NEW TOYO

International Holdings Ltd

BEYOND BOUNDARIES

NEW TOYO International Holdings Ltd

Annual Report 2012

Introduction

Founded in 1975, today New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region. Our operations are strategically located in Singapore, Malaysia, Vietnam, Australia, China and Thailand to serve both multinational corporations and local customers. For over 30 years, we have built and continue to build a business which is focused on improving and perfecting the quality of our products and meeting our customers' needs. Today with numerous applications for packaging materials, we are constantly upgrading our capabilities to stay abreast of the latest changes and improving productivity to stay competitive.

MISSION

To grow shareholder value
through quality packaging
solutions & services

VISION

To be the preferred supplier
of consistently high quality
packaging materials

VALUES

Teamwork / Excellence / Innovation / Creativity
Honesty + Integrity

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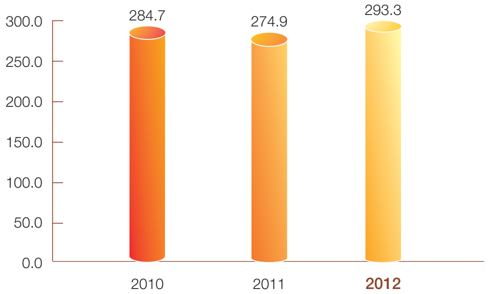
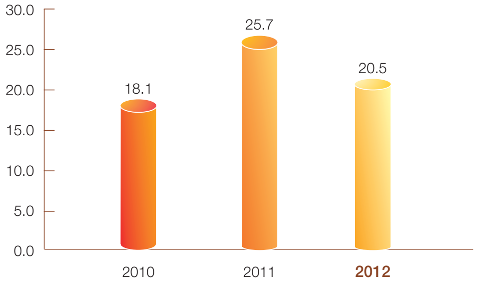
Message and Business Review by the Chairman and CEO

Three Year Highlights – Total Revenue
in S$ millions



Three Year Highlights – Net Profit After Tax
in S$ millions



Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present to you, our shareholders, the Group's 2012 annual report.

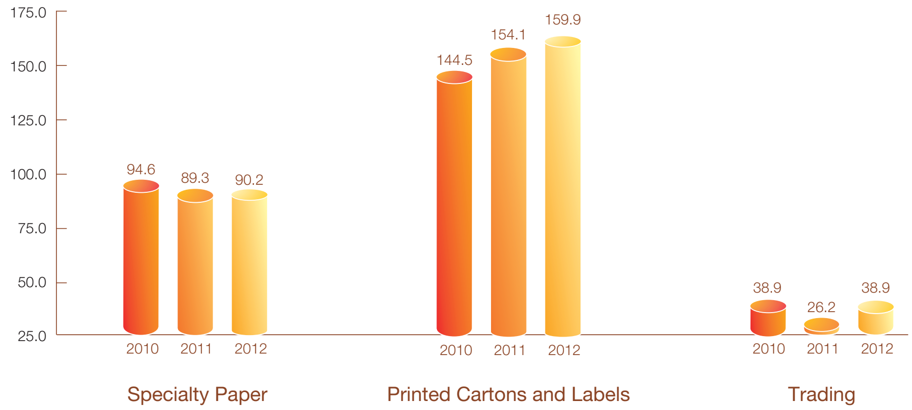
One year after our leadership and board change, coupled with continuously challenging external economics and the divestment of our associate Shanghai Asia Holdings Limited ("SAH"), we are pleased to present to you a set of satisfactory results.

Earnings per share of 3.37 cents declined 25.3% over the previous year's 4.51 cents. On the other hand, the net asset value per share of 36.57 cents improved 0.2% from the previous year's of 36.49 cents.

The Group continued to generate healthy operating cash flow of $37.3m with consistently positive performances from our core businesses.

