NEW TOYO
International Holdings Ltd

FINANCIAL STATEMENTS ANNOUNCEMENT

for the period ended 30 September 2018

NEW TOYO
International Holdings Ltd

Unaudited results for the third quarter and period ended 30 September 2018

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			Group		
	3Q 30-09-18	3Q 30-09-17 Restated	Change	9-months 30-09-18	9-months 30-09-17 Restated	Change
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	65,341	66,499	*(1.7)*	196,659	203,526	*(3.4)*
Cost of sales	(58,183)	(58,669)	*(0.8)*	(173,977)	(177,776)	*(2.1)*
Gross profit	**7,158**	**7,830**	*(8.6)*	**22,682**	**25,750**	*(11.9)*
Other income	1,934	2,707	*(28.6)*	4,725	8,597	*(45.0)*
Distribution expenses	(1,245)	(1,429)	*(12.9)*	(3,664)	(4,349)	*(15.8)*
Administrative expenses	(5,774)	(4,810)	*20.0*	(16,356)	(14,999)	*9.0*
Net foreign exchange (loss)/gain	164	(817)	*n.m.*	(266)	(2,077)	*(87.2)*
Other operating expenses	(730)	(4,214)	*(82.7)*	(1,661)	(14,031)	*(88.2)*
Operating profit	**1,507**	**(733)**	*n.m.*	**5,460**	**(1,109)**	*n.m.*
Finance income	317	375	*(15.5)*	1,037	1,150	*(9.8)*
Finance costs	(841)	(507)	*65.9*	(2,049)	(1,328)	*54.3*
Net finance costs	(524)	(132)	*297.0*	(1,012)	(178)	*468.5*
Share of (loss)/profit of equity-accounted investees (net of tax)	(144)	74	*n.m.*	(209)	186	*n.m.*
Profit before tax	**839**	**(791)**	*n.m.*	**4,239**	**(1,101)**	*n.m.*
Tax expense	(458)	1,322	*n.m.*	(1,419)	(421)	*237.1*
Profit for the period	**381**	**531**	*(28.2)*	**2,820**	**(1,522)**	*n.m.*
Attributable to :						
Owners of the Company	398	1,575	*(74.7)*	2,685	1,256	*113.8*
Non-controlling interests	(17)	(1,044)	*(98.4)*	135	(2,778)	*n.m.*
Profit for the period	**381**	**531**	*(28.2)*	**2,820**	**(1,522)**	*n.m.*

Statement of Comprehensive Income

	Group			Group		
	3Q 30-09-18	3Q 30-09-17 Restated	Change	9-months 30-09-18	9-months 30-09-17 Restated	Change
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Profit for the period	381	531	*(28.2)*	2,820	(1,522)	*n.m.*
Other comprehensive income						
Items that are or may be reclassified to profit or loss :						
Foreign currency differences for foreign operations	(2,074)	(1,258)	*64.9*	(146)	(5,663)	*(97.4)*
Effect of striking off a subsidiary	-	-	*n.m.*	(227)	-	*n.m.*
Other comprehensive income for the period, net of tax	**(2,074)**	**(1,258)**	*64.9*	**(373)**	**(5,663)**	*(93.4)*
Total comprehensive income for the period	**(1,693)**	**(727)**	*132.9*	**2,447**	**(7,185)**	*n.m.*
Attributable to :						
Owners of the Company	(965)	491	*n.m.*	2,422	(3,556)	*n.m.*
Non-controlling interests	(728)	(1,218)	*(40.2)*	25	(3,629)	*n.m.*
Total comprehensive income for the period	**(1,693)**	**(727)**	*132.9*	**2,447**	**(7,185)**	*n.m.*

n.m. - not meaningful

The results for third quarter and nine months ended 30 September 2017 were restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Please refer to paragraph 5 for the details on the financial impact from the adoption of SFRS(I)s.

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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 3Q 30-09-18 SGD'000	3Q 30-09-17 Restated SGD'000	Change %	Group 9-months 30-09-18 SGD'000	9-months 30-09-17 Restated SGD'000	Change %
Other income, including finance income		2,240	1,859	*20.5*	5,736	7,335	*(21.8)*
Interest on borrowings		(841)	(507)	*65.9*	(2,049)	(1,328)	*54.3*
Provision for/(reversal of) inventory obsolescence		(216)	(400)	*(46.0)*	138	(736)	*n.m.*
Depreciation and amortisation	(i)	(4,645)	(3,798)	*22.3*	(13,257)	(10,951)	*21.1*
Gain on disposal of property, plant and equipment		11	184	*(94.0)*	12	1,373	*(99.1)*
Gain on disposal of associates		-	1,039	*n.m.*	-	1,039	*n.m.*
Gain on striking off a subsidiary		-	-	*n.m.*	14	-	*n.m.*
Reversal of doubtful trade receivables		-	-	*n.m.*	-	2	*n.m.*
Impairment loss on property, plant and equipment		-	(151)	*n.m.*	-	(1,825)	*n.m.*
Property, plant and equipment written-off		(1)	(31)	*(96.8)*	(4)	(45)	*(91.1)*
Over provision of tax in respect of prior years		1	51	*(98.0)*	6	61	*(90.2)*

