


NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2014

The Board of Directors is pleased to announce the Group's un-audited quarterly report on consolidated results for the financial quarter ended 30 June 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
		30.06.2014	30.06.2013	30.06.2014	30.06.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		56,806	54,937	102,757	109,250
Cost of sales		(41,793)	(38,125)	(75,885)	(76,567)
Gross profit		15,013	16,812	26,872	32,683
Other operating income		3,956	3,495	6,086	6,236
Operating expenses		(12,557)	(10,149)	(22,638)	(20,328)
Finance costs		(303)	(375)	(719)	(761)
Profit before tax		6,109	9,783	9,601	17,830
Tax expense	20	(637)	(1,845)	(1,649)	(3,137)
Net profit for the period		5,472	7,938	7,952	14,693
Other comprehensive (loss)/income, net of tax					
Foreign currency translations		(2,245)	423	(3,217)	439
Total comprehensive income for the period		3,227	8,361	4,735	15,132
Profit attributable to owners of the parent		5,472	7,938	7,952	14,693
Total comprehensive income attributable to owners of the parent		3,227	8,361	4,735	15,132
Earnings per share attributable to owners of the parent	26				
Basic (sen)		7.28	10.56	10.58	19.55
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 30.06.2014 RM'000	Audited As at 31.12.2013 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		257,486	265,393
Investment properties		15,345	9,500
Available-for-sale financial asset		130	130
Intangible assets		326	623
		273,287	275,646
Current Assets			
Inventories		35,190	38,185
Trade receivables		39,804	40,418
Other receivables, deposits & prepayments		5,355	5,327
Current tax assets		1,317	863
Cash and cash equivalents		29,305	25,686
		110,971	110,479
Total Assets		384,258	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		(2,860)	357
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained profits		205,116	197,164
		243,063	238,328
Total Equity		318,220	313,485
Non-Current Liabilities			
Borrowings (interest bearing)	22	4,093	10,239
Deferred tax liabilities		18,305	18,800
		22,398	29,039
Current Liabilities			
Trade payables		6,942	6,184
Other payables & accruals		5,620	11,108
Borrowings (interest bearing)	22	30,428	25,812
Current tax liabilities		650	497
		43,640	43,601
Total Liabilities		66,038	72,640
Total Equity and Liabilities		384,258	386,125
Net assets per share attributable to owners of the parent (RM)		4.23	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 30.06.2014 RM'000	Year to date ended 30.06.2013 RM'000
Cash Flow From Operating Activities		
Profit before tax	9,601	17,830
Adjustments for:-		
Amortisation and depreciation	11,764	10,504
Interest income	(135)	(144)
Interest expenses	719	761
Net gain on disposal of property, plant and equipment	(210)	(281)
Property, plant and equipment written off	-	6
Unrealised loss on foreign exchange differences	648	395
Operating profit before changes in working capital	22,387	29,071
Net change in current assets	862	(29)
Net change in current liabilities	(6,419)	(2,811)
Tax paid	(2,445)	(2,365)
Net cash generated from operating activities	14,385	23,866
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	282	295
Purchase of property, plant and equipment	(8,640)	(34,225)
Purchase of intangible assets	-	(5)
Interest received	133	144
Net cash used in investing activities	(8,225)	(33,791)
Cash Flow From Financing Activities		
Interest paid	(719)	(761)
Net repayment of bank borrowings	(1,191)	(2,349)
(Repayment of)/Proceeds from hire purchase	(3)	5
Net cash used in financing activities	(1,913)	(3,105)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date Ended 30.06.2014 RM'000	Year to date Ended 30.06.2013 RM'000
Net increase/(decrease) in cash and cash equivalents	4,247	(13,030)
Effects of exchange rate fluctuations on cash & cash equivalents	(628)	439
Cash and cash equivalents at beginning of the financial period	25,686	30,974
Cash and cash equivalents at end of the financial period	29,305	18,383
Cash and cash equivalents comprise of :		
Cash and bank balances	27,789	18,383
Short term placements	1,516	-
	29,305	18,383

(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	-	-	-	-	-	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
At 1 January 2014	75,157	4,210	36,550	47	357	197,164	313,485
Profit for the financial period	-	-	-	-	-	7,952	7,952
Foreign currency translations	-	-	-	-	(3,217)	-	(3,217)
Total comprehensive income	-	-	-	-	(3,217)	7,952	4,735
At 30 June 2014	75,157	4,210	36,550	47	(2,860)	205,116	318,220