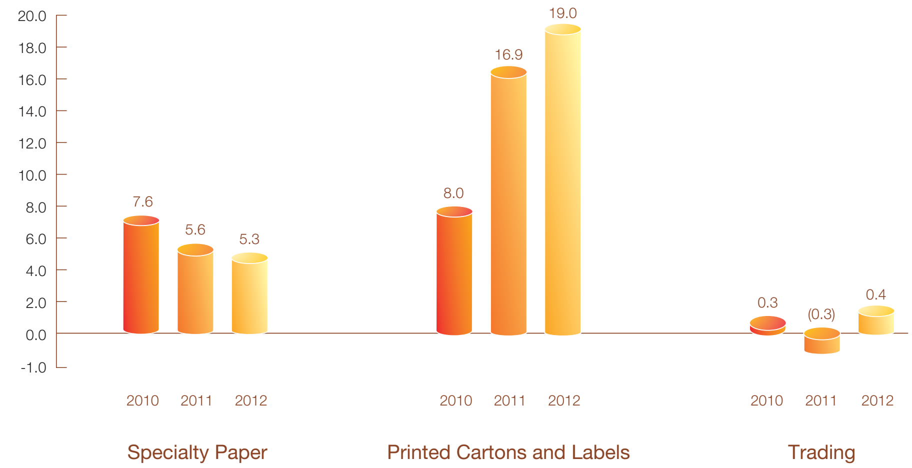
Three Year Highlights – Revenue by Division

in S$ millions



Three Year Highlights – Profit Before Tax by Division

in S$ millions



Considering the above, the Board is pleased to propose a total cash dividend payment of $7.5m for the year. This would result in a final dividend of 0.90 cents per share, bringing the fully year dividend to 1.70 cents per share.

We would like to thank all our employees for their dedication and contribution.

We would also like to thank all of New Toyo's stakeholders, including customers, shareholders and suppliers for their continuous support.

Looking ahead at 2013, the economic conditions continue to appear uncertain but the business sentiment in our industries and markets remains positive. We will continue to embark on key initiatives to improve our bottom line and to reward our shareholders whenever possible. Depending on the final cash proceeds from SAH available to the Group, we will refine our strategies accordingly.

Performance Review

The Group's revenue for the year increased by 6.7% to $293.3m, compared to the previous year's of $274.9m. This was mainly driven by increased sales from the Printed Cartons and Labels and Trading businesses.

Message and Business Review by the Chairman and CEO

The Group's profit after tax decreased by 20.2% to $20.5m; mainly due to the loss of contribution from SAH. If we excluded the contributions from SAH for both 2012 and 2011, profit after tax would have improved 22.6% to $21.7m compared to previous year's of $17.7m.

The Group's balance sheet continued to strengthen with an improved gearing of 25.6% compared to the previous year's 45.9%.

Specialty Papers ("SP") Business Performance

The SP business produces coated and laminated paper with materials such as foil, metallised-polyesters and paper cones. The business currently has plants in four countries (Singapore, Malaysia, Vietnam and Thailand) and a contract manufacturing base in China.

The SP business stabilised in 2012 by gaining higher market share in the region, which was offset by changes in sales mix and increases in cost of sales in certain markets.

This resulted in an increase in revenue of 1.0% to $90.2m compared to previous year's of $89.3m. However, profit before tax decreased by 5.4% to $5.3m compared to previous year's of $5.6m. The SP business accounted for 30.8% of the Group's total revenue.

Printed Cartons and Labels ("PCL") Business Performance

The PCL business produces mainly gravure and offset printed materials for fast moving consumer goods such as cigarette cartons, cereal boxes and beer labels. The Group is the main supplier to a major tobacco customer in the Asia Pacific region, with a long term exclusive supply contract. The business currently has four plants in three countries (Australia, Malaysia and Vietnam).

The PCL business continued to deliver improved results in 2012. This was mainly attributable to the increase in volume and improvement in operations.

This resulted in an increase in revenue of 3.8% to $159.9m compared to previous year of $154.1m. Profit before tax improved by 12.4% to $19.0m compared to previous year's of $16.9m. The PCL business accounted for 54.5% of the Group's total revenue.

Other Business Performance

Other business is represented by the Corrugated Containers ("CC"), Trading and Printing Ink businesses.

The CC business produces mainly corrugated cartons and sheets for general packaging in the fast moving consumer goods, electronics and furniture industries. This business currently operates one plant in Vietnam under a joint venture with a major tobacco customer.

The Trading business supports the core businesses of the Group, in countries where the Group operates. Some of the products that are traded are chemical, foil, printed materials, paper and acetate-tow.

The Printing Ink business is a joint venture setup to supply printing ink for the Group's internal requirements in the PCL and SP businesses as well as external customers.

In 2012, the performance of other business was satisfactory.

Board Change

Mr Tang See Chim has decided to retire and not seek re-appointment at the forthcoming AGM. We would like to thank Mr Tang for his invaluable contributions to New Toyo for the past 16 years.

