



NEW TOYO

International Holdings Ltd

FOCUSED ON
CORE STRENGTHS

FINANCIAL STATEMENTS ANNOUNCEMENT

for the half year ended 30 June 2020

Unaudited results for the half year ended 30 June 2020

- 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 6 months ended		Change %
	30-06-20 SGD'000	30-06-19 SGD'000	
Revenue	129,426	153,819	(15.9)
Cost of sales	(113,787)	(143,347)	(20.6)
Gross profit	15,639	10,472	49.3
Other income	5,303	3,761	41.0
Distribution expenses	(2,566)	(3,310)	(22.5)
Administrative expenses	(9,714)	(10,823)	(10.2)
Net foreign exchange gain	88	19	363.2
Other operating expenses	(630)	(705)	(10.6)
Operating profit/(loss)	8,120	(586)	n.m.
Finance income	108	237	(54.4)
Finance costs	(1,780)	(2,207)	(19.3)
Net finance costs	(1,672)	(1,970)	(15.1)
Share of loss of equity-accounted investees (net of tax)	(170)	(208)	(18.3)
Profit/(Loss) before tax	6,278	(2,764)	n.m.
Tax expense	(1,225)	(1,149)	6.6
Profit/(Loss) for the period	5,053	(3,913)	n.m.
Attributable to :			
Owners of the Company	4,678	(3,552)	n.m.
Non-controlling interests	375	(361)	n.m.
Profit/(Loss) for the period	5,053	(3,913)	n.m.

Statement of Comprehensive Income

	Group 6 months ended		Change %
	30-06-20 SGD'000	30-06-19 SGD'000	
Profit/(Loss) for the period	5,053	(3,913)	n.m.
Other comprehensive income			
Items that are or may be reclassified to profit or loss :			
Foreign currency differences for foreign operations	3,761	(1,140)	n.m.
Other comprehensive income for the period, net of tax	3,761	(1,140)	n.m.
Total comprehensive income for the period	8,814	(5,053)	n.m.
Attributable to :			
Owners of the Company	7,737	(4,351)	n.m.
Non-controlling interests	1,077	(702)	n.m.
Total comprehensive income for the period	8,814	(5,053)	n.m.

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 6 months ended		Change %
		30-06-20 SGD'000	30-06-19 SGD'000	
Other income, including finance income	(i)	5,398	3,977	35.7
Interest on borrowings	(ii)	(1,780)	(2,207)	(19.3)
Reversal of/(Provision for) inventory obsolescence		438	(285)	n.m.
Depreciation and amortisation	(iii)	(9,623)	(10,600)	(9.2)
Gain on disposal of other investments		1	-	n.m.
Gain on disposal of right-of-use assets		12	-	n.m.
(Loss)/Gain on disposal of property, plant and equipment		(6)	21	n.m.
Reversal of impairment loss of trade receivables		-	13	n.m.
Inventory written-off		-	(20)	n.m.
Property, plant and equipment written-off		-	(1)	n.m.
(Under)/Over provision of tax in respect of prior years		(5)	13	n.m.

n.m. - not meaningful

Other operating expenses comprise the following:

	Group 6 months ended		Change %
	30-06-20 SGD'000	30-06-19 SGD'000	
<u>Non-operating Item:</u>			
Net change in fair value of equity securities	(38)	-	n.m.

n.m. - not meaningful

Notes :

- (i) Increase in other income in 1H 2020 was mainly attributed to payouts received from Job Support Scheme, conversion fee from the operating and management rights agreement of the Dubai operations and one-off lump sum funding from a key customer, offset by lower scrap sales.
- (ii) The Group incurred lower interest expenses in 1H 2020 on reduced loans and borrowings and lower interest rate compared to the corresponding period in 2019.
- (iii) Decrease in depreciation and amortisation in 1H 2020 was mainly due to lower depreciation charges for plant and machinery from Printed Cartons and Labels division.

