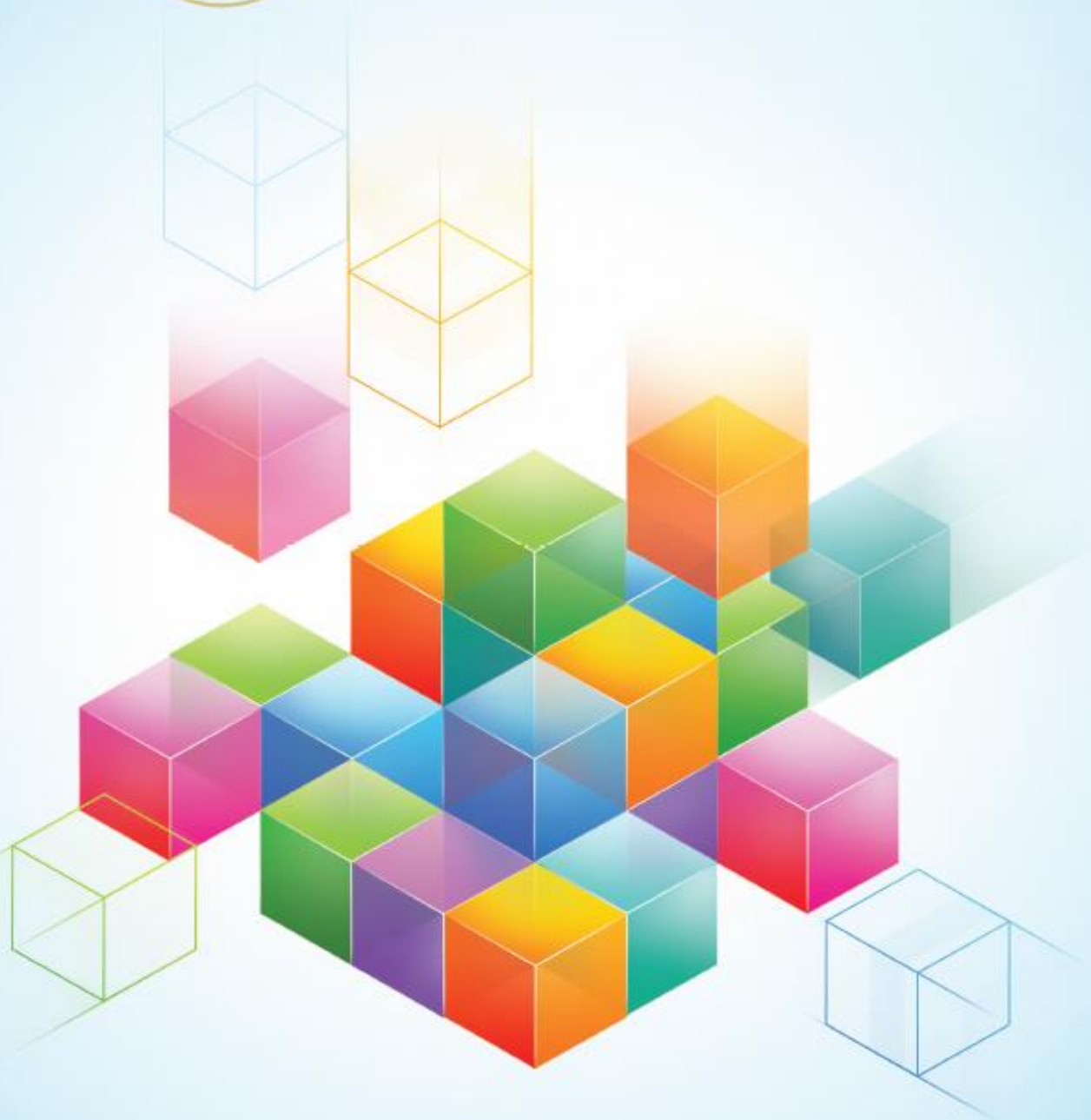




NEW TOYO
International Holdings Ltd



Establishing Foothold for Growth

FINANCIAL STATEMENTS ANNOUNCEMENT

for the quarter ended 31 March 2019

Unaudited results for the first quarter and period ended 31 March 2019

- 1(a) An income statement and statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		
	3-months 31/03/2019	3-months 31/03/2018	Change
	SGD'000	SGD'000	%
Revenue	77,502	62,262	24.5
Cost of sales	(71,906)	(54,916)	30.9
Gross profit	5,596	7,346	(23.8)
Other income	1,445	1,347	7.3
Distribution expenses	(1,848)	(1,240)	49.0
Administrative expenses	(5,248)	(4,952)	6.0
Net foreign exchange loss	(307)	(1,185)	(74.1)
Other operating expenses	(350)	(402)	(12.9)
Operating (loss)/profit	(712)	914	n.m.
Finance income	128	370	(65.4)
Finance costs	(1,106)	(543)	103.7
Net finance costs	(978)	(173)	465.3
Share of loss of equity-accounted investees (net of tax)	(103)	(78)	32.1
(Loss)/Profit before tax	(1,793)	663	n.m.
Tax expense	(408)	(459)	(11.1)
(Loss)/Profit for the period	(2,201)	204	n.m.
Attributable to :			
Owners of the Company	(1,642)	639	n.m.
Non-controlling interests	(559)	(435)	28.5
(Loss)/Profit for the period	(2,201)	204	n.m.

