

NEW TOYO

International Holdings Ltd



MOVING FORWARD
FASTER & FURTHER

FINANCIAL STATEMENTS ANNOUNCEMENT

for the period ended 30 June 2016

Unaudited results for the second quarter and period ended 30 June 2016

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

	Note	Group			Group		
		2Q	2Q	Change	6-months	6-months	Change
		30/06/16	30/06/15		30/06/16	30/06/15	
		Unaudited	Unaudited		Unaudited	Unaudited	
		SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue		60,285	69,579	(13.4)	116,360	130,094	(10.6)
Cost of sales		(50,749)	(60,238)	(15.8)	(97,408)	(111,713)	(12.8)
Gross profit		9,536	9,341	2.1	18,952	18,381	3.1
Other income	1	1,650	1,714	(3.7)	2,908	3,723	(21.9)
Distribution expenses		(1,521)	(1,649)	(7.8)	(2,809)	(3,259)	(13.8)
Administrative expenses		(4,741)	(4,506)	5.2	(9,418)	(9,122)	3.2
Net foreign exchange (loss)/gain	2	(573)	(307)	86.6	(1,530)	311	n.m
Other expenses	3	(83)	(753)	(89.0)	(172)	(4,052)	(95.8)
Operating profit		4,268	3,840	11.1	7,931	5,982	32.6
Finance income		217	197	10.2	423	422	0.2
Finance expenses		(162)	(226)	(28.3)	(347)	(463)	(25.1)
Net finance income/(expenses)		55	(29)	n.m	76	(41)	n.m
Share of profit of equity-accounted investees, net of tax	4	455	452	0.7	639	1,390	(54.0)
Profit before taxation		4,778	4,263	12.1	8,646	7,331	17.9
Taxation	5	(951)	(733)	29.7	(1,746)	(1,154)	51.3
Profit for the period		3,827	3,530	8.4	6,900	6,177	11.7
Attributable to :							
Equity holders of the Company		2,873	2,490	15.4	5,046	4,718	7.0
Non-controlling interests		954	1,040	(8.3)	1,854	1,459	27.1
Profit for the period		3,827	3,530	8.4	6,900	6,177	11.7

Statement of Comprehensive Income

	Note	Group			Group		
		2Q	2Q	Change	6-months	6-months	Change
		30/06/16	30/06/15		30/06/16	30/06/15	
		Unaudited	Unaudited		Unaudited	Unaudited	
		SGD'000	SGD'000	%	SGD'000	SGD'000	%
Profit for the period		3,827	3,530	8.4	6,900	6,177	11.7
Other comprehensive loss							
Items that are or may be reclassified to profit or loss :							
Foreign currency differences for foreign operations	6	(3,433)	(3,677)	(6.6)	(4,748)	(2,727)	74.1
Other comprehensive loss for the period, net of tax		(3,433)	(3,677)	(6.6)	(4,748)	(2,727)	74.1
Total comprehensive income/(loss) for the period		394	(147)	n.m	2,152	3,450	(37.6)
Attributable to :							
Equity holders of the Company		309	(45)	n.m	884	3,232	(72.6)
Non-controlling interests		85	(102)	n.m	1,268	218	481.7
Total comprehensive income/(loss) for the period		394	(147)	n.m	2,152	3,450	(37.6)

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)

Notes :

- 1) Other income was lower in YTD 2016 mainly due to lower contributions from the supplies of ink to end users and lower compensation received from customer in respect of unfavorable exchange rate movements in the group's procurement of raw materials, which was offset by compensations received from a supplier.
- 2) Net foreign exchange loss in YTD 2016 was mainly due to depreciation of US Dollar.
- 3) Other expenses were higher in YTD 2015 mainly due to higher amortisation of intangible assets and the recognition of termination benefits.
- 4) The share of profit of equity-accounted investees was higher in YTD 2015 due to share of higher profit from an associate and reversal of previously recognised share of an associate's prior year's losses beyond the carrying amount of investment in accordance with FRS 28.
- 5) The increase in income tax expenses was mainly due to higher contributions from the operations in countries with higher tax rates.
- 6) The movement was a result of foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and the exchange differences on certain monetary items which formed part of the Group's net investments in the foreign operations. The loss in YTD 2016 was mainly due to the depreciation of US Dollar, Chinese Renminbi, Vietnamese Dong, Hong Kong Dollar and Australian Dollar.

