



NEW HOONG FATT HOLDINGS BERHAD (425709-K)

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RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.09.2014	Quarter ended 30.09.2013	Year to date ended 30.09.2014	Year to date ended 30.09.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		50,249	51,592	153,006	160,842
Cost of sales		(37,613)	(37,187)	(113,498)	(113,754)
Gross profit		12,636	14,405	39,508	47,088
Other operating income		2,555	2,692	8,641	8,928
Operating expenses		(10,578)	(9,286)	(33,216)	(29,613)
Finance costs		(320)	(384)	(1,039)	(1,146)
Profit before tax		4,293	7,427	13,894	25,257
Tax expense	20	(1,704)	(1,922)	(3,353)	(5,059)
Net profit for the period		2,589	5,505	10,541	20,198
Other comprehensive (loss)/ income, net of tax					
Foreign currency translations		(346)	306	(3,563)	745
Total comprehensive income for the period		2,243	5,811	6,978	20,943
Profit attributable to owners of the parent		2,589	5,505	10,541	20,198
Total comprehensive income attributable to owners of the parent		2,243	5,811	6,978	20,943
Earnings per share attributable to owners of the parent	26				
Basic (sen)		3.44	7.32	14.03	26.87
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 Statements for the financial year ended 31 December 2013)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		256,091	265,393
Investment properties		15,345	9,500
Available-for-sale financial asset		130	130
Intangible assets		181	623
		271,747	275,646
Current Assets			
Inventories		36,260	38,185
Trade receivables		37,224	40,418
Other receivables, deposits & prepayments		6,365	5,327
Current tax assets		2,044	863
Cash and cash equivalents		19,636	25,686
		101,529	110,479
Total Assets		373,276	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		(3,206)	357
Available-for-sale reserve		47	47
<u>Distributable:</u>			
Retained profits		200,941	197,164
		238,542	238,328
Total Equity		313,699	313,485
Non-Current Liabilities			
Borrowings (interest bearing)	22	3,013	10,239
Deferred tax liabilities		19,459	18,800
		22,472	29,039
Current Liabilities			
Trade payables		5,084	6,184
Other payables & accruals		5,643	11,108
Borrowings (interest bearing)	22	25,932	25,812
Current tax liabilities		446	497
		37,105	43,601
Total Liabilities		59,577	72,640
Total Equity and Liabilities		373,276	386,125
Net assets per share attributable to owners of the parent (RM)		4.17	4.17

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 30.09.2014 RM'000	Year to date ended 30.09.2013 RM'000
Cash Flow From Operating Activities		
Profit before tax	13,894	25,257
Adjustments for:-		
Amortisation and depreciation	17,520	15,376
Interest income	(184)	(201)
Interest expenses	1,039	1,146
Net gain on disposal of property, plant and equipment	(216)	(420)
Property, plant and equipment written off	-	20
Provision for doubtful debts	-	128
Reversal of impairment loss on trade receivables	(4)	-
Unrealised loss/(gain) on foreign exchange differences	25	(86)
Operating profit before changes in working capital	32,074	41,220
Net change in current assets	3,758	(9,940)
Net change in current liabilities	(5,827)	(3,738)
Tax paid	(3,926)	(3,565)
Net cash generated from operating activities	26,079	23,977
Cash Flow From Investing Activities		
Proceeds from disposal of property, plant and equipment	273	497
Purchase of property, plant and equipment	(17,241)	(34,374)
Purchase of intangible assets	-	(49)
Interest received	184	201
Net cash used in investing activities	(16,784)	(33,725)
Cash Flow From Financing Activities		
Interest paid	(1,039)	(1,146)
Net (repayment)/drawdown of bank borrowings	(7,115)	7,183
Repayment of hire purchase	(3)	(5)
Dividend paid	(6,764)	(7,516)
Net cash used in financing activities	(14,921)	(1,484)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date Ended 30.09.2014 RM'000	Year to date Ended 30.09.2013 RM'000
Net decrease in cash and cash equivalents	(5,626)	(11,232)
Effects of exchange rate fluctuations on cash & cash equivalents	(424)	502
Cash and cash equivalents at beginning of the financial period	25,686	30,974
Cash and cash equivalents at end of the financial period	19,636	20,244
Cash and cash equivalents comprise of :		
Cash and bank balances	19,636	19,992
Short term placements	-	252
	19,636	20,244

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements 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	-	-	-	-	-	20,198	20,198
Foreign currency translations	-	-	-	-	745	-	745
Total comprehensive income	-	-	-	-	745	20,198	20,943
Dividend						(7,516)	(7,516)
At 30 September 2013	75,157	4,210	36,550	47	604	199,467	316,035
At 1 January 2014	75,157	4,210	36,550	47	357	197,164	313,485
Profit for the financial period	-	-	-	-	-	10,541	10,541
Foreign currency translations	-	-	-	-	(3,563)	-	(3,563)
Total comprehensive (loss)/income	-	-	-	-	(3,563)	10,541	6,978
Dividend						(6,764)	(6,764)
At 30 September 2014	75,157	4,210	36,550	47	(3,206)	200,941	313,699