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	
		30-06-20 SGD'000	31-12-19 SGD'000	30-06-20 SGD'000	31-12-19 SGD'000
Non-current assets					
Property, plant and equipment		90,247	92,845	269	319
Right-of-use assets		12,858	13,770	112	211
Investment properties		5,475	5,629	-	-
Subsidiaries		-	-	140,522	132,443
Associate and joint ventures		10,898	11,117	-	-
Other investments		2,307	2,328	1,607	1,607
Intangible assets and goodwill		24,910	23,867	-	-
Deferred tax assets		628	658	-	-
Other receivables		986	1,386	-	-
		148,309	151,600	142,510	134,580
Current assets					
Inventories		47,562	48,238	-	-
Contract assets		3,830	2,952	-	-
Trade and other receivables		68,503	67,188	15,500	23,881
Cash and cash equivalents	1	42,354	34,688	10,260	8,765
		162,249	153,066	25,760	32,646
Total assets		310,558	304,666	168,270	167,226
Equity attributable to owners of the Company					
Share capital		132,102	132,102	132,102	132,102
Reserves		(4,438)	(7,497)	77	77
Retained earnings		24,301	19,623	(7,600)	(11,000)
		151,965	144,228	124,579	121,179
Non-controlling interests		44,121	43,044	-	-
Total Equity		196,086	187,272	124,579	121,179
Non-current liabilities					
Contract liabilities		-	606	-	-
Other payables		914	791	-	-
Financial liabilities	2	25,186	29,043	70	85
Deferred tax liabilities		1,343	1,251	11	11
		27,443	31,691	81	96
Current liabilities					
Contract liabilities		40	743	-	-
Trade and other payables	3	47,670	41,821	34,100	32,464
Financial liabilities	2	38,145	42,262	9,464	13,454
Current tax liabilities		1,174	877	46	33
		87,029	85,703	43,610	45,951
Total liabilities		114,472	117,394	43,691	46,047
Total equity and liabilities		310,558	304,666	168,270	167,226

Notes :

- 1) Please refer to the Consolidated Statement of Cash Flow and related commentaries.
- 2) The decrease in finance liabilities is mainly due to the repayment of bank borrowings and lease liabilities, and lower utilisation of working capital requirements.
- 3) The increase is mainly due to the timing of payment to suppliers and recognition of contract value payable to a key customer.

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

	As at 30/06/20		As at 31/12/19	
	Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
Amount repayable in one year or less, or on demand	6,828	31,317	7,840	34,422
Amount repayable after one year	10,426	14,760	11,927	17,116

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	6 months ended	
		30-06-20	30-06-19
		SGD'000	SGD'000
Operating activities			
Profit/(Loss) before tax		6,278	(2,764)
Adjustments for :			
Amortisation of other investments		3	3
Depreciation and amortisation		9,620	10,597
Net change in fair value of equity securities		38	-
Dividend income from quoted securities		(2)	(6)
Gain on disposal of other investments		(1)	-
Loss/(Gain) on disposal of property, plant and equipment		6	(21)
Gain on disposal of right-of-use assets		(12)	-
Finance income		(108)	(237)
Finance costs		1,780	2,207
Property, plant and equipment written-off		-	1
Share of loss of equity-accounted investees (net of tax)		170	208
Operating profit before working capital changes		17,772	9,988
Changes in working capital :			
Inventories		636	2,301
Contract assets		(918)	735
Trade and other receivables		(607)	(367)
Trade and other payables		4,190	(7,696)
Employee benefits		229	186
Cash flows from operations		21,302	5,147
Income taxes paid		(433)	(808)
Cash flows from operating activities	1	20,869	4,339
Investing activities			
Dividends received from quoted securities		2	6
Interest received		108	237
Acquisition of property, plant and equipment		(2,362)	(6,890)
Proceeds from disposal of property, plant and equipment		13	31
Cash flows used in investing activities	2	(2,239)	(6,616)
Financing activities			
Dividends paid to shareholders		-	(3,955)
Interest paid		(1,780)	(2,207)
Payment of lease liabilities		(660)	(755)
Proceeds from bank borrowings		4,934	15,909
Repayments of bank borrowings		(13,858)	(16,836)
Cash flows used in financing activities	3	(11,364)	(7,844)
Net increase/(decrease) in cash and cash equivalents		7,266	(10,121)
Cash and cash equivalents at beginning of period		34,688	42,575
Effect of exchange rate fluctuations on cash held		400	(184)
Cash and cash equivalents at end of period		42,354	32,270
Deposits with financial institutions		9,431	9,709
Cash at banks and on hand		32,923	22,561
		42,354	32,270

Note 1 : Positive cash flows from operating activities in 1H 2020 was attributable to higher operating profit and timing of payment to suppliers.

Note 2 : Lower cash flows used in investing activities in 1H 2020 was mainly due to lower acquisition of property, plant and equipment by Printed Cartons and Labels division.

Note 3 : Higher cash flows used in financing activities in 1H 2020 was mainly due to higher net repayments of bank borrowings mitigated by delay in dividend payment as a result of extended timeline for holding of annual general meeting due to COVID-19.