Gary Yen
Chairman

George Lee
CEO

Key Figures

Revenue
S$293.3 M

Total Assets
S$287.3 M

Profit Before Tax
S$24.4 M

Operating Cashflow
S$37.3 M

Net Asset Value Per Share
36.57 cents

Dividend Per Share
1.70 cents

Earnings Per Share
3.37 cents

Board of Directors

Back: George Lee Chee Whye, Gary Yen, Lee Chang Leng Brian
Front: Tang See Chim, Victoria Tay Seok Kian, Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Gary Yen
Chairman

Mr. Yen was appointed as Non-Executive Chairman in October 2011. Prior to this appointment, Mr. Yen served as the Chief Executive Officer of the Company. He is also a member of the Audit and Nominating Committees. Mr. Yen has over 15 years of experience in the cigarette packaging and paper industries. He holds a Bachelor in Commerce (Accounting) degree from the Flinders University of South Australia. He is a certified member of the Singapore Institute of Directors and presently sits on the board of other public listed companies including Tien Wah Press Holdings Berhad and Shanghai Asia Holdings Limited.

George Lee Chee Whye
Executive Director & Chief Executive Officer

Mr. Lee first joined New Toyo Aluminium Paper Product Co. (Pte) Ltd, a subsidiary of New Toyo International Holdings Ltd, as the Operations Manager in March 2005 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006. In October 2011, he was appointed as Acting CEO of the Group and subsequently assumed his current position as the Chief Executive Officer of the Company in July 2012. He holds a Bachelor in Computer Science with Business degree and has more than 15 years of senior management, operations and marketing experience.

Tang See Chim

Non-Executive and Independent Director

Mr. Tang is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company. He is an Advocate and Solicitor of the Supreme Court of Singapore and is presently the Consultant to the law firm of David Lim & Partners LLP. He holds a BSc (Econ) (Hons) degree from LSE (University of London). He sits on the board of other public listed companies, namely, City Developments Limited, Dutech Holdings Limited and G K Goh Holdings Limited. His other appointments include honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School.

Brian Lee Chang Leng

Non-Executive and Independent Director

Professor Lee is a member of the Audit and Remuneration Committees of the Company. Professor Lee has also served as Vice President and Member of the Board of Trustees and Council of the Institution of Electrical Engineers, United Kingdom. He is a Fellow of the Institution of Engineering and Technology, United Kingdom and Institution of Engineers, Singapore. Professor Lee is also a registered Professional Engineer in Singapore and a Chartered Engineer in the United Kingdom. Professor Lee holds Bachelor of Engineering and Master of Engineering Science degrees in electrical engineering from the University of New South Wales, Sydney, Australia. He has 18 years of engineering and manufacturing experience in the electrical and electronic industry in Australia and Singapore at both senior technical and management levels prior to joining the Nanyang Technological University as the founding dean of the School of Electrical and Electronic Engineering. Professor Lee is the Non-Executive Chairman of Tai Sin Electric Limited, which is a public listed company.

Victoria Tay Seok Kian

Non-Executive and Independent Director

Ms. Tay is the Chairman of the Nominating and Remuneration Committees. Ms. Tay is currently the Senior HR Director, Asia Pacific of Edwards Lifesciences Asia Pacific. She has over 14 years of experience in the field of Human Resources working in Singapore, Australia and Hong Kong in diverse industries such as in the FMCG, Financial Services and Healthcare. Ms. Tay holds a Bachelor of Commerce (Accounting) degree from the Flinders University of South Australia. She is a member of the Institute of Certified Public Accountants of Singapore, a member of CPA Australia and a member of Singapore Human Resources Institute.

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Non-Executive Director

Tengku Mahaleel has a diverse career, having started his career in Nestle, then joining Shell Malaysia for 20 years, and then Proton Holdings Berhad as the Group Chief Executive Officer. He is now the Non-Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH"). He has over 35 years experience in the food, paper cigarette, oil, marine, aviation, car and motorcycle industries and has represented Malaysia in the Asia Pacific Economic Council and the Asean Business Advisory Council. Tengku Mahaleel graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours), and has attended courses at Harvard, London School of Economics and the Manchester Business School on Strategy, Strategic Management and Marketing. He sits on the board of other public listed companies including TWPH and Nestle Malaysia Berhad. He is also a trustee of Perdana Global Peace Foundation.