n.m. - not meaningful

Other operating expenses comprise the following:

	Group 3Q 30-09-18 SGD'000	3Q 30-09-17 Restated SGD'000	Change %	Group 9-months 30-09-18 SGD'000	9-months 30-09-17 Restated SGD'000	Change %
Non-operating Item:						
Loss on disposal of other investments	-	-	*n.m.*	-	(51)	*n.m.*
Termination benefits	(50)	(3,672)	*(98.6)*	(50)	(10,197)	*(99.5)*
	(50)	(3,672)		(50)	(10,248)	

n.m. - not meaningful

Notes :

(i) Increase in depreciation and amortisation in 3Q2018 was in line with higher 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 30-09-18 SGD'000	Group 31-12-17 Restated SGD'000	Group 01-01-17 Restated SGD'000	Company 30-09-18 SGD'000	Company 31-12-17 SGD'000
Non-current assets						
Property, plant and equipment		100,796	96,398	98,405	203	228
Investment properties		5,946	20,344	6,813	-	-
Subsidiaries		-	-	-	131,859	131,367
Associate and joint ventures		1,692	1,952	1,687	-	-
Other investments		2,673	2,680	2,099	1,744	1,744
Intangible assets and goodwill		25,516	26,451	28,245	-	-
Deferred tax assets		814	673	653	-	-
Other receivables		1,411	1,186	2,794	-	-
		138,848	**149,684**	**140,696**	**133,806**	**133,339**
Current assets						
Other investments	1	-	589	-		
Inventories	2	66,419	42,925	44,155	-	-
Contract assets		2,568	3,014	4,071	-	-
Trade and other receivables	3	89,772	71,307	77,731	20,242	8,968
Assets held for sale	4	13,544	-	-	-	-
Cash and cash equivalents	5	31,731	48,575	68,479	5,792	11,973
		204,034	**166,410**	**194,436**	**26,034**	**20,941**
Total assets		**342,882**	**316,094**	**335,132**	**159,840**	**154,280**
Equity attributable to owners of the Company						
Share capital		132,102	132,102	132,102	132,102	132,102
Reserves		(5,420)	(5,019)	954	77	77
Retained earnings		39,936	41,507	46,306	(13,171)	(11,213)
		166,618	**168,590**	**179,362**	**119,008**	**120,966**
Non-controlling interests		48,343	49,206	55,343	-	-
Total Equity		**214,961**	**217,796**	**234,705**	**119,008**	**120,966**
Non-current liabilities						
Other payables	6	506	396	452	-	-
Financial liabilities	7	21,117	22,374	28,147	-	-
Deferred tax liabilities		1,339	1,244	3,306	11	11
		22,962	**24,014**	**31,905**	**11**	**11**
Current liabilities						
Trade and other payables	6	50,522	46,005	46,050	31,717	30,854
Financial liabilities	7	54,157	27,221	21,257	9,083	2,425
Current tax liabilities		280	1,058	1,215	21	24
		104,959	**74,284**	**68,522**	**40,821**	**33,303**
Total liabilities		**127,921**	**98,298**	**100,427**	**40,832**	**33,314**
Total equity and liabilities		**342,882**	**316,094**	**335,132**	**159,840**	**154,280**

Notes :

1) The investment in available-for-sale debt securities was sold in 1Q2018.
2) The increase is a result of building up of inventories in preparation for start of Xiamen and Dubai operations and relocation of Indonesia operations to its new site, as well as new volume in Indonesia and Latin America markets.
3) The increase is mainly due to timing of repayment by customers, deposits paid for purchase of property, plant and equipment and advance payments to suppliers.
4) A freehold land and building of a subsidiary, Anzpac Services (Australia) Pty Limited, being held for sale.
5) Please refer to the Consolidated Statement of Cash Flow and related commentaries.
6) The increase is mainly due to higher purchases and the timing of payment to suppliers, mitigated by lower provision for redundancy costs and other payables as compared to 2017.
7) The increase in borrowings is mainly utilised for the working capital requirements of Xiamen and Dubai start up, expansion of Vietnam operation and relocation of Indonesia operation.

