

NEW TOYO

International Holdings Ltd

Exponential Advancement



FINANCIAL STATEMENTS ANNOUNCEMENT

for the period ended 31 March 2017

Unaudited results for the first quarter and period ended 31 March 2017

- 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 31-03-17 Unaudited SGD'000	3-months 31-03-16 Unaudited SGD'000	Change %
Revenue	64,409	56,075	14.9
Cost of sales	(54,445)	(46,659)	16.7
Gross profit	9,964	9,416	5.8
Other income	1,215	1,258	(3.4)
Distribution expenses	(1,417)	(1,288)	10.0
Administrative expenses	(5,214)	(4,677)	11.5
Net foreign exchange loss	(346)	(957)	(63.8)
Other operating expenses	(414)	(89)	365.2
Operating profit	3,788	3,663	3.4
Finance income	397	206	92.7
Finance costs	(416)	(185)	124.9
Net finance (costs)/income	(19)	21	n.m.
Share of profit of equity-accounted investees (net of tax)	47	184	(74.5)
Profit before tax	3,816	3,868	(1.3)
Tax expense	(1,184)	(795)	48.9
Profit for the period	2,632	3,073	(14.4)
Attributable to :			
Owners of the Company	2,145	2,173	(1.3)
Non-controlling interests	487	900	(45.9)
Profit for the period	2,632	3,073	(14.4)

Statement of Comprehensive Income

	Group		
	3-months 31-03-17 Unaudited SGD'000	3-months 31-03-16 Unaudited SGD'000	Change %
Profit for the period	2,632	3,073	(14.4)
Other comprehensive income			
Items that are or may be reclassified to profit or loss :			
Foreign currency differences for foreign operations	(4,185)	(1,315)	218.3
Other comprehensive income for the period, net of tax	(4,185)	(1,315)	218.3
Total comprehensive income for the period	(1,553)	1,758	n.m.
Attributable to :			
Owners of the Company	(966)	575	n.m.
Non-controlling interests	(587)	1,183	n.m.
Total comprehensive income for the period	(1,553)	1,758	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

	Group		
	3-months	3-months	
	31-03-17	31-03-16	
	Unaudited	Unaudited	Change
	SGD'000	SGD'000	%
Other income, including finance income	1,570	1,465	7.2
Interest on borrowings	(416)	(185)	124.9
Reversal of inventory obsolescence	-	281	n.m.
Depreciation and amortisation	Note (i) (3,549)	(2,691)	31.9
Gain/(Loss) on disposal of property, plant and equipment	42	(1)	n.m.
Reversal of doubtful trade receivables	2	-	n.m.
Over/(Under) provision of tax in respect of prior years	10	(3)	n.m.

n.m. - not meaningful

Other operating expenses comprise the following:

	Group		
	3-months	3-months	
	31-03-17	31-03-16	
	Unaudited	Unaudited	Change
	SGD'000	SGD'000	%
<u>Non-operating Item:</u>			
Loss on disposal of other investments	(60)	-	n.m.

n.m. - not meaningful

Note (i): Increase in depreciation and amortisation was mainly due to depreciation incurred by a newly-acquired subsidiary and higher amortisation from additional contract value in relation to supply agreements with a major customer.

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	
		31-03-17 Unaudited SGD'000	31-12-16 Audited SGD'000	31-03-17 Unaudited SGD'000	31-12-16 Audited SGD'000
Non-current assets					
Property, plant and equipment		100,449	98,292	293	313
Investment properties		6,555	6,813	-	-
Subsidiaries		-	-	129,324	121,173
Associate and joint ventures		2,005	1,687	1,246	1,246
Other investments		1,639	2,099	685	685
Intangible assets and goodwill		27,059	28,245	-	-
Deferred tax assets		637	653	-	-
Other receivables		2,722	2,794	-	-
		141,066	140,583	131,548	123,417
Current assets					
Inventories		48,568	47,005	-	-
Trade and other receivables		76,840	77,731	9,574	9,751
Cash and cash equivalents	1	47,844	68,479	13,965	22,972
		173,252	193,215	23,539	32,723
Total assets		314,318	333,798	155,087	156,140
Equity attributable to owners of the Company					
Share capital		132,102	132,102	132,102	132,102
Reserves		(14,366)	(11,276)	77	77
Retained earnings		60,091	57,967	(12,536)	(12,214)
		177,827	178,793	119,643	119,965
Non-controlling interests		54,385	54,972	-	-
Total Equity		232,212	233,765	119,643	119,965
Non-current liabilities					
Other payables		455	452	-	-
Financial liabilities	2	10,667	28,147	8	19
Deferred tax liabilities		2,927	2,912	11	11
		14,049	31,511	19	30
Current liabilities					
Trade and other payables	3	36,792	46,050	32,832	33,466
Financial liabilities	4	29,668	21,257	2,561	2,649
Current tax liabilities		1,597	1,215	32	30
		68,057	68,522	35,425	36,145
Total liabilities		82,106	100,033	35,444	36,175
Total equity and liabilities		314,318	333,798	155,087	156,140

