

APPENDIX 4E

Shenhua International Limited

ABN 17 134 436 730

Results for Announcement to the Market

Preliminary Final Report
For the year ended 30 June 2014

Appendix 4E
Preliminary Final Report
30 June 2014
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Appendix 4E

Name of Entity	Shenhua International Limited
ABN	17 134 436 730
Financial Year Ended	30 JUNE 2014
Previous Corresponding Reporting Period	30 JUNE 2013

Results for Announcement to the Market

		Current financial year ended 30 June 2014	Previous financial year ended 30 June 2013	Percentage increase/(decrease) over previous corresponding period
		\$'000	\$'000	
Revenue from ordinary activities		84,335	87,056	(3.2%)
Profit from ordinary activities after tax attributable to members		8,492	7,777	9.2%
Net profit for the period attributable to members		8,492	7,777	9.2%
Earnings per share (cents per share)		6.7	6.2	8.1%
Dividends (distributions)		Amount per security		Unfranked amount per security
Final Dividend		2.5 cents		2.5 cents
Interim Dividend		N/A		N/A
Record date for determining entitlements to the dividends (if any)		11 November 2013		

Dividends

Date the dividend is payable	29 November 2013
Record date to determine entitlement to the dividend	11 November 2013
Amount per security	\$0.025
Total dividend	\$3,146,425
Amount per security of foreign sourced dividend or distribution	\$0.025
Details of any dividend reinvestment plan in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plan	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary share	\$0.639	\$0.619

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

N/A

Commentary on the Results for the Period**The earnings per security and the nature of any dilution aspects:**

Please refer to attached preliminary report

Returns to shareholders including distributions and buy backs:

\$3,146,425

The results of segments that are significant to an understanding of the business as a whole:

N/A

Discussion of trends in performance:

The results for the year ended 30 June 2014 show revenues of \$84.33 million and profit after taxation of \$8.49 million, compared to revenues of \$87.06 million and profit after taxation of \$7.7 million. Though slightly lower than prior year owing to the reason on weak economy environment, the Group expects that the business has continued to show good performance in its international and domestic market.

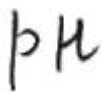
Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

N/A

Audit Status

This report is based on accounts that are in the process of being audited. The directors believe that the accounts could be unlikely to be subject to dispute or qualification.

Dated this 29th day of August 2014



Philip Widjaya

Managing Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Consolidated Group	
	2014	2013
	\$000	\$000
Revenue	84,335	87,056
Cost of sales	(69,239)	(69,175)
Gross profit	15,096	17,881
Other income	1,851	1,050
Distribution costs	(721)	(581)
Administration costs	(3,727)	(3,309)
Finance costs	(991)	(4,467)
Profit before income tax	11,508	10,574
Income tax expense	(3,016)	(2,797)
Profit for the year	8,492	7,777
Other comprehensive income:		
Items that may be reclassified into profit or loss		
Exchange differences on translating foreign controlled entities	(2,770)	11,254
Total comprehensive income for the year	5,722	19,031
Profit attributable to:		
Members of the parent entity	8,492	7,777
Total comprehensive income attributable to:		
Members of the parent entity	5,722	19,031
Earnings per share		
From continuing operations:		
Basic / diluted earnings per share (cents)	6.7	6.2

STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group	
		2014	2013
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		48,466	71,360
Trade and other receivables	3	98,548	46,443
Other financial assets		205	212
Inventories		6,038	7,340
Land use rights		164	169
TOTAL CURRENT ASSETS		153,421	125,524
NON-CURRENT ASSETS			
Other financial assets		642	659
Property, plant and equipment		13,050	15,804
Land use rights		8,969	9,399
TOTAL NON-CURRENT ASSETS		22,661	25,862
TOTAL ASSETS		176,082	151,386
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		22,639	17,878
Borrowings		14,104	14,489
Notes payable		57,339	39,285
Current tax liabilities		1,485	1,795
TOTAL CURRENT LIABILITIES		95,567	73,447
TOTAL LIABILITIES		95,567	73,447
NET ASSETS		80,515	77,939
EQUITY			
Issued capital		38,439	38,439
Reserves		(11,768)	(8,998)
Retained earnings		53,844	48,498
TOTAL EQUITY		80,515	77,939