Disclosure to Income Statement

	Group			Group		
	2Q		Change	6-months		Change
	30/06/16	30/06/15		30/06/16	30/06/15	
	Unaudited	Unaudited		Unaudited	Unaudited	
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Other income including interest income	1,857	1,799	3.2	3,322	4,021	(17.4)
Interest on borrowings	(162)	(226)	(28.3)	(347)	(463)	(25.1)
Reversal of inventory obsolescence	81	102	(20.6)	362	125	189.6
Depreciation and amortisation	(2,753)	(4,489)	(38.7)	(5,444)	(8,064)	(32.5)
Gain on disposal of property, plant and equipment	10	112	(91.1)	9	124	(92.7)
Reversal of doubtful trade receivables and bad debts written off	1	-	n.m	1	9	(88.9)
Inventory written-off	-	(119)	n.m	-	(120)	n.m
(Under)/Over provision of tax in respect of prior years	(4)	(11)	(63.6)	(7)	134	n.m

n.m. - not meaningful

Other expenses comprise the following:

	Note	Group			Group		
		2Q		Change	6-months		Change
		30/06/16	30/06/15		30/06/16	30/06/15	
		Unaudited	Unaudited		Unaudited	Unaudited	
		SGD'000	SGD'000	%	SGD'000	SGD'000	%
<u>Non-operating Item:</u>							
Termination benefits	3	-	(39)	n.m	-	(2,614)	n.m

n.m. - not meaningful

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

		Group		Company	
	Note	30/06/16 Unaudited SGD'000	31/12/15 Audited SGD'000	30/06/16 Unaudited SGD'000	31/12/15 Audited SGD'000
Non-current assets					
Property, plant and equipment		82,107	85,499	356	404
Investment properties		7,009	7,668	-	-
Subsidiaries		-	-	99,652	100,996
Associates and joint venture	1	12,592	10,403	1,246	1,246
Other investments		2,125	2,148	685	626
Intangible assets		4,775	5,001	-	-
Deferred tax assets		641	657	-	-
Trade and other receivables		2,954	3,183		
		112,203	114,559	101,939	103,272
Current assets					
Inventories		42,076	42,974	-	-
Trade and other receivables		40,719	39,450	25,772	12,186
Assets held for sale	2	1,736	-	-	-
Cash and cash equivalents		72,403	78,965	22,764	35,496
		156,934	161,389	48,536	47,682
Total assets		269,137	275,948	150,475	150,954
Equity attributable to equity holders of the Company					
Share capital		132,102	132,102	132,102	132,102
Other reserves		(15,182)	(11,194)	77	77
Accumulated profits/(losses)		49,221	48,743	(13,813)	(12,871)
		166,141	169,651	118,366	119,308
Non-controlling interests		40,727	41,903	-	-
Total Equity		206,868	211,554	118,366	119,308
Non-current liabilities					
Trade and other payables		517	517	-	-
Financial liabilities	3	2,770	3,855	42	64
Deferred tax liabilities		3,142	3,126	11	11
		6,429	7,498	53	75
Current liabilities					
Trade and other payables		31,714	31,759	31,894	31,396
Financial liabilities	3	22,170	23,668	43	43
Current tax payable		1,956	1,469	119	132
		55,840	56,896	32,056	31,571
Total liabilities		62,269	64,394	32,109	31,646
Total equity and liabilities		269,137	275,948	150,475	150,954

Notes :

- 1) The increase was mainly due to the formation of a jointly controlled entity, Lum Chang Tien Wah Property Sdn Bhd.
- 2) A leasehold property of a subsidiary, Tien Wah Press Holdings Berhard, being held for sale.
- 3) The decrease was mainly due to repayment of bank borrowings.