Notes :

- 1) Please refer to the Consolidated Statement of Cash Flow and related commentaries.
- 2) The decrease was mainly due to the partial repayment of long-term bank borrowings.
- 3) The decrease was mainly due to the timing of payment to suppliers.
- 4) The increase was mainly due to the utilisation of short-term bank borrowings.

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

	As at 31/03/17		As at 31/12/16	
	Secured SGD'000	Unsecured SGD'000	Secured SGD'000	Unsecured SGD'000
Amount repayable in one year or less, or on demand	778	28,890	47	21,210
Amount repayable after one year	9,060	1,607	26,063	2,084

Details of any collateral

The bank loans were secured on inventories and assets under finance lease, and by a charge over the assets and shares in a subsidiary.

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

		3-months 31-03-17 Unaudited SGD'000	3-months 31-03-16 Unaudited SGD'000
	Note		
Operating activities			
Profit before tax		3,816	3,868
Adjustments for :			
Amortisation of other investments		1	2
Depreciation and amortisation		3,548	2,689
Loss on disposal of other investments		60	-
(Gain)/Loss on disposal of property, plant and equipment		(42)	1
Finance income		(397)	(206)
Finance costs		416	185
Share of profit of equity-accounted investees		(47)	(184)
Operating profit before working capital changes		7,355	6,355
Changes in working capital :			
Inventories		(1,744)	1,777
Trade and other receivables		476	786
Trade and other payables		(9,699)	(5,975)
Employee benefits		(584)	121
Cash flows (used in)/from operations		(4,196)	3,064
Income taxes paid		(673)	(646)
Cash flows (used in)/from operating activities	1	(4,869)	2,418
Investing activities :			
Additional capital contribution to an equity-accounted investee		(316)	-
Interest received		397	206
Acquisition of property, plant and equipment		(7,362)	(1,404)
Additions to investment property		(21)	-
Proceeds from disposal of property, plant and equipment		57	4
Cash flows used in investing activities	2	(7,245)	(1,194)
Financing activities :			
Interest paid		(416)	(185)
Payment of finance lease liabilities		(12)	(11)
Proceeds from bank borrowings		8,507	180
Repayments of bank borrowings		(15,937)	(5,670)
Cash flows used in financing activities	3	(7,858)	(5,686)
Net decrease in cash and cash equivalents		(19,972)	(4,462)
Cash and cash equivalents at beginning of period		68,479	78,965
Effect of exchange rate fluctuations on cash held		(663)	(516)
Cash and cash equivalents at end of period		47,844	73,987
Deposits with financial institutions		11,285	29,568
Cash at banks and on hand		36,559	44,419
		47,844	73,987

Note 1 : Cash flows used in Q1FY2017 was mainly due to payment to suppliers, and higher purchases from Printed Cartons and Labels division.

Note 2 : Higher cash flows used in investing activities in Q1FY2017 was mainly due to purchase of property, plant and equipment from Printed Cartons and Labels division.

Note 3 : Higher cash flows used in financing activities in Q1FY2017 was mainly due to partial repayment of long-term bank borrowings offset by utilisation of short-term bank borrowings.

