 1 January 2014	75,157	4,210	36,550	47	357	197,164	313,485
Profit for the financial period	-	-	-	-	-	2,480	2,480
Foreign currency translations	-	-	-	-	(972)	-	(972)
Total comprehensive income	-	-	-	-	(972)	2,480	1,508
At 31 March 2014	75,157	4,210	36,550	47	(615)	199,644	314,993

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013)

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 2013.

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 2013.

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 2013 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 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

The Group has not adopted the following Standards of MFRS Framework that have been issued but not yet effective:

Title	Effective date
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
MFRS 9 <i>Financial Instruments</i> (2009)	Deferred
MFRS 9 <i>Financial Instruments</i> (2010)	Deferred
MFRS 9 <i>Financial Instruments</i> (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139).	Deferred

3 Qualified audit report

The financial statements for the financial year ended 31 December 2013 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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
– Trading	29,379	33,305	29,379	33,305
– Manufacturing	34,293	40,663	34,293	40,663
– Investment	3,273	4,062	3,273	4,062
Elimination of inter segment revenue	(20,994)	(23,717)	(20,994)	(23,717)
Total Segment Revenue	45,951	54,313	45,951	54,313
<u>Segment Profit/(Loss) Before Tax</u>				
– Trading	(139)	(605)	(139)	(605)
– Manufacturing	4,300	8,385	4,300	8,385
– Investment	(253)	653	(253)	653
Total Segment Results	3,908	8,433	3,908	8,433
Finance Costs	(416)	(386)	(416)	(386)
Group Results	3,492	8,047	3,492	8,047

9. Segmental information (continued)

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	27,857	31,917	27,857	31,917
- Asean	6,976	7,177	6,976	7,177
- Non-Asean	11,118	15,219	11,118	15,219
Total Segment Revenue	45,951	54,313	45,951	54,313
<u>Segment Capital Expenditure</u>				
- Malaysia	3,752	5,705	3,752	5,705
- Asean	8	23,962	8	23,962
- Non-Asean	1	9	1	9
Total Segment Capital Expenditure	3,761	29,676	3,761	29,676

By Geographical Segment	Un-audited as at 31.03.2014	Audited as at 31.12.2013
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	344,519	350,391
- Asean	28,136	29,663
- Non-Asean	6,271	6,071
Total Segment Assets	378,926	386,125

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 22 May 2014 which is likely to affect substantially the results of the operations of the Group for the financial period ended 31 March 2014.

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	
	Un-audited As at 31.03.2014 RM'000	Audited As at 31.12.2013 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	33,633	36,048

14 Capital commitments

	Group As at 31.03.2014 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	2,957
Approved but not contracted for	47,853

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 RM46.0 million for the first quarter (“1Q”) 2014 which was lower by 15.3% compared to RM54.3 million in 1Q 2013. The reduction of revenue was largely attributed to weaker sentiment in the local as well as overseas market.

Profit before taxation reduced by 56.3% from RM8.0 million in 1Q 2013 to RM3.5 million in 1Q 2014. This was mainly due to lower revenue and higher manufacturing costs.

16 Segmental performance review**Trading segment**

The trading segment contributed revenue of RM29.4 million for 1Q 2014, declined by 11.7% compared to RM33.3 million in 1Q 2013. The reduction of revenue was mainly attributed to weaker market sentiment.

Loss before taxation of RM0.1 million for 1Q 2014 has reduced slightly compared with loss before taxation of RM0.6 million in 1Q 2013.

16 Segmental performance review (continued)

Manufacturing segment

Manufacturing segment contributed revenue amounting to RM34.3 million for 1Q 2014, decreased by 15.7% as compared to RM40.7 million in 1Q 2013. This was mainly due to weaker market sentiment in the local as well as overseas market.

Profit before taxation of RM4.3 million for 1Q 2014 was lower by 48.8% compared with RM8.4 million in 1Q 2013. This was mainly due to lower revenue and higher manufacturing costs.