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

	As at 30/06/16		As at 31/12/15	
	Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
Amount repayable in one year or less, or on demand	47	22,123	2,654	21,014
Amount repayable after one year	42	2,728	66	3,789

Details of any collateral

The bank loans for the period ended December 2015 and June 2016 were secured on inventories and assets under fixed term lease financing respectively.

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

		2Q 30/06/16 Unaudited SGD'000	2Q 30/06/15 Unaudited SGD'000	6-months 30/06/16 Unaudited SGD'000	6-months 30/06/15 Unaudited SGD'000
Note					
	Operating activities				
	Profit before income tax	4,778	4,263	8,646	7,331
	Adjustments for :				
	Amortisation of other investment	1	2	3	3
	Depreciation and amortisation	2,752	4,487	5,441	8,061
	Dividend income from an associate	(173)	(96)	(173)	(96)
	Dividend income from quoted securities	(10)	(12)	(10)	(12)
	Gain on disposal of property, plant and equipment	(10)	(112)	(9)	(124)
	Interest income	(217)	(197)	(423)	(422)
	Interest expense	162	226	347	463
	Provision for termination benefits	-	-	-	968
	Share of profit of equity-accounted investees	(455)	(452)	(639)	(1,390)
	Operating profit before working capital changes	6,828	8,109	13,183	14,782
	Changes in working capital :				
	Inventories	(1,378)	4,424	399	1,446
	Trade and other receivables	(3,955)	(5,422)	(3,169)	(12,773)
	Trade and other payables	5,474	(2,140)	(501)	(282)
	Employee benefits	62	(779)	183	(1,146)
	Cash flows from operations	7,031	4,192	10,095	2,027
	Income taxes paid	(611)	(932)	(1,257)	(1,685)
	Cash flows from operating activities	6,420	3,260	8,838	342
1					
	Investing activities :				
	Dividends received from an associate	173	96	173	96
	Dividends received from quoted securities	10	12	10	12
	Formation of equity-accounted investees	(1,673)	-	(1,673)	-
	Interest received	217	197	423	422
	Purchase of property, plant and equipment	(2,631)	(2,028)	(4,035)	(2,814)
	Additions to investment property	-	(73)	-	(150)
	Proceeds from disposal of property, plant and equipment	15	112	19	131
	Cash flows used in investing activities	(3,889)	(1,684)	(5,083)	(2,303)
2					
	Financing activities :				
	Dividends paid to shareholders	(4,394)	(2,637)	(4,394)	(2,637)
	Dividends paid to non-controlling shareholders	(2,444)	(954)	(2,444)	(954)
	Interest paid	(162)	(226)	(347)	(463)
	Principal payments under hire purchase obligations	(12)	(5)	(23)	(6)
	Proceeds from bank borrowings	4,885	1,809	5,065	4,419
	Repayment of bank borrowings	(926)	(2,958)	(6,596)	(6,622)
	Cash flows used in financing activities	(3,053)	(4,971)	(8,739)	(6,263)
3					
	Net decrease in cash and cash equivalents	(522)	(3,395)	(4,984)	(8,224)
	Cash and cash equivalents at beginning of period	73,987	67,100	78,965	71,571
	Effect of exchange rate changes on balances held in foreign currency	(1,062)	(830)	(1,578)	(472)
	Cash and cash equivalents at end of period	72,403	62,875	72,403	62,875
	Deposits with financial institutions	24,963	21,791	24,963	21,791
	Cash at banks and in hand	47,440	41,084	47,440	41,084
		72,403	62,875	72,403	62,875

Note 1 : Higher operating cash inflows in Q2FY2016 was mainly due to timing of repayment by customers and payments for purchases to suppliers offset by lower depreciation and amortisation, and higher purchases from Specialty Papers divisions.