Senior Management

Back: Lionel Yap Chee Cheong, Jacco Dijke
Front: Lucy Cher, George Lee Chee Whye

Jacco Dijke

Head of Business Printed Cartons and Labels

Mr. Dijke was appointed as the Business Head of Printed Cartons and Labels Division in August 2011. He is also the Group General Manager of Tien Wah Press Holdings Berhad. Mr. Dijke joined the Group in April 2010 as Business Development Manager and was subsequently promoted to Key Account Manager. He has over 16 years of experience in sales management and his experience includes sales and business development through close collaboration with large MNC customers. Prior to joining the Group, he worked with international packaging companies throughout Australasia. He holds a Bachelor of Engineering Degree from University of Newcastle, Australia.

Lionel Yap Chee Cheong

Head of Business Specialty Papers

Mr. Yap was appointed as the Business Head of Specialty Papers Division in July 2012. Mr. Yap is responsible for the revenue growth, profitability and long term sustainability for Specialty Papers business in the Group. He joined the Group as Finance and Operations Assistant Manager in April 2007. He was subsequently promoted to General Manager of New Toyo Aluminium Paper Product Co. (Pte) Ltd. Prior to joining the Group, Mr. Yap was the Group Accountant and Business Manager for a foreign international school based in Singapore. He is a member of the Institute of Certified Public Accountants of Singapore (ICPAS).

Lucy Cher

Chief Financial Officer

Ms. Cher joined the Group in January 2013 and is responsible for the Group's corporate finance activities, investor relations and all aspects of the treasury, financial and accounting functions. Before joining the Group, she worked in Caterpillar where she attained her Lean 6 Sigma certification, Aegion and PriceWaterhouse Singapore. She is a Chartered Accountant with the Institute of Chartered Accountants of England and Wales (ICAEW) and holds a Master of Applied Finance from Macquarie University in Sydney, Australia and a Bachelor of Accountancy from the National University of Singapore. She is also a member of the ICPAS.

New Toyo's Business Divisions

Specialty Papers

The Specialty Papers product range includes laminated aluminium foil paper, coated paper and metalised paper and metalised polyethylene teraphthalate. These products are applied mainly in cigarette packaging, food, beverages, wine and liquor, tissue boxes, cosmetic packaging and gift-wrapping.

- New Toyo Aluminium Paper Product Co. (Pte) Ltd
- Paper Base Converting Sdn Bhd
- Vina Toyo Company Ltd
- New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd
- New Toyo Paper Products (Shanghai) Co., Ltd
- Thai Toyo Aluminium Packaging Co., Ltd*

Printed Cartons & Labels

The Printed Cartons and Labels business division has two main types of printing, gravure and lithography. Gravure printing is a specialised high speed printing process used for the printing of high quality paper prints mainly for cigarette packaging. Lithography or offset printing is mainly suited for the supply of folded cartons and labels for fast moving consumer goods.

- Tien Wah Press (Malaya) Sdn Bhd
- Alliance Print Technologies Co., Ltd
- Toyo (Viet) Paper Product Co., Ltd
- Anzpac Services (Australia) Pty Ltd
- Max Ease International Limited

Others

Others include the Corrugated Containers, the Trading, the Printing Ink businesses and the investment holding companies.

- New Toyo International Holdings Ltd
- New Toyo International Co (Pte) Ltd
- Alliance Innovative Solutions Pte Ltd
- Tien Wah Press Holdings Bhd
- Vina Toyo Company Ltd
- Fast Win Enterprise Limited
- Shanghai Asia Holdings Limited*

Note: Includes only major subsidiaries and associates (marked with an *) of the Group

Singapore | Malaysia | Vietnam | Australia | Hong Kong | China | Thailand

Financial Highlights

Three-Year Financial Summary

	2012	2011	2010
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue^	293,285	274,937	284,685
Earnings before interest, tax, depreciation and amortisation (EBITDA)^	39,242	45,290	36,143
Profit before interest and tax^	26,293	32,732	24,642
Profit from ordinary activities before taxation^	24,373	29,273	20,300
Net profit for the year	20,531	25,685	18,053
Attribute to:			
Equity holders of the company	14,800	19,806	15,101
Non-controlling interests	5,731	5,879	2,952
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	287,288	321,463	310,669
Cash and cash equivalents	42,597	26,185	18,635
Total liabilities	88,283	123,092	130,174
Bank borrowings	41,041	73,625	89,251
Shareholders' equity	160,717	160,367	145,439
Cashflow Information (S$'000)			
Operating cashflow	37,317	43,011	18,574
Per Share Data (S$ cents)			
Earnings per share			
– basic	3.37	4.51	3.91
– fully diluted	3.37	4.51	3.91
Net asset value per share	36.57	36.49	33.10
Dividend per share	1.70	1.94	1.94
Share Information			
Number of shares in issue ('000)	439,425	439,425	439,425
Weighted average number of shares in issue ('000)			
– basic	439,425	439,425	385,964
– fully diluted	439,425	439,425	385,964