17 Variation of results against preceding quarter

Compared to preceding quarter, total revenue has dropped by 7.6% from RM49.8 million in 4Q 2013 to RM46.0 million this quarter due to weaker sentiment in the local and export market in 1Q 2014.

Profit before taxation of RM3.5 million in 1Q 2014 was higher compared to RM2.1 million in 4Q 2013. This was mainly due to impairment of goodwill amounting RM3.2 million taken up in 4Q 2013. Without taking goodwill impairment into consideration, profit before taxation in 1Q 2014 was lower compared to 4Q 2013 due mainly to lower revenue.

18 Current Year Prospects

With the weak global demand, the Group continues to face challenges in 2014. Despite the 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.

19 Profit forecast

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

20 Tax expenses

	Quarter ended 31.03.2014 RM'000
Tax expenses	1,158
Deferred tax liabilities	(146)
	<u>1,012</u>

The effective tax rate of the Group for the current quarter is 29.0%. The current quarter effective tax rate is higher than the statutory rate due to mainly due to non-allowable expenses.

21 Status of corporate proposal

- (a) There were no corporate proposals announced but not completed as at 22 May 2014.
 (b) Utilisation of proceeds raised from corporate proposals: Not applicable.

22 Group borrowings and debt securities

	Un-audited as at 31.03.2014 RM'000	Audited as at 31.12.2013 RM'000
Current liabilities		
<i>Secured:-</i>		
Term loan	-	1,100
<i>Unsecured:-</i>		
Bankers' Acceptance	15,000	10,000
Hire purchase	-	3
Revolving credit	6,209	7,572
Term loans	6,953	7,137
Sub-total	<u>28,162</u>	<u>25,812</u>
Non-current liabilities		
<i>Secured:-</i>		
Term loan	-	3,393
<i>Unsecured:-</i>		
Term loans	<u>5,471</u>	<u>6,846</u>
Sub-total	<u>5,471</u>	<u>10,239</u>
Total Borrowings	<u><u>33,633</u></u>	<u><u>36,051</u></u>
Total Borrowings		
Bankers' acceptances	15,000	10,000
Hire purchase	-	3
Revolving credit	6,209	7,572
Term loans	<u>12,424</u>	<u>18,476</u>
	<u><u>33,633</u></u>	<u><u>36,051</u></u>

The currency exposure profile of borrowings is as follows:

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Ringgit Malaysia	26,803	23,561
Indonesia Rupiah	-	4,496
US Dollar	6,209	7,572
Chinese Renminbi	621	422
	<u><u>33,633</u></u>	<u><u>36,051</u></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.

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 22 May 2014.

25 Dividends

The Board of Directors has not recommended any interim dividend for the financial quarter ended 31 March 2014.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended</u> 31.03.2014	<u>Quarter ended</u> 31.03.2013	<u>Year to date ended</u> 31.03.2014	<u>Year to date ended</u> 31.03.2013
Net profit attributable to owners of the parent (RM'000)	2,480	6,755	2,480	6,755
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)	3.30	8.99	3.30	8.99

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 :

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings before consolidated adjustments		
- Realised	271,443	268,300
- Unrealised	(15,476)	(16,985)
	255,967	251,315
Less : Consolidated adjustments	(56,323)	(54,151)
Total Group retained earnings as per consolidated financial statements	199,644	197,164

28 Profit before taxation

	Quarter ended 31.03.2014 RM'000	Year to date ended 31.03.2014 RM'000
Profit before tax is arrived at after charging/(crediting) :		
Amortisation of prepaid lease payment	-	-
Amortisation of intangible asset	142	142
Depreciation of property, plant and equipment	5,710	5,710
Net gain on disposal of property, plant and equipment	(11)	(11)
(Gain) / Loss on disposal of quoted or unquoted investment	-	-
Impairment on goodwill	-	-
Interest income	(72)	(72)
Investment income :		
- rental income	(95)	(95)
Interest expenses	416	416
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Property, plant and equipment written off	-	-
Realised loss on foreign exchange transactions	147	147
Unrealised gain on foreign exchange translations	(53)	(53)

By Order of the Board

YEOH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
29 May 2014