- 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 SGD'000	Capital reserve SGD'000	Other reserve SGD'000	Translation reserve SGD'000	Fair value reserve SGD'000	Retained earnings SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total Equity SGD'000
Group									
At 1 January 2016	132,102	564	77	(12,074)	239	48,743	169,651	41,903	211,554
Total comprehensive income for the period	-	-	-	(1,598)	-	2,173	575	1,183	1,758
At 31 March 2016	132,102	564	77	(13,672)	239	50,916	170,226	43,086	213,312
At 1 January 2017	132,102	736	77	(12,230)	141	57,967	178,793	54,972	233,765
Appropriation of retained earnings to statutory reserve	-	21	-	-	-	(21)	-	-	-
Total comprehensive income for the period	-	-	-	(3,111)	-	2,145	(966)	(587)	(1,553)
At 31 March 2017	132,102	757	77	(15,341)	141	60,091	177,827	54,385	232,212
Company									
At 1 January 2016	132,102	-	77	-	-	(12,871)	119,308	-	119,308
Total comprehensive income for the period	-	-	-	-	-	(603)	(603)	-	(603)
At 31 March 2016	132,102	-	77	-	-	(13,474)	118,705	-	118,705
At 1 January 2017	132,102	-	77	-	-	(12,214)	119,965	-	119,965
Total comprehensive income for the period	-	-	-	-	-	(322)	(322)	-	(322)
At 31 March 2017	132,102	-	77	-	-	(12,536)	119,643	-	119,643

- 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 31-03-17	As at 31-12-16
Total number of issued shares	439,424,603	439,424,603

The Company did not hold any treasury shares as at 31 March 2017 and 31 December 2016.

- 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 2016 except for the adoption of accounting standards and interpretations applicable for the financial period beginning 1 January 2017.

The adoption of the new/revised accounting standards and interpretations applicable for the financial period beginning 1 January 2017 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	
	3-months 31-03-17	3-months 31-03-16
Earnings per share ("EPS") for the period		
(a) Based on the average number of ordinary shares	0.49 cts	0.49 cts
(b) On a fully diluted basis	0.49 cts	0.49 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 31-03-17	As at 31-12-16	As at 31-03-17	As at 31-12-16
Net asset value per ordinary share based on existing share capital	40.47 cts	40.69 cts	27.23 cts	27.30 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 for Q1FY2017 amounted to S\$64.41 million, an increase of S\$8.33 million or 14.9% over corresponding quarter last year. This was on the back of revenue contribution in the Printed Cartons and Labels division from a subsidiary acquired in December 2016 and higher revenue from Specialty Papers division.

Gross profit for Q1FY2017 increased by S\$0.54 million or 5.8% to S\$9.96 million from S\$9.42 million in the corresponding quarter last year. Gross profit margin stood at 15.5% in Q1FY2017. The decrease in gross profit margin from 16.8% in corresponding quarter last year was attributed to lower gross profit margin from the Printed Cartons and Labels division, mitigated by improved gross profit margin in the Specialty Paper division.

Distribution expenses in Q1FY2017 increased by S\$0.13 million mainly due to higher freight costs, in tandem with a higher revenue. The increase in administrative expenses by S\$0.54 million to S\$5.21 million in Q1FY2017 was mainly due to higher staff costs, as well as administrative costs incurred by a subsidiary acquired in December 2016. Net foreign exchange loss in Q1FY2017 of S\$0.35 million was a result of the depreciation of US Dollar. Higher other operating expenses in Q1FY2017 was mainly due to higher amortisation of intangible assets, as compared to the corresponding quarter last year.

The lower share of profit of equity-accounted investees in Q1FY2017 was due to absence of profit from an associate, which was disposed in December 2016.

As a result of the above factors, the Group's profit before tax decreased slightly by S\$0.05 million or 1.3% to S\$3.82 million in Q1FY2017 (S\$3.87 million in Q1FY2016).

Overall, the Group's profit after tax attributable to owners of the Company decreased by S\$0.03 million or 1.3% to S\$2.14 million in Q1FY2017 (S\$2.17 million in Q1FY2016).

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.

Outlook for 2017 continues to be challenging as the economy continues to remain volatile. The Group's performance in the industry is largely correlated to the trends and development of the tobacco industry and our customers' strategy. That said, the Group would resume to focus on growth opportunities in Indonesia and Dubai, United Arab Emirates where our new operations are. The Group will continue to look at cost down opportunities and manage overheads to create sustainability in revenue and lower production costs.

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 2017 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
9 May 2017