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									
At 1 January 2019	132,102	822	77	(7,380)	-	38,809	164,430	47,918	212,348
Dividends paid	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)
Total comprehensive income for the period	-	-	-	(799)	-	(3,552)	(4,351)	(702)	(5,053)
At 30 June 2019	132,102	822	77	(8,179)	-	31,302	156,124	47,216	203,340
At 1 January 2020	132,102	822	77	(8,396)	-	19,623	144,228	43,044	187,272
Total comprehensive income for the period	-	-	-	3,059	-	4,678	7,737	1,077	8,814
At 30 June 2020	132,102	822	77	(5,337)	-	24,301	151,965	44,121	196,086
Company									
At 1 January 2019	132,102	-	77	-	-	(11,271)	120,908	-	120,908
Dividends paid	-	-	-	-	-	(3,955)	(3,955)	-	(3,955)
Total comprehensive income for the period	-	-	-	-	-	(343)	(343)	-	(343)
At 30 June 2019	132,102	-	77	-	-	(15,569)	116,610	-	116,610
At 1 January 2020	132,102	-	77	-	-	(11,000)	121,179	-	121,179
Total comprehensive income for the period	-	-	-	-	-	3,400	3,400	-	3,400
At 30 June 2020	132,102	-	77	-	-	(7,600)	124,579	-	124,579

- 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 30-06-20	As at 31-12-19
Total number of issued shares	439,424,603	439,424,603

The Company did not hold any treasury shares as at 30 June 2020 and 31 December 2019.

- 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 2019.

- 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 amendments to SFRS(I)s which took effect from financial year beginning 1 January 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*
- Amendments to SFRS(I) 3 *Definition of a Business*
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*
- Amendments to SFRS(I) 16 *COVID-19-Related Rent Concession*

The Group has early adopted the Amendments to SFRS(I) 16 COVID-19-Related Rent Concession. The adoption of these amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group for the current financial period.

- 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 6 months ended	
	30-06-20	30-06-19
Earnings per share ("EPS") for the period		
(a) Based on the average number of ordinary shares	1.06 cts	-0.81 cts
(b) On a fully diluted basis	1.06 cts	-0.81 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 30-06-20	As at 31-12-19	As at 30-06-20	As at 31-12-19
Net asset value per ordinary share based on existing share capital	34.58 cts	32.82 cts	28.35 cts	27.58 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.

1H 2020 vs 1H 2019

The Group's turnover decreased by S\$24.39 million or 15.9% to S\$129.43 million in 1H 2020, mainly due to lower revenue contribution from Tissue Paper ("Tissue"), Printed Cartons and Labels ("PCL") and Specialty Paper ("SP") divisions. Revenue of Tissue division arose from the sales of balance tissue products following the cessation of Tissue production in September 2019. The revenue reduction in PCL division was mainly due to reduction in sales under a major customer's contract. Revenue of SP division was impacted by lower volume in Indonesia and Latin America markets.

The contributing factors for higher other income in 1H 2020 was mentioned in paragraph 1(a) note (i). Distribution expenses reduced by S\$0.74 million in 1H 2020 mainly due to lower freight cost for Vietnam and Dubai operations. Cessation of Tissue operation contributed to the lower administrative expenses in 1H 2020.

The contributing factors for lower finance costs in 1H 2020 was mentioned in paragraph 1(a) note (ii).

As a result of the above factors, the Group posted a profit before tax of S\$6.28 million in 1H 2020 (S\$2.76 million loss in 1H 2019).

Overall, the Group reported a profit after tax attributable to owners of the Company of S\$4.68 million in 1H 2020 (S\$3.55 million loss in 1H 2019).

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.

The COVID-19 pandemic has led to major disruptions in supply chain and cross-border travel, affecting the global economy of which the full impact is still unfolding.

The impact of COVID-19, which began in 1Q 2020, grew in the second quarter and our major customers saw demand being impacted.

Except for our Malaysian factory, the Group's manufacturing activities are largely unaffected as exemptions from having to suspend its operations were applied and obtained, and some countries allowed manufacturing activities to continue whilst keeping to the safe management measures. The Malaysian government imposed a movement control order effective on 18 March 2020, and our Malaysian factory obtained permission to resume operations with limited workforce from April 2020 and full resumption from May 2020.

2H 2020 will remain challenging as business activities and orders are expected to be still continuously impacted by COVID-19.

While the extent of the impact remains uncertain at the present time, the Group has set out the impacts on near-term financial results based on information currently available and regular review of the financial performance of the Group are as follows:

- Reduction in revenue due to lower demand from customers;
- Longer collection cycle;
- Certain fixed costs such as wages and overheads that have to be paid even though the Group's workforce is not at its full capacity or in the event of operations shutdown; and
- As a result, operating income is expected to be affected leading to lower cash flow from operations.

The Group is continuing to adjust its strategy, including consolidating its operations for cost savings and optimisation, to mitigate the impact from an unpredictable global business environment.

11 Dividend

(a) Current Financial Period Reported On

2020 Ordinary	
Name of Dividend :	Interim
Dividend Type :	Cash
Dividend per share :	0.60 cts per ordinary share
Tax Rate :	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

To be advised

(d) Books closure date

To be advised

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

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 second quarter and period ended 30 June 2020 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
13 August 2020