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

	As at 30/09/18 Secured SGD'000	As at 30/09/18 Unsecured SGD'000	As at 31/12/17 Secured SGD'000	As at 31/12/17 Unsecured SGD'000
Amount repayable in one year or less, or on demand	8,050	46,107	3,024	24,197
Amount repayable after one year	13,306	7,811	12,044	10,330

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.

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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	3Q 30-09-18 SGD'000	3Q 30-09-17 Restated SGD'000	9-months 30-09-18 SGD'000	9-months 30-09-17 Restated SGD'000
Operating activities					
Profit before tax		839	(791)	4,239	(1,101)
Adjustments for :					
Amortisation of other investments		1	2	4	5
Depreciation and amortisation		4,644	3,796	13,253	10,946
Dividend income from quoted securities		(5)	(3)	(8)	(14)
Loss on disposal of other investments		-	-	-	51
Gain on striking off a subsidiary		-	-	(14)	-
Gain on disposal of property, plant and equipment		(11)	(184)	(12)	(1,373)
Gain on disposal of an associate		-	(1,039)	-	(1,039)
Impairment loss on property, plant and equipment		-	151	-	1,825
Finance income		(317)	(375)	(1,037)	(1,150)
Finance costs		841	507	2,049	1,328
Property, plant and equipment written-off		1	31	4	45
Provision for termination benefits		-	3,672	-	10,197
Share of (loss)/profit of equity-accounted investees (net of tax)		144	(74)	209	(186)
Operating profit before working capital changes		**6,137**	**5,693**	**18,687**	**19,534**
Changes in working capital :					
Inventories		(14,659)	3,528	(23,252)	1,882
Trade and other receivables		91	5,134	(19,804)	1,058
Trade and other payables		(3,528)	(4,062)	7,324	(3,247)
Employee benefits		(696)	(7,370)	(2,289)	(7,981)
Cash flows from operations		**(12,655)**	**2,923**	**(19,334)**	**11,246**
Income taxes paid		(1,466)	(749)	(2,967)	(2,385)
Cash flows (used in)/from operating activities	1	**(14,121)**	**2,174**	**(22,301)**	**8,861**
Investing activities					
Dividends received from quoted securities		5	3	8	14
Capital contribution to an equity-accounted investee		-	-	-	(316)
Interest received		317	375	1,037	1,150
Acquisition of property, plant and equipment		(5,023)	(10,733)	(15,880)	(28,880)
Additions to investment property		-	(48)	-	(90)
Proceeds from disposal of other investment		-	363	575	363
Proceeds from disposal of property, plant and equipment		1,095	-	2,195	1,190
Net cash outflow from striking off a subsidiary		-	-	(213)	-
Cash flows used in investing activities	2	**(3,606)**	**(10,040)**	**(12,278)**	**(26,569)**
Financing activities					
Dividends paid to shareholders		-	-	(4,394)	(4,834)
Dividends paid to non-controlling shareholders		-	-	(888)	(1,877)
Interest paid		(841)	(507)	(2,049)	(1,328)
Payment of finance lease liabilities		(14)	(10)	(54)	(34)
Proceeds from bank borrowings		17,208	6,919	37,552	28,969
Repayments of bank borrowings		(2,812)	(5,429)	(12,517)	(23,460)
Cash flows from/(used in) financing activities	3	**13,541**	**973**	**17,650**	**(2,564)**
Net decrease in cash and cash equivalents		**(4,186)**	**(6,893)**	**(16,929)**	**(20,272)**
Cash and cash equivalents at beginning of period		36,100	54,333	48,575	68,479
Effect of exchange rate fluctuations on cash held		(183)	(194)	85	(961)
Cash and cash equivalents at end of period		**31,731**	**47,246**	**31,731**	**47,246**
Deposits with financial institutions		8,187	12,097	8,187	12,097
Cash at banks and on hand		23,544	35,149	23,544	35,149
		31,731	**47,246**	**31,731**	**47,246**

Note 1 : Decrease in cash flows from operating activities in 3Q2018 was attributable to the building up of inventories as mentioned in note 2 of paragraph 1(b)(i), timing of repayment from customers, mitigated by lower redundancy costs payout as compared to 3Q2017.

Note 2 : Higher cash flows used in investing activities in 3Q2017 was mainly due to acquisition of property, plant and equipment by Printed Cartons and Labels division.