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements 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
<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

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

Title	Effective date
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

2 Adoption of Malaysian Financial Reporting Standards (continued)

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

Title	Effective date
<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 (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139).</i>	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

	Quarter ended 30.09.2014 RM'000	Year to date ended 30.09.2014 RM'000
Final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share declared for financial year ended 2013, paid on 21 July 2014	6,764	6,764

9 Segmental information

By Business Segment	Quarter ended		Year to date ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Trading	30,564	34,218	92,666	102,027
- Manufacturing	46,887	37,391	124,622	120,126
- Investment	3,506	4,360	10,618	12,781
Elimination of inter segment revenue	(30,708)	(24,377)	(74,900)	(74,092)
Total Segment Revenue	50,249	51,592	153,006	160,842
<u>Segment Profit/(Loss) Before Tax</u>				
- Trading	158	(374)	(395)	(1,875)
- Manufacturing	4,592	6,237	15,892	24,441
- Investment	(137)	1,948	(564)	3,837
Total Segment Results	4,613	7,811	14,933	26,403
Finance Costs	(320)	(384)	(1,039)	(1,146)
Group Results	4,293	7,427	13,894	25,257

By Geographical Segment	Quarter ended		Year to date ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	28,516	33,041	87,614	98,426
- Asean	6,790	5,949	21,647	21,636
- Non-Asean	14,943	12,602	43,745	40,780
Total Segment Revenue	50,249	51,592	153,006	160,842
<u>Segment Capital Expenditure</u>				
- Malaysia	8,590	101	17,186	10,009
- Asean	11	-	52	24,281
- Non-Asean	-	43	3	84
Total Segment Capital Expenditure	8,601	144	17,241	34,374

By Geographical Segment	As at 30.09.2014	As at 31.12.2013
<u>Segment Assets</u>		
- Malaysia	341,024	350,391
- Asean	25,208	29,663
- Non-Asean	7,044	6,071
Total Segment Assets	373,276	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, there are no material subsequent events to be disclosed as at the date of this report.

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 Group were as follows:

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>28,945</u>	<u>36,048</u>

14 Capital commitments

<u>Property, plant and equipment</u>	As at 30.09.2014 RM'000
Contracted but not provided for	<u>10,080</u>
Approved but not contracted for	<u>25,682</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 RM50.2 million in the third quarter (“3Q”) 2014 which was slightly lower compared to RM51.6 million in 3Q 2013. The 2.7% reduction in revenue was attributed to lower demand in the local market.

Profit before taxation decreased by 41.9% from RM7.4 million in 3Q 2013 to RM4.3 million in the current quarter under review. This was mainly due to lower revenue and higher manufacturing and operating expenses.

Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the financial period ended 30 September 2014 (“YTD 3Q 2014”) was RM153.0 million, a 4.9% reduction compared to RM160.8 million in YTD 3Q 2013. The reduction in revenue was largely attributed to lower demand in the local market.

Profit before taxation decreased by 45.1% from RM25.3 million in YTD 3Q 2013, to RM13.9 million in YTD 3Q 2014. This was mainly due to lower revenue and higher manufacturing and operating expenses.

16 Segmental performance review

Trading segment

Comparison of current quarter with corresponding quarter of preceding year

The trading segment recorded revenue of RM30.6 million in 3Q 2014, a reduction of 10.5% compared to RM34.2 million in 3Q 2013. The reduction in revenue was mainly attributed to lower demand in the local market.

Despite of the lower revenue in the current quarter under review, the trading segment managed to generate a marginal profit of RM0.2 million compared to RM0.4 million loss in 3Q 2013, mainly due to better performance from the overseas operations.

Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the trading segment amounted to RM92.7 million in YTD 3Q 2014, 9.1% lower than the revenue recorded of RM102.0 million in YTD 3Q 2013. The reduction was mainly attributed to the lower demand in the local market.

Despite of the lower revenue achieved, loss before taxation improved from RM1.9 million in YTD 3Q 2013 to RM0.4 million loss in YTD 3Q 2014. The improvement in profitability was mainly due to better performance from the overseas operations.

16 Segmental performance review (continued)

Manufacturing segment

Comparison of current quarter with corresponding quarter of preceding year

Manufacturing segment recorded revenue of RM46.9 million in 3Q 2014, an increase of 25.4% compared to RM37.4 million in 3Q 2013. This was mainly due to higher demand in the overseas markets.

Profit before taxation of RM4.6 million in 3Q 2014 was lower by 25.8%, compared to RM6.2 million in 3Q 2013. This was mainly due to higher manufacturing and operating expenses.

Comparison of current YTD period with corresponding YTD period of preceding year

Revenue for the manufacturing segment increased by 3.7%, from RM120.1 million in YTD 3Q 2013 to RM124.6 million in YTD 3Q 2014. The increase was attributed to higher demand in the overseas markets.