Statement of Comprehensive Income

	Group		
	3-months 31/03/2019	3-months 31/03/2018	Change
	SGD'000	SGD'000	%
(Loss)/Profit for the period	(2,201)	204	n.m.
Other comprehensive income			
Items that are or may be reclassified to profit or loss :			
Foreign currency differences for foreign operations	28	(1,176)	n.m.
Effect of striking off a subsidiary	-	(227)	n.m.
Other comprehensive income			
for the period, net of tax	28	(1,403)	n.m.
Total comprehensive income for the period	(2,173)	(1,199)	81.2
Attributable to :			
Owners of the Company	(1,694)	(788)	115.0
Non-controlling interests	(479)	(411)	16.5
Total comprehensive income for the period	(2,173)	(1,199)	81.2

n.m. - not meaningful

1(a) An income statement and statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Disclosure to Income Statement

	Note	Group		Change %
		3-months 31/03/2019 SGD'000	3-months 31/03/2018 SGD'000	
Other income, including finance income	(i)	1,573	1,702	(7.6)
Interest on borrowings	(ii)	(1,106)	(543)	103.7
Reversal of inventory obsolescence		288	166	73.5
Depreciation and amortisation	(iii)	(5,170)	(4,121)	25.5
Gain on striking off a subsidiary		-	14	n.m.
Gain on disposal of property, plant and equipment		-	1	n.m.
Reversal for doubtful trade receivables		1	-	n.m.
Inventory written-off		(12)	-	n.m.
Over provision of tax in respect of prior years		13	5	160.0

n.m. - not meaningful

Notes :

- (i) Decrease in other income for 1Q2019 was mainly attributed to lower interest income.
- (ii) The Group incurred higher interest expenses for 1Q2019 mainly due to the higher loans and borrowings compared to the previous corresponding period.
- (iii) Increase in depreciation and amortisation for 1Q2019 was partially due to the recognition of depreciation charge for right-of-use (ROU) assets as a result of the adoption of SFRS(I) 16 effective 1 January 2019 and additional capital expenditure incurred by the Vietnam and Dubai subsidiaries in the previous year.

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position

	Note	Group		Company	
		31/03/2019	31/12/2018	31/03/2019	31/12/2018
		SGD'000	SGD'000	SGD'000	SGD'000
Non-current assets					
Property, plant and equipment		102,934	104,364	176	201
Right-of-use assets	1	13,459	-	359	-
Investment properties		5,995	6,036	-	-
Subsidiaries		-	-	132,524	132,028
Associate and joint ventures		11,186	11,225	-	-
Other investments		2,546	2,542	1,651	1,651
Intangible assets and goodwill		24,801	25,161	-	-
Deferred tax assets		551	561	-	-
Other receivables		2,490	2,462	-	-
		163,962	152,351	134,710	133,880
Current assets					
Inventories		65,584	70,164	-	-
Contract assets		4,136	4,666	-	-
Trade and other receivables	2	67,654	60,754	21,183	16,927
Cash and cash equivalents	3	33,633	42,575	6,728	11,269
		171,007	178,159	27,911	28,196
Total assets		334,969	330,510	162,621	162,076
Equity attributable to owners of the Company					
Share capital		132,102	132,102	132,102	132,102
Reserves		(6,533)	(6,481)	77	77
Retained earnings		37,167	38,809	(11,764)	(11,271)
		162,736	164,430	120,415	120,908
Non-controlling interests		47,439	47,918	-	-
Total Equity		210,175	212,348	120,415	120,908
Non-current liabilities					
Other payables		648	558	-	-
Financial liabilities	4	31,993	20,630	166	-
Deferred tax liabilities		1,432	1,409	11	11
		34,073	22,597	177	11
Current liabilities					
Contract liabilities		380	300	-	-
Trade and other payables		46,358	48,577	32,365	32,423
Financial liabilities	5	43,779	46,563	9,634	8,709
Current tax liabilities		204	125	30	25
		90,721	95,565	42,029	41,157
Total liabilities		124,794	118,162	42,206	41,168
Total equity and liabilities		334,969	330,510	162,621	162,076