Note 3 : Higher cash flows from financing activities in 3Q2018 was mainly due to utilisation of bank borrowings for working capital requirements as mentioned in note 6 of paragraph 1(b)(i).

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									
As at 1 July 2017	132,102	757	77	(3,728)	141	41,132	**170,481**	51,055	**221,536**
Total comprehensive income for the period	-	-	-	(1,086)	-	1,576	**490**	(1,217)	**(727)**
As at 30 September 2017	**132,102**	**757**	**77**	**(4,814)**	**141**	**42,708**	**170,971**	**49,838**	**220,809**
As at 1 July 2018	132,102	797	77	(4,931)	-	39,538	167,583	49,071	216,654
Total comprehensive income for the period				(1,363)		398	**(965)**	(728)	**(1,693)**
As at 30 September 2018	**132,102**	**797**	**77**	**(6,294)**	**-**	**39,936**	**166,618**	**48,343**	**214,961**
Company									
As at 1 July 2017	132,102	-	77	-	-	(17,308)	**114,871**	-	**114,871**
Total comprehensive income for the period	-	-	-	-	-	2,589	**2,589**	-	**2,589**
As at 30 September 2017	**132,102**	**-**	**77**	**-**	**-**	**(14,719)**	**117,460**	**-**	**117,460**
As at 1 July 2018	132,102	-	77	-	-	(14,520)	**117,659**	-	**117,659**
Total comprehensive income for the period	-	-	-	-	-	1,349	**1,349**	-	**1,349**
As at 30 September 2018	**132,102**	**-**	**77**	**-**	**-**	**(13,171)**	**119,008**	**-**	**119,008**

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 30-09-18	**As at 31-12-17**
Total number of issued shares	439,424,603	439,424,603

The Company did not hold any treasury shares as at 30 September 2018 and 31 December 2017.

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 2017.

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.

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the period ended 30 September 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

(i) Foreign currency translation reserve
The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of S$12.23 million was reclassified from foreign currency translation reserve to retained earnings as at 1 January 2017.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. As at 31 December 2017, cumulative translation losses of S$10.76 million was reclassified from foreign currency translation reserve to retained earnings.

(ii) Business combinations
The Group has elected the optional exemption not to apply SFRS(I) 3 *Business Combinations* retrospectively to business combinations that occurred before 1 January 2010.

(iii) Fair value as deemed cost for certain property, plant and equipment
The Group has elected the optional exemption to measure certain property, plant and equipment at the date of transition to SFRS(I) at fair value and use that fair value as deemed cost in its SFRS(I) financial statements. As a result, certain balance sheet items and reserves were adjusted as at 1 January 2017.

(b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

• SFRS(I) 9 *Financial Instruments*
• SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*
• SFRS(I) 16 *Leases*
• SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*
• SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
• Amendments to SFRS(I) 28 *Measuring an Associate or Joint Venture at Fair Value*
• Amendments to SFRS(I) 40 *Transfers of Investment Property*

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:

(i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a comprehensive framework for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group's Printed Cartons and Labels division manufactures and sells certain printing products for a customer under a non-cancellable exclusive rights to supply contract. Prior to adoption of SFRS(I) 15, the Group recognises revenue from such sales after the significant risks and rewards of ownership are transferred to customers. Under SFRS(I) 15, the Group will recognise revenue from contracts with customers when the performance obligations are satisfied over time.

Following the presentation requirements in SFRS(I) 15, the Group has presented contract assets separately from inventories.

(ii) Adoption of SFRS(I) 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the exemption in SFRS(I) 1 allowing it not to restate comparative information. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial statements up to the financial year ended 31 December 2017.

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of assets and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

(1) Classification and measurement: financial assets

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9. As a result, certain balance sheet items and reserves were adjusted as at 1 January 2018.

(2) Impairment

Financial assets are subject to expected credit loss ("ECL") impairment model under SFRS(I) 9. The Group has applied the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. Based on the assessment made, there was no significant change in the impairment of trade and other receivables as at 1 January 2018.

Please refer to the Statements of Changes in Equity for the Group in paragraph 1(d) for further details on the quantum of the respective adjustments made in relation to SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15.