Note:
^ continuing operations (2012 and 2011)

NEW TOYO

International Holdings Ltd

STATUTORY REPORTS

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

Directors

The directors in office at the date of this report are as follows:

Gary Yen
Tang See Chim
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Prof Lee Chang Leng Brian
Lee Chee Whye (Appointed on 2 July 2012)
Tay Seok Kian (Appointed on 31 July 2012)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, other than wholly-owned subsidiaries are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Gary Yen		
The Company		
– ordinary shares		
– interests held	99,939	99,939
– deemed interests	1,693,200	1,693,200
Tay Seok Kian		
The Company		
– ordinary shares		
– interests held	30,000	30,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2013.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

Except as disclosed in note 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Tang See Chim (Chairman), non-executive director
- Prof Lee Chang Leng Brian, non-executive director
- Gary Yen, non-executive director (Appointed on 2 July 2012)

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

Directors' Report

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Gary Yen
Director

Lee Chee Whye
Director

26 March 2013

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 20 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Gary Yen
Director

Lee Chee Whye
Director

26 March 2013

Independent Auditors' Report

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Members of the Company
New Toyo International Holdings Ltd

Report on the financial statements

We have audited the accompanying financial statements of New Toyo International Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 20 to 94.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
26 March 2013

Statements of Financial Position

As at 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	4	**95,476**	107,211	**142**	218
Investment properties	5	**10,722**	12,347	**–**	–
Subsidiaries	6	**–**	–	**101,812**	118,190
Associates	7	**34,897**	65,450	**1,294**	1,294
Other investments	8	**2,164**	2,107	**626**	626
Intangible assets	9	**11,392**	13,495	**–**	–
Deferred tax assets	18	**1,959**	1,960	**–**	–
		156,610	202,570	**103,874**	120,328
Current assets					
Inventories	10	**46,487**	49,115	**–**	–
Trade and other receivables	11	**41,594**	43,593	**7,630**	17,322
Cash and cash equivalents	12	**42,597**	26,185	**12,344**	908
		130,678	118,893	**19,974**	18,230
Total assets		**287,288**	321,463	**123,848**	138,558
Equity					
Share capital	13	**132,102**	132,102	**132,102**	132,102
Other reserves	13	**(8,510)**	(1,838)	**77**	77
Accumulated profits/(losses)		**37,125**	30,103	**(19,836)**	(19,710)
		160,717	160,367	**112,343**	112,469
Non-controlling interests		**38,288**	38,004	**–**	–
Total equity		**199,005**	198,371	**112,343**	112,469
Non-current liabilities					
Trade and other payables	14	**828**	859	**–**	–
Financial liabilities	17	**14,166**	23,994	**–**	607
Deferred tax liabilities	18	**3,891**	3,995	**11**	11
		18,885	28,848	**11**	618
Current liabilities					
Trade and other payables	14	**41,338**	42,332	**11,475**	6,677
Financial liabilities	17	**26,875**	49,631	**–**	18,663
Current tax payable		**1,185**	2,281	**19**	131
		69,398	94,244	**11,494**	25,471
Total liabilities		**88,283**	123,092	**11,505**	26,089
Total equity and liabilities		**287,288**	321,463	**123,848**	138,558