(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
<i>MFRS 9 Financial Instruments (2009)</i>	Deferred
<i>MFRS 9 Financial Instruments (2010)</i>	Deferred
<i>MFRS 9 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	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	32,723	34,504	62,102	67,809
- Manufacturing	43,442	42,072	77,735	82,735
- Investment	3,839	4,359	7,112	8,421
Elimination of inter segment revenue	(23,198)	(25,998)	(44,192)	(49,715)
Total Segment Revenue	56,806	54,937	102,757	109,250

9 Segmental information (continued)

By Business Segment	Quarter ended		Year to date ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	(414)	(896)	(553)	(1,501)
- Manufacturing	7,000	9,819	11,300	18,204
- Investment	(174)	1,235	(427)	1,888
Total Segment Results	6,412	10,158	10,320	18,591
Finance Costs	(303)	(375)	(719)	(761)
Group Results	6,109	9,783	9,601	17,830

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	31,241	33,468	59,098	65,385
- Asean	7,881	8,510	14,857	15,687
- Non-Asean	17,684	12,959	28,802	28,178
Total Segment Revenue	56,806	54,937	102,757	109,250
<u>Segment Capital Expenditure</u>				
- Malaysia	4,844	4,203	8,596	9,908
- Asean	33	319	41	24,281
- Non-Asean	2	32	3	41
Total Segment Capital Expenditure	4,879	4,554	8,640	34,230

By Geographical Segment	Un-audited as at 30.06.2014	Audited as at 31.12.2013
	RM'000	RM'000
<u>Segment Assets</u>		
- Malaysia	349,746	350,391
- Asean	26,618	29,663
- Non-Asean	7,894	6,071
Total Segment Assets	384,258	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 August 2014 which is likely to substantially affect the results of the operations of the Group for the financial period ended 30 June 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 30.06.2014 RM'000	Audited As at 31.12.2013 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>34,521</u>	<u>36,048</u>

14 Capital commitments

	Group As at 30.06.2014 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>2,656</u>
Approved but not contracted for	<u>45,157</u>

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 RM56.8 million in the second quarter (“2Q”) 2014 which was slightly higher as compared to RM54.9 million in 2Q 2013. The 3.5% increase was attributed to higher demand in overseas markets.

Profit before taxation, however, declined by 37.8% from RM9.8 million in 2Q 2013 to RM6.1 million in the current quarter under review. This was mainly due to higher manufacturing costs and operating expenses.

15 Review of performance (continued)

Comparison of current YTD with corresponding YTD of preceding year

Revenue for the financial period ended 30 June 2014 (“YTD 2Q 2014”) was RM102.8 million, a 5.9% reduction as compared to RM109.3 million in YTD 2Q 2013. Despite of recovery in the export market in 2Q 2014, the Group recorded a decline in YTD revenue which was largely due to lower demand in the local market.

Profit before taxation declined by 46.1% from RM17.8 million in YTD 2Q 2013, to RM9.6 million in YTD 2Q 2014. This was mainly due to lower revenue and higher manufacturing costs.

16 Segmental performance review

Trading segment

Comparison of current quarter with corresponding quarter of preceding year

The trading segment contributed revenue of RM32.7 million in 2Q 2014, a reduction of 5.2% as compared to RM34.5 million in 2Q 2013. The reduction of revenue was mainly attributed to lower demand in the local market.

Loss before taxation has improved from RM0.9 million in 2Q 2013 to RM0.4 million loss in 2Q 2014, mainly due to better performance from the overseas operations.

Comparison of current YTD with corresponding YTD of preceding year

Revenue for the trading segment amounted to RM62.1 million in YTD 2Q 2014, 8.4% lower than the revenue recorded in YTD 2Q 2013. The reduction was mainly attributed to the lower demand in the local market.

Loss before taxation has improved from RM1.5 million in YTD 2Q 2013 to RM0.6 million loss in YTD 2Q 2014. The reduction in loss was due to better performance from the overseas operations.

Manufacturing segment

Comparison of current quarter with corresponding quarter of preceding year

Manufacturing segment contributed revenue of RM43.4 million in 2Q 2014, an increase of 3.1% as compared to RM42.1 million in 2Q 2013. This was mainly due to higher demand in the overseas markets.

Profit before taxation of RM7.0 million in 2Q 2014 was lower by 28.6% as compared to RM9.8 million in 2Q 2013. This was mainly due to higher manufacturing costs and operating expenses.