Notes :

- 1) Recognition of ROU assets in accordance with SFRS(I) 16.
- 2) The increase is mainly due to higher sales in 1Q2019 and the timing of payment by customers.
- 3) Please refer to the Consolidated Statement of Cash Flow and related commentaries.
- 4) The increase in non-current finance liabilities is mainly due to the recognition of lease liabilities upon the adoption of SFRS(I) 16.
- 5) The decrease in current financial liabilities is due to the repayment of short-term borrowings off-set by the recognition of lease liabilities as mentioned in note 4 above.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31/03/19		As at 31/12/18	
	Secured	Unsecured	Secured	Unsecured
	SGD'000	SGD'000	SGD'000	SGD'000
Amount repayable in one year or less, or on demand	10,077	33,702	9,233	37,330
Amount repayable after one year	13,719	18,274	13,632	6,998

Details of any collateral

Secured borrowings are bank loans secured on inventories and by a charge over the assets and shares in a subsidiary, and finance lease liabilities secured by rights to the leased assets.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flow

	Note	3-months 31/03/2019	3-months 31/03/2018
		SGD'000	SGD'000
Operating activities			
(Loss)/Profit before tax		(1,793)	663
Adjustments for :			
Amortisation of other investments		1	1
Depreciation and amortisation		5,169	4,120
Dividend income from quoted securities		(6)	-
Gain on striking off a subsidiary		-	(14)
Gain on disposal of property, plant and equipment		-	(1)
Finance income		(128)	(370)
Finance costs		1,106	543
Share of loss of equity-accounted investees (net of tax)		103	78
Operating profit before working capital changes		4,452	5,020
Changes in working capital :			
Inventories		4,543	(607)
Contract assets		524	1,543
Trade and other receivables		(6,847)	(13,544)
Trade and other payables		(2,093)	3,332
Employee benefits		32	(265)
Cash flows from/(used in) operations		611	(4,521)
Income taxes paid		(443)	(900)
Cash flows from/(used in) operating activities	1	168	(5,421)
Investing activities			
Dividends received from quoted securities		6	-
Interest received		128	370
Acquisition of property, plant and equipment		(3,428)	(4,785)
Proceeds from disposal of other investment		-	575
Proceeds from disposal of property, plant and equipment		5	1,101
Net cash outflow from striking off a subsidiary		-	(213)
Cash flows used in investing activities		(3,289)	(2,952)
Financing activities			
Interest paid		(1,106)	(543)
Payment of lease liabilities		(336)	(23)
Proceeds from bank borrowings		2,905	4,901
Repayments of bank borrowings		(7,323)	(6,066)
Cash flows used in financing activities	2	(5,860)	(1,731)
Net decrease in cash and cash equivalents		(8,981)	(10,104)
Cash and cash equivalents at beginning of period		42,575	48,575
Effect of exchange rate fluctuations on cash held		39	(50)
Cash and cash equivalents at end of period		33,633	38,421
Deposits with financial institutions		13,203	13,405
Cash at banks and on hand		20,430	25,016
		33,633	38,421

Note 1 : Positive cash flows from operating activities in 1Q2019 was mainly due to utilisation of building up inventories in the previous correspondence year.

Note 2 : Higher cash flows used in financing activities in 1Q2019 was mainly due to lesser drawdown but more repayments of bank borrowings as compared to previous correspondence period.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

			← Other reserves →						
	Share capital	Capital reserve	Other reserve	Translation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group									
As at 1 January 2018	132,102	797	77	(6,031)	138	41,507	168,590	49,206	217,796
Adoption of the SFRS (I) 9	-	-	-	-	(138)	138	-	-	-
As restated at 1 January 2018	132,102	797	77	(6,031)	-	41,645	168,590	49,206	217,796
Effect of striking off a subsidiary	-	-	-	(28)	-	-	(28)	(199)	(227)
Total comprehensive income for the period	-	-	-	(1,399)	-	639	(760)	(212)	(972)
At 31 March 2018	132,102	797	77	(7,458)	-	42,284	167,802	48,795	216,597
At 1 January 2019	132,102	822	77	(7,380)	-	38,809	164,430	47,918	212,348
Total comprehensive income for the period	-	-	-	(52)	-	(1,642)	(1,694)	(479)	(2,173)
At 31 March 2019	132,102	822	77	(7,432)	-	37,167	162,736	47,439	210,175
Company									
At 1 January 2018	132,102	-	77	-	-	(11,213)	120,966	-	120,966
Total comprehensive income for the period	-	-	-	-	-	(726)	(726)	-	(726)
At 31 March 2018	132,102	-	77	-	-	(11,939)	120,240	-	120,240
At 1 January 2019	132,102	-	77	-	-	(11,271)	120,908	-	120,908
Total comprehensive income for the period	-	-	-	-	-	(493)	(493)	-	(493)
At 31 March 2019	132,102	-	77	-	-	(11,764)	120,415	-	120,415

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31/03/2019	As at 31/12/2018
Total number of issued shares	439,424,603	439,424,603

The Company did not hold any treasury shares as at 31 March 2019 and 31 December 2018.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

During the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 3 and SFRS(I) 11 *Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*
- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-28 *Long-Term Interests in Associates and Joint Ventures*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the modified retrospective approach with no restatement of comparative information.