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Continuing operations^			
Revenue	19	**293,285**	274,937
Cost of sales		**(246,130)**	(225,735)
Gross profit		**47,155**	49,202
Other income	22	**7,945**	8,840
Distribution expenses		**(8,612)**	(8,695)
Administrative expenses		**(18,607)**	(19,516)
Other expenses	23	**(1,784)**	(5,966)
Results from operating activities		**26,097**	23,865
Finance income		**699**	538
Finance costs		**(2,619)**	(3,997)
Net finance costs	20	**(1,920)**	(3,459)
Share of profit of associates (net of tax)		**196**	8,867
Profit before tax	21	**24,373**	29,273
Tax expense	24	**(3,647)**	(3,195)
Profit from continuing operations		**20,726**	26,078
Discontinued operation			
Loss from discontinued operation (net of tax)	25	**(195)**	(393)
Profit for the year		**20,531**	25,685
Profit attributable to:			
Equity holders of the Company		**14,800**	19,806
Non-controlling interests		**5,731**	5,879
Profit for the year		**20,531**	25,685
Earnings per share (cents)			
Basic	26	**3.37**	4.51
Diluted	26	**3.37**	4.51
Earnings per share (cents) – continuing operations			
Basic	26	**3.40**	4.58
Diluted	26	**3.40**	4.58

^ Refer to note 25

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Profit for the year		**20,531**	25,685
Other comprehensive income			
Foreign currency translation differences for foreign operations		**(7,785)**	3,234
Net change in fair value of available-for-sale securities		**123**	31
Effect of disposal of a subsidiary	25	**(99)**	–
Other comprehensive income for the year, net of income tax		**(7,761)**	3,265
Total comprehensive income for the year		**12,770**	28,950

Attributable to:		
Equity holders of the Company	**8,128**	23,452
Non-controlling interests	**4,642**	5,498
Total comprehensive income for the year	**12,770**	28,950

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

2011	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011	132,102	564	77	(6,431)	306	18,821	145,439	35,056	180,495
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	19,806	19,806	5,879	25,685
Other comprehensive income									
Foreign currency translation differences	–	–	–	3,615	–	–	3,615	(381)	3,234
Net change in fair value of available-for-sale securities	–	–	–	–	31	–	31	–	31
Total other comprehensive income	–	–	–	3,615	31	–	3,646	(381)	3,265
Total comprehensive income for the year	–	–	–	3,615	31	19,806	23,452	5,498	28,950
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends									
– one-tier tax exempt final dividend of 0.97 cents per share for the financial year 2010	–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
– one-tier tax exempt interim dividend of 0.97 cents per share for the financial year 2011	–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(2,550)	(2,550)
Total contributions by and distributions to owners	–	–	–	–	–	(8,524)	(8,524)	(2,550)	(11,074)
At 31 December 2011	132,102	564	77	(2,816)	337	30,103	160,367	38,004	198,371

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

2012	Note	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012		132,102	564	77	(2,816)	337	30,103	160,367	38,004	198,371
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	14,800	14,800	5,731	20,531
Other comprehensive income										
Foreign currency translation differences		–	–	–	(5,963)	–	–	(5,963)	(1,822)	(7,785)
Net change in fair value of available-for-sale securities		–	–	–	–	123	–	123	–	123
Effect of disposal of a subsidiary	25	–	–	–	(832)	–	–	(832)	733	(99)
Total other comprehensive income		–	–	–	(6,795)	123	–	(6,672)	(1,089)	(7,761)
Total comprehensive income for the year		–	–	–	(6,795)	123	14,800	8,128	4,642	12,770
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends										
– one-tier tax exempt final dividend of 0.97 cents per share for the financial year 2011		–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
– one-tier tax exempt interim dividend of 0.80 cents per share for the financial year 2012		–	–	–	–	–	(3,516)	(3,516)	–	(3,516)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(4,358)	(4,358)
Total contributions by and distributions to owners		–	–	–	–	–	(7,778)	(7,778)	(4,358)	(12,136)
At 31 December 2012		132,102	564	77	(9,611)	460	37,125	160,717	38,288	199,005

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit for the year		**20,531**	25,685
Adjustments for:			
Amortisation of other investment		**3**	–
Depreciation and amortisation		**12,998**	12,681
Dividend income from quoted securities		**(23)**	(25)
Gain on disposal of investment properties		**(72)**	(860)
Gain on disposal of other investment		**(31)**	–
Gain on disposal of property, plant and equipment		**(100)**	(845)
Gain on disposal of a subsidiary	25	**(152)**	–
Impairment loss on available-for-sale securities		**–**	13
Impairment loss on property, plant and equipment		**–**	653
Interest expense		**2,619**	3,997
Interest income		**(699)**	(538)
Property, plant and equipment written off		**5**	215
Share of profit of associates		**(196)**	(8,867)
Tax expenses		**3,663**	3,200
		38,546	35,309
Changes in working capital:			
Inventories		**2,161**	385
Trade and other receivables		**1,139**	1,748
Trade and other payables		**(373)**	7,139
Cash generated from operations		**41,473**	44,581
Income taxes paid		**(4,156)**	(1,570)
Net cash flows from operating activities		**37,317**	43,011
Cash flows from investing activities			
Dividends received		**23**	25
Dividends received from associates		**28,452**	3,075
Interest received		**699**	538
Proceeds from disposal of investment properties		**319**	3,910
Proceeds from disposal of other investment		**173**	–
Proceeds from disposal of property, plant and equipment		**780**	4,009
Proceeds from disposal of a subsidiary, net of cash disposed of	25	**394**	–
Purchase of other investment		**(158)**	–
Purchase of investment property		**(63)**	(224)
Purchase of property, plant and equipment		**(4,134)**	(16,003)
Net cash from/(used in) investing activities		**26,485**	(4,670)
Balance carried forward		**63,802**	38,341