However, profit before taxation decreased by 34.8% to RM15.9 million in YTD 3Q 2014, compared to RM24.4 million in YTD 3Q 2013. This was mainly due to higher manufacturing and operating expenses.

17 Variation of results against preceding quarter

Compared to the preceding quarter, total revenue decreased by 11.6% from RM56.8 million in 2Q 2014 to RM50.2 million this quarter, mainly due to lower demand in the local as well as overseas markets.

In line with the lower revenue achieved, profit before taxation decreased to RM4.3 million in 3Q 2014, compared to RM6.1 million in 2Q 2014.

18 Current Year Prospects

The prevailing global economic conditions and cautious consumer spending domestically has affected the business environment adversely. Moving forward, the Group will continue to focus on market development and operational efficiency to counter the challenges to deliver a better performance.

19 Profit forecast

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

20 Tax expenses

	Quarter ended 30.09.2014 RM'000	Year to date ended 30.09.2014 RM'000
Tax expenses	550	2,694
Deferred tax liabilities	1,154	659
	<u>1,704</u>	<u>3,353</u>

The effective tax rate for the quarter was higher than the statutory tax rate mainly due to the recognition of deferred tax liabilities arising from temporary timing difference in deductible expenses. Meanwhile, the year to date effective tax rate of the Group was marginally lower than the statutory tax rate mainly due to the utilization of Reinvestment Allowance in one of the subsidiaries of the Group.

21 Status of corporate proposal

There were no corporate proposals announced but not completed as at the date of this report.

22 Group borrowings and debt securities

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Current liabilities		
<i>Secured:-</i>		
Term loan	-	1,100
<i>Unsecured:-</i>		
Bankers' Acceptance	20,000	10,000
Hire purchase	-	3
Revolving credit	-	7,572
Term loans	5,932	7,137
Sub-total	<u>25,932</u>	<u>25,812</u>
Non-current liabilities		
<i>Secured:-</i>		
Term loan	-	3,393
<i>Unsecured:-</i>		
Term loans	3,013	6,846
Sub-total	<u>3,013</u>	<u>10,239</u>
Total Borrowings	<u>28,945</u>	<u>36,051</u>
Total Borrowings		
Bankers' acceptances	20,000	10,000
Hire purchase	-	3
Revolving credit	-	7,572
Term loans	8,945	18,476
	<u>28,945</u>	<u>36,051</u>

22 Group borrowings and debt securities (continued)

The currency exposure profile of borrowings is as follows:

	As at 30.09.2014 RM'000	As at 31.12.2013 RM'000
Ringgit Malaysia	28,278	23,561
Indonesia Rupiah	-	4,496
US Dollar	-	7,572
Chinese Renminbi	667	422
	<u>28,945</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 reporting 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 the date of this report.

25 Dividends

The Board of Directors is pleased to declare an interim single tier dividend of 3 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2014 amounting to RM2,254,698 (2013: interim single tier 3 sen per ordinary share of RM1.00 each, RM2,254,698).

The dividend will be paid on 24 December 2014 to shareholders registered in the Record of Depositors on 9 December 2014.

The interim dividend will be accounted for as an appropriation of retained earnings in the year in which it is declared.

26 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Quarter ended 30.09.2014	Quarter ended 30.09.2013	Year to date ended 30.09.2014	Year to date ended 30.09.2013
Net profit attributable to owners of the parent (RM'000)	<u>2,589</u>	<u>5,505</u>	<u>10,541</u>	<u>20,198</u>
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)	3.44	7.32	14.03	26.87

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 30.09.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings before consolidated adjustments		
- Realised	275,878	268,300
- Unrealised	(17,831)	(16,985)
	<u>258,047</u>	<u>251,315</u>
Less : Consolidated adjustments	(57,106)	(54,151)
Total Group retained earnings as per consolidated financial statements	<u><u>200,941</u></u>	<u><u>197,164</u></u>

28 Profit before taxation

	Quarter ended 30.09.2014 RM'000	Year to date ended 30.09.2014 RM'000
Profit before tax is arrived at after charging/ (crediting):		
Amortisation of prepaid lease payment	-	-
Amortisation of intangible asset	140	424
Depreciation of property, plant and equipment	5,616	17,096
Impairment loss on trade receivables	-	-
Interest expenses	320	1,039
Interest income	(49)	(184)
Inventories written down	-	-
Net gain on disposal of property, plant and equipment	(6)	(216)
Net realised loss on foreign exchange transactions	879	236
Net unrealised (gain)/loss on foreign exchange translations	(632)	25
Property, plant and equipment written off	-	-
Rental income from investment properties	(95)	(288)
Reversal of impairment loss on trade receivables	(4)	(4)

By Order of the Board

YEHO CHONG KEAT
REBECCA LEONG SIEW KWAN
Secretaries

Kuala Lumpur
24 November 2014