Note 2 : Higher cash flows used in investing activities in Q2FY2016 was mainly due to the formation of a jointly controlled entity, Lum Chang Tien Wah Property Sdn Bhd and higher purchase of property, plant and equipment.

Note 3 : Lower cash flows used in financing activities mainly due to higher dividends paid to shareholders and non-controlling shareholders offset by higher utilisation of bank facilities in Q2FY2016.

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

	Share capital SGD'000	Capital reserve SGD'000	Other reserve SGD'000	Currency translation reserve SGD'000	Fair value reserve SGD'000	Accumulated (losses)/ profits SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total Equity SGD'000
Group									
At 1 April 2015	132,102	564	77	(10,737)	413	41,570	163,989	39,979	203,968
Dividends paid	-	-	-	-	-	(2,637)	(2,637)	-	(2,637)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(954)	(954)
Total comprehensive income for the period	-	-	-	(2,535)	-	2,490	(45)	(102)	(147)
At 30 June 2015	132,102	564	77	(13,272)	413	41,423	161,307	38,923	200,230
At 1 April 2016	132,102	564	77	(13,672)	239	50,916	170,226	43,086	213,312
Changes in capital reserve	-	174	-	-	-	(174)	-	-	-
Dividends paid	-	-	-	-	-	(4,394)	(4,394)	-	(4,394)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	(2,444)	(2,444)
Total comprehensive income for the period	-	-	-	(2,564)	-	2,873	309	85	394
At 30 June 2016	132,102	738	77	(16,236)	239	49,221	166,141	40,727	206,868
Company									
At 1 April 2015	132,102	-	77	-	-	(15,705)	116,474	-	116,474
Dividends paid	-	-	-	-	-	(2,637)	(2,637)	-	(2,637)
Total comprehensive income for the period	-	-	-	-	-	1,677	1,677	-	1,677
At 30 June 2015	132,102	-	77	-	-	(16,665)	115,514	-	115,514
At 1 April 2016	132,102	-	77	-	-	(13,474)	118,705	-	118,705
Dividends paid	-	-	-	-	-	(4,394)	(4,394)	-	(4,394)
Total comprehensive income for the period	-	-	-	-	-	4,055	4,055	-	4,055
At 30 June 2016	132,102	-	77	-	-	(13,813)	118,366	-	118,366

- 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 30/06/16	As at 31/12/15
Total number of issued shares	439,424,603	439,424,603

The Company did not hold any treasury shares as at 30 June 2016 and 31 December 2015.

- 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.**

The Group has applied the same accounting policies and methods of computation as those in the audited financial statements for the year ended 31 December 2015 except for the adoption of accounting standards and interpretations applicable for the financial period beginning 1 January 2016.

The adoption of the new/revised accounting standards and interpretations applicable for the financial period beginning 1 January 2016 did not result in a significant change to the Group's accounting policies and did not have a material impact on the Group results.

- 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.**

Not applicable

- 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		Group	
	2Q 30/06/16	2Q 30/06/15	6-months 30/06/16	6-months 30/06/15
Earnings per share ("EPS") for the period				
(a) Based on the average number of ordinary shares	0.65 cts	0.57 cts	1.15 cts	1.07 cts
(b) On a fully diluted basis	0.65 cts	0.57 cts	1.15 cts	1.07 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 30/06/16	As at 31/12/15	As at 30/06/16	As at 31/12/15
Net asset value per ordinary share based on existing share capital	37.81 cts	38.61 cts	26.94 cts	27.15 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 decreased by S\$9.29 million or 13.4% to S\$60.29 million in Q2FY2016 (S\$69.58 million in Q2FY2015) mainly due to lower revenue in Trading and Printed Cartons and Labels divisions partially offset by higher revenue in Specialty Papers division.

Despite a lower revenue, gross profit for Q2FY2016 increased by 2.1% to S\$9.54 million compared to S\$9.34 million in the same quarter last year. Gross profit margin in Q2FY2016 rose to 15.8% from 13.4% in Q2FY2015, on the back of improved efficiency in production resulting in waste reduction, lower depreciation charges due to the revision of useful life of certain plant and machineries in Printed Cartons and Labels division, lower material costs and improved sales mix.