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**	
	3Q 30-09-18	**3Q 30-09-17**	**9-months 30-09-18**	**9-months 30-09-17 Restated**
Earnings per share ("EPS") for the period				
(a) Based on the average number of ordinary shares	0.09 cts	0.36 cts	0.61 cts	0.29 cts
(b) On a fully diluted basis	0.09 cts	0.36 cts	0.61 cts	0.29 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 30-09-18	As at 31-12-17 Restated	As at 30-09-18	As at 31-12-17
Net asset value per ordinary share based on existing share capital	37.92 cts	38.37 cts	27.08 cts	27.53 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$1.16 million or 1.7% to S$65.34 million in 3Q2018, mainly due to lower revenue in Printed Cartons and Labels ("PCL") and Trading divisions, offset by higher revenue from Specialty Papers ("SP") division. SP division’s revenue was boosted by new volume in Indonesia and Latin America markets. Revenue of PCL division was affected by lower demand in certain cigarette brand related packaging products and the reduction of non-tobacco revenue as a result of closure of the Australian and Malaysian operations.

Gross profit for 3Q2018 decreased by S$0.67 million or 8.6% to S$7.16 million compared to S$7.83 million in 3Q2017. The gross profit margin of 11.0% for the Group in 3Q2018 was comparable to 11.8% in 3Q2017.

Other income in 3Q2017 was higher, mainly attributable to a gain on discontinuing equity accounting of an associated company.

Lower distribution expenses in 3Q2018 was in line with the reduction in revenue and absence of expenses from Australian operation and lower expenses from Malaysian operation. Increase in administrative expenses by 20.0% to S$5.77 million in 3Q2018 was mainly impacted by startup expenses from Xiamen and Dubai.

Net foreign exchange gain in 3Q2018 of S$0.16 million was mainly due to a modest appreciation of the US Dollar. Other operating expenses in 3Q2017 was higher mainly due to the recognition of termination benefits following the closure of Malaysian operation.

The increase in finance expenses by S$0.33 million to S$0.84 million in 3Q2018 was mainly attributed to increase in bank borrowings to fund the working capital requirements of Xiamen and Dubai start up, expansion of Vietnam operation and relocation of Indonesia operation.

In 3Q2017, there was a reversal of deferred tax liabilities made for taxable temporary differences of plant and equipment as the realisation in future was not probable due to the closure of Malaysian operation.

The Group posted a profit before tax of S$0.84 million for 3Q2018 (loss before tax of S$0.79 million for 3Q2017). Overall, the Group reported a profit after tax attributable to owners of the Company of S$0.40 million for 3Q2018, a decrease of S$1.18 million as compared to a profit of S$1.58 million for 3Q2017.

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

For the nine months ended 30 September 2018, the Group's turnover decreased by S$6.87 million or 3.4% to S$196.66 million due to the factors mentioned above.

Gross profit margin for the nine months ended 30 September 2018 decreased to 11.5% as compared to 12.7% last year. The lower margin was due to improved gross profit margin from PCL division offset by lower gross profit margin from SP division attributable to a change in product mix. In addition, production overheads were being incurred for the Malaysian and Dubai operations due to the delay in the cessation of the Malaysian operations and the start of the business operations in Dubai respectively.

Higher other income for the nine months ended 30 September 2017 was mainly due to a sum received by a subsidiary from a contractor for the damage caused to the subsidiary’s premises pursuant to a settlement, a gain on disposal of plant and equipment following the cessation of Australian operation and a gain on discontinuing equity accounting of an associate as mentioned above.

The reduction in distribution expenses by S$0.69 million and increase in administrative expenses by S$1.36 million for the nine months ended 30 September 2018 was due to the factors mentioned above for 3Q2018. A net exchange loss of S$2.08 million for 9M2017 (S$0.27 million for 9M2018) was mainly due to depreciation of US Dollar since the beginning of 2017. Higher other operating expenses for 9M2017 mainly attributable to impairment loss on plant and equipment and termination benefits following the closure of Australian and Malaysian operations.

The increase in finance expenses by S$0.72 million to S$2.05 million for the nine months ended 30 September 2018 was attributed to the factors mentioned above for 3Q2018.

Lower tax expense for 9M2017 was due to the factors mentioned above for 3Q2017.

The Group registered a profit before tax of S$4.24 million for the nine months ended 30 September 2018, an increase of S$5.34 million as compared to a loss before tax of S$1.10 million for the nine months ended 30 September 2017. Overall, the Group reported a profit after tax attributable to owners of the Company of S$2.69 million for the nine months ended 30 September 2018 (S$1.26 million for the nine months ended 30 September 2017).

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 market outlook for the final quarter 2018 remains challenging. The Group will take measures to mitigate the challenges by stronger cost control measures.

The Group will continue to focus on building and strengthening its market position in Vietnam, Indonesia and Dubai and grow its market share for higher yield and return for investments.

Xiamen paper mill started full production in 4th quarter.

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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 third quarter and period ended 30 September 2018 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 November 2018