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Balance brought forward		**63,802**	38,341
Cash flows from financing activities			
Dividends paid		**(7,778)**	(8,524)
Dividends paid to non-controlling shareholders		**(4,358)**	(2,550)
Interest paid		**(2,619)**	(3,997)
Principal repayment of finance lease obligations		**(95)**	(66)
Proceeds from bank borrowings and trust receipts		**17,798**	44,788
Net repayment of bank borrowings and trust receipts		**(49,192)**	(60,397)
Net cash used in financing activities		**(46,244)**	(30,746)
Net increase in cash and cash equivalents		**17,558**	7,595
Cash and cash equivalents at beginning of year		**26,185**	18,411
Effect of exchange rate changes on balances held in foreign currency		**(1,146)**	179
Cash and cash equivalents at end of year	12	**42,597**	26,185

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2013.

1 Domicile and activities

New Toyo International Holdings Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore 068898.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are shown in note 6.

The financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities as described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of assumptions and estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is included in the following note:

Note 9 – key assumptions used in discounted cash flow projections

2 Basis of preparation (Continued)

2.5 Changes in accounting policies

The Group adopted other new/revised standards and interpretations that came into effect from 1 January 2012. The initial application of those standards and interpretations does not have any material impact on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

3 Significant accounting policies (Continued)

3.1 Consolidation (Continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

3 Significant accounting policies (Continued)

3.1 Consolidation (Continued)

(vi) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Accounting for subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

3 Significant accounting policies (Continued)

3.2 Foreign currencies (Continued)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Hedge of a net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3 Significant accounting policies (Continued)

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies (Continued)

3.3 Property, plant and equipment (Continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	25 to 40 years
Leasehold properties	Over lease terms ranging from 15 to 50 years
Leasehold improvements	5 to 6 years
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Office equipment and computers	2 to 10 years
Motor vehicles	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Constructions-in-progress are stated at cost. Expenditure relating to constructions-in-progress are capitalised when incurred. No depreciation is charged on constructions-in-progress until they are completed and ready for use and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

3 Significant accounting policies (Continued)

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Contract value

Contract value relates to a seven-year exclusive supply agreement to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region with a right to extend the supply period by an additional three years.

Contract value is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss so as to reduce the cost of contract value to zero on a systematic basis over its estimated useful life of ten years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Significant accounting policies (Continued)

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Assets under construction are not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives (or lease terms, if shorter). The estimated useful lives of the investment properties range from 35 to 68 years. Rental income from investment properties is accounted for in the manner described in note 3.15.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Club membership

Club memberships are stated at cost less accumulated amortisation and impairment losses.

3.7 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Interest-free inter-company loans

Loans to subsidiaries

In the Company's financial statements, interest-free loans to subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

3 Significant accounting policies (Continued)

3.7 Financial instruments (Continued)

Non-derivative financial liabilities

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trust receipts, finance lease liabilities and trade and other payables.

Loans from subsidiaries

In the Company's financial statements, the interest-free inter-company loans from the subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as a distribution income in profit or loss. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risks exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3 Significant accounting policies (Continued)

3.8 Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Significant accounting policies (Continued)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Notes to the Financial Statements

3 Significant accounting policies (Continued)

3.8 Impairment (Continued)

(ii) Non-financial assets (Continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.9 Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amounts of the financial guarantees are transferred to profit or loss.

3.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.11 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3 Significant accounting policies (Continued)

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or group of assets; and

- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3 Significant accounting policies (Continued)

3.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

3 