SFRS(I) 16 introduces a single, on-balance sheet lessee accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019 and recognition exemptions for short-term leases and leases of low value items. The accounting for lessors has not changed significantly.

The nature of expenses related to such leases has changed as the principles under SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The ROU assets were mainly related to leases of the offices, warehouses and factories occupied by the Group in the various locations.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	3-months 31/03/2019	3-months 31/03/2018
Earnings per share ("EPS") for the period		
(a) Based on the average number of ordinary shares	-0.37 cts	0.15 cts
(b) On a fully diluted basis	-0.37 cts	0.15 cts

Basic EPS and fully diluted EPS have been calculated based on 439,424,603 shares.

7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2019	As at 31/12/2018	As at 31/03/2019	As at 31/12/2018
Net asset value per ordinary share based on existing share capital	37.03 cts	37.42 cts	27.40 cts	27.52 cts

The net asset value per ordinary share has been calculated based on 439,424,603 shares.

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

(i) Current Quarter against Previous Year Corresponding Quarter

The Group's turnover increased by S\$15.24 million or 24.5% to S\$77.50 million in 1Q2019, mainly due to revenue contribution from Tissue Paper division and higher revenue in Specialty Papers ("SP") and Printed Cartons and Labels ("PCL") divisions, offset by lower revenue from Trading division. SP division's revenue was boosted by new volume in Indonesia and Latin America markets, whilst PCL division was higher as a result of more volume supplied to Indonesia and Korea markets.

Gross profit for 1Q2019 decreased by S\$1.75 million or 23.8% to S\$5.60 million compared to S\$7.35 million in 1Q2018. The gross profit margin of 7.2% for the Group in 1Q2019 was impacted by lower margin from SP and PCL divisions, and a loss incurred by Tissue Paper division. We anticipated an entry cost for the Tissue Paper division but the loss is bigger than expected due to higher cost of raw materials, the competitiveness in tissue paper markets and lower manufacturing yield during the initial ramp-up stages. Excluding Tissue Paper division, the gross profit margin would be 10.0%.

Distribution expenses increased by S\$0.61 million in 1Q2019 was mainly due to higher freight costs for Vietnam operations and distribution costs incurred by Tissue Paper division.

The increase in administrative expenses by S\$0.30 million in 1Q2019 was largely attributable to the administrative overheads incurred for Tissue Paper division.

Net foreign exchange loss in 1Q2019 of S\$0.31 million was mainly due to depreciation of the US Dollar.

The increase in finance costs by S\$0.56 million to S\$1.11 million in 1Q2019 was attributed to the increase in bank borrowings to fund the working capital requirements of Tissue Paper division and Dubai start up, expansion of Vietnam operation and relocation of Indonesia operation in the previous year, and the recognition of interest expenses on lease liabilities in relation to the adoption of SFRS(I) 16.

The lower tax expenses in 1Q2019 was due to lower profit contributions from entities in a tax-paying status.

The Group posted a loss before tax of S\$1.79 million in 1Q2019 (S\$0.66 million profit in 1Q2018). Overall, the Group reported a loss after tax attributable to owners of the Company of S\$1.64 million for 1Q2019 (S\$0.64 million profit in 1Q2018). Excluding the loss of Tissue Paper division, the Group would have registered a profit attributable to owners of the Company of S\$0.15 million for 1Q2019.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. The Group did not make any forecast previously.

- 10 A commentary at the date of the announcement of the significant trend and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Having completed the relocation of its manufacturing footprint, the Group will focus on achieving cost and production efficiencies, and acquire additional customers in the highly competitive Middle East markets.

The Group plans to achieve full production capacity and expand the export market to improve the performance of Tissue Paper division.

- 11 Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

- 12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable

- 13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for interested person transactions.

- 14 Negative confirmation pursuant to Rule 705(5).**

The Directors of New Toyo International Holdings Ltd (the "Company"), do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results of the first quarter and period ended 31 March 2019 to be false or misleading in any material aspect.

- 15 Confirmation pursuant to Rule 720(1).**

The Company has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary
8 May 2019