Comparison of current YTD with corresponding YTD of preceding year

Revenue for the manufacturing segment has decreased by 6.0%, from RM82.7 million in YTD 2Q 2013 to RM77.7 million in YTD 2Q 2014. The decrease was attributed to lower demand in the overseas markets.

Profit before taxation on the other hand, has declined by 37.9% to RM11.3 million in YTD 2Q 2014, as compared to RM18.2 million in YTD 2Q 2013. This was mainly due to higher manufacturing costs and operating expenses.

17 Variation of results against preceding quarter

Compared to the preceding quarter, total revenue has increased by 23.5% from RM46.0 million in 1Q 2014 to RM56.8 million this quarter, mainly due to higher demand in the overseas market.

Profit before taxation of RM6.1 million in 2Q 2014 was higher compared to RM3.5 million in 1Q 2014. This was mainly due to higher revenue in the current quarter under review.

18 Current Year Prospects

Despite improved consumer confidence, the business environment remains challenging due to the prevailing global economic conditions. Moving forward, the Group continues to focus on market development and operational efficiency.

19 Profit forecast

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

20 Tax expenses

	Quarter ended 30.06.2014 RM'000	Year to date ended 30.06.2014 RM'000
Tax expenses	986	2,144
Deferred tax liabilities	(349)	(495)
	637	1,649

The effective tax rate of the Group for the current quarter is 10.4% and year to date is 17.2%. The effective tax rates are lower than the statutory tax rate mainly due to the utilisation of 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 22 August 2014.
- (b) Utilisation of proceeds raised from corporate proposals: Not applicable.

22 Group borrowings and debt securities

	Un-audited as at 30.06.2014 RM'000	Audited as at 31.12.2013 RM'000
Current liabilities		
<i>Secured:-</i>		
Term loan	-	1,100
<i>Unsecured:-</i>		
Bankers' Acceptance	19,000	10,000
Hire purchase	-	3
Revolving credit	4,823	7,572
Term loans	6,605	7,137
Sub-total	<u>30,428</u>	<u>25,812</u>
Non-current liabilities		
<i>Secured:-</i>		
Term loan	-	3,393
<i>Unsecured:-</i>		
Term loans	4,093	6,846
Sub-total	<u>4,093</u>	<u>10,239</u>
Total Borrowings	<u>34,521</u>	<u>36,051</u>
Total Borrowings		
Bankers' acceptances	19,000	10,000
Hire purchase	-	3
Revolving credit	4,823	7,572
Term loans	10,698	18,476
	<u>34,521</u>	<u>36,051</u>

The currency exposure profile of borrowings is as follows:

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Ringgit Malaysia	29,043	23,561
Indonesia Rupiah	-	4,496
US Dollar	4,823	7,572
Chinese Renminbi	655	422
	<u>34,521</u>	<u>36,051</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 August 2014.

25 Dividends

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 June 2014.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended 30.06.2014</u>	<u>Quarter ended 30.06.2013</u>	<u>Year to date ended 30.06.2014</u>	<u>Year to date ended 30.06.2013</u>
Net profit attributable to owners of the parent (RM'000)	5,472	7,938	7,952	14,693
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)	7.28	10.56	10.58	19.55

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 :

	<u>As at 30.06.2014</u> <u>RM'000</u>	<u>As at 31.12.2013</u> <u>RM'000</u>
Total retained earnings before consolidated adjustments		
- Realised	277,892	268,300
- Unrealised	(17,794)	(16,985)
	260,098	251,315
Less : Consolidated adjustments	(54,982)	(54,151)
Total Group retained earnings as per consolidated financial statements	205,116	197,164

28 Profit before taxation

	Quarter ended 30.06.2014 RM'000	Year to date ended 30.06.2014 RM'000
Profit before tax is arrived at after charging/(crediting) :		
Amortisation of prepaid lease payment	-	-
Amortisation of intangible asset	142	284
Depreciation of property, plant and equipment	5,770	11,480
Impairment loss on trade receivables	-	-
Interest expenses	303	719
Interest income	(63)	(135)
Inventories written down	-	-
Net gain on disposal of property, plant and equipment	(199)	(210)
Property, plant and equipment written off	-	-
Realised gain on foreign exchange transactions	(790)	(643)
Rental income from investment properties	(98)	(193)
Unrealised loss on foreign exchange translations	701	648

By Order of the Board

YE OH CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
29 August 2014