STATEMENT OF CHANGES IN EQUITY

	Consolidated Group Reserves				Retained Earnings	Total
	Issued capital	Statutory common reserve	Common control reserve	Foreign currency translation reserve		
Balance at 1 July 2012	38,439	3,454	(19,440)	(4,266)	43,867	62,054
Total profit or loss for the year	-	-	-	-	7,777	7,777
Other comprehensive income				11,254	-	11,254
Total comprehensive income for the year	-	-	-	11,254	7,777	19,031
Dividends paid or provided for	-	-	-	-	(3,146)	(3,146)
Balance at 30 June 2013	38,439	3,454	(19,440)	6,988	48,498	77,939
Balance at 1 July 2013	38,439	3,454	(19,440)	6,988	48,498	77,939
Total profit or loss for the year	-	-	-	-	8,492	8,492
Other comprehensive income				(2,770)	-	(2,770)
Total comprehensive income for the year	-	-	-	(2,770)	8,492	5,722
Dividends paid or provided for	-	-	-	-	(3,146)	(3,146)
Balance at 30 June 2014	38,439	3,454	(19,440)	4,217	53,844	80,515

Statement of Cash Flows

	Consolidated Group	
	2014	2013
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	95,903	72,125
Payments to suppliers and employees	(68,557)	(73,151)
Interests received	974	1,029
Finance costs	(991)	(3,494)
Income tax paid	(3,278)	(2,601)
Net cash provided in / (used in) operating activities	24,051	(6,092)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current asset	-	(7,060)
Net cash used in investing activities	-	(7,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	2,120
Dividends paid	(11)	(805)
Proceeds from notes payables	19,099	32,134
Advances to related parties	(63,796)	(804)
Net cash (used in) / provided by financing activities	(44,708)	32,645
Net (decrease) / increase in cash held	(20,657)	19,493
Cash and cash equivalents at beginning of financial year	71,360	43,545
Effect of exchange rates on cash holdings in foreign currencies	(2,237)	8,322
Cash and cash equivalents at end of financial year	48,466	71,360

Notes to the financial statements

Note 1 General information

The financial statements of Shenhua International Ltd ("Shenhua" or the "Company") are prepared for the year ended 30 June 2014.

The registered office is located at Level 41, ANZ Tower, 55 Collins Street Melbourne VIC 3000

Note 2 Statement of Accounting Policies

The financial report includes Shenhua International Limited and its controlled entities as a consolidated entity ("Consolidated Group" or "Group"). Shenhua is a company limited by shares, incorporated and domiciled in Australia.

The Appendix 4E has been prepared in accordance with the ASX Listing Rules. Information included in the Appendix 4E has been extracted from the Group's full financial report, and is presented in Australian dollars ("AUD").

A full description of the accounting policies adopted by the Group can be found in the Group's full financial report. These accounting policies have been consistently applied by each entity in the Group.

Note 3 Trade and other receivables

	Consolidated Group	
	2014	2013
	\$000	\$000
Trade and other receivables	98,548	46,443
	98,548	46,443

A. Trade and other receivables

	2014	2013
	\$000	\$000
Trade receivables	15,488	26,894
Allowance for impairment of trade receivables		
Balance at beginning	(100)	(88)
Exchange rate gain/(loss)	3	(12)
Balance at end	(97)	(100)
Net trade receivables	15,391	26,794
Other receivables		
Advances to suppliers (a)	2,884	2,836
Advances to a related party: (Shaoxing County Shenhua Decoration Co., Ltd) (b)	80,272	16,354
Sundry receivables	-	459
Net other receivables	83,156	19,649
Total	98,547	46,443

Notes to the financial statements Cont

Note 3 Trade and other receivables Cont

	Gross amount \$000	Past due and impaired \$000	Past due but not impaired (days overdue)				Within initial trade terms \$000
			< 30 \$000	31–60 \$000	61–90 \$000	> 90 \$000	
2014							
Trade receivables	15,488	97	763	-	-	5,005	9,720
Total	15,488	97	763	-	-	5,005	9,720

	Gross amount \$000	Past due and impaired \$000	Past due but not impaired (days overdue)				Within initial trade terms \$000
			< 30 \$000	31–60 \$000	61–90 \$000	> 90 \$000	
2013							
Trade receivables	26,894	100	6,018	1,030	-	-	19,846
Total	26,894	100	6,018	1,030	-	-	19,846

All trade and other receivables are subject to credit risk exposure where they are generally due within 90 days (2013: 90 days). However, the Group does not identify specific concentrations of credit risk with regards to trade and other receivables, as the amounts recognised resemble a large number of receivables from various customers.

The trade receivables' ageing approximates 93 days (2013: 96 days). Impairment on trade and other receivables is made when certain debtors are identified to be irrecoverable.

- (a) The advances paid to suppliers which were unsecured, interest-free and repayable on demand, represent down-payment for the supply of raw materials.
- (b) Advances to the related parties are unsecured interest free and repayable on demand, and are of the purpose of providing working capital.

Note 4 Dividends

	Consolidated Group 2014	2013
Distributions paid		
Unfranked ordinary dividend declared on 30 September 2013 of \$0.025 per share, in respect of the year ending 30 June 2013.	3,146,425	3,146,425

Notes to the financial statements **Cont**

Note 5 Related Party Disclosure

In addition to the related party information disclosed elsewhere in the financial statement, the following are significant related party transactions entered with related parties at mutually agreed amounts:

Related Party Transactions	Consolidated Group	
	2014	2013
	\$000	\$000
Electricity charged to related party – Shaoxing County Shenhua Decoration Co., Ltd	31	25
Purchases of services from Chambers and Company ⁽¹⁾	(26)	(31)
Purchases of inventory from Shaoxing Shenlian Textile Co., Ltd ⁽²⁾	(678)	(62)
Sales to Shaoxing Shenlian Textile Co., Ltd ⁽²⁾	3,062	-
Payments (to)/from Joyful Huge Holdings Limited ⁽³⁾	-	(807)

⁽¹⁾ Chambers and Company is a legal service provider to Shenhua International Ltd, in which Mr Pierre Lau is a director.

⁽²⁾ Shaoxing Shenlian Textile Co., Ltd is a related party of Philip Widjaya, Managing Director of the Group.

⁽³⁾ Joyful Huge Holdings Limited is owned and controlled by Philip Widjaya, Managing Director of the Group.

Related Party Balances	Consolidated Group	
	2014	2013
	\$000	\$000
Related party receivable from Shaoxing County Shenhua Decoration Co., Ltd	80,272	16,354
Related party payable to Joyful Huge Holdings ⁽³⁾	(18,203)	(16,378)
Related party payable to Xia Yanjun ⁽⁴⁾	(235)	-
Related party payable to Shaoxing Shenlian Textile Co., Ltd ⁽²⁾	(665)	-

⁽⁴⁾ Xia Yajun is one of relatives of Philip Widjaya, Managing Director of the Group.

Note 6 Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision markers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of nature of activities, and operating segments are therefore determined on the same basis.

Notes to the financial statements Cont

Note 6 Operating Segments Cont

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to each of the following:

- the products sold and or/ services provided by the segment;
- the manufacturing process;
- the type of class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Type of products and services by segment

The Group considers that there is only one segment, begin the manufacture and sale of fabric and bedding products, as this is how the Group is managed by the chief operating decision makers. All assets and liabilities are allocated to this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.