Distribution expenses decreased by 7.8% to S\$1.52 million, in line with the reduction in Group's revenue. Administrative expenses increased by S\$0.24 million to S\$4.74 million was mainly due to increases in staff cost. Exchange loss was higher by S\$0.27 million in Q2FY2016 mainly due to depreciation of US Dollar. Reduction in other expenses of S\$0.67 million in Q2FY2016 was mainly due to lower amortization of intangible assets.

Consequent to the aforesaid, the Group's profit before tax increased by S\$0.52 million or 12.1% to S\$4.78 million in Q2FY2016 (S\$4.26 million in Q2FY2015).

Overall, the Group's profit after tax attributable to equity holders increased by S\$0.38 million or 15.4% to S\$2.87 million in Q2FY2016 (S\$2.49 million in Q2FY2015).

(ii) Current Year-to-date against Previous Year-to-date

The Group's turnover decreased by S\$13.73 million or 10.6% to S\$116.36 million for the six months ended 30 June 2016 (S\$130.09 million for the six months ended 30 June 2015) mainly due to lower revenue contributions from Trading and Printed Cartons and Labels divisions.

Gross profit margin for the six months ended 30 June 2016 increased to 16.3% (14.1% for the six months ended 30 June 2015), a result of changes in the sales mix, lower wastages and lower depreciation charges due to the revision of useful life of certain plant and machineries in Printed Cartons and Labels division. Gross profit increased by 3.1% or S\$0.57 million to S\$18.95 million for the six months ended 30 June 2016 as compared to S\$18.38 million last year same period.

The decrease in other income for the reporting period was mainly due to lower scrap sales, lower compensation received from customer in respect of unfavourable exchange rate movements in the group's procurement of raw materials and lower contributions from ink supplies, offset by claims against a supplier.

The reduction in distribution expenses of S\$0.45 million for the six months ended 30 June 2016 was mainly due to lower freight charges, in line with the revenue decline. Administrative expenses for first half FY2016 increased by 3.2% to S\$9.42 million, mainly due to an increase in headcount in our principal subsidiary during Q3FY2015. An exchange loss of approximately \$1.53 million was incurred for the six months ended 30 June 2016 mainly due to depreciation of US Dollar, as compared to an exchange gain of approximately \$0.31 million registered for the six months ended 30 June 2015. Other expenses dropped by S\$3.88 million to S\$0.17 million mainly related to the absence of termination benefits of S\$2.61 million incurred by a subsidiary in the same period last year and the balance of S\$1.27 million was mainly due to lower amortization of intangible assets in the period under review.

The decrease in the share of profit of equity-accounted investees was a result of lower profit contribution from an associate and a jointly controlled entity.

Consequent to the aforesaid, the Group's profit before tax increased by S\$1.32 million or 17.9% to S\$8.65 million for the six months ended 30 June 2016 (S\$7.33 million for the six months ended 30 June 2015).

Overall, the Group's profit after tax attributable to equity holders of the Company increased by S\$0.33 million or 7.0% to S\$5.05 million for the six months ended 30 June 2016 (S\$4.72 million for the six months ended 30 June 2015).

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 tobacco packaging industry continues to remain challenging with increasing competition. The Group will continue to enhance its operational capabilities and improve the overall standards of its operations. It will also expand its focus on measures to reduce costs, including automation, productivity improvements and wastage reduction.

The Group will continue to explore opportunities for strategic collaboration. The Group will also seek to expand its geographical footprint.

11 Dividend

(a) Current Financial Period Reported On

2016 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

2015 Ordinary	
Name of Dividend :	Interim
Dividend Type :	Cash
Dividend per share :	0.60 cts per ordinary share
Tax Rate :	Tax exempt (one-tier)

(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.

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 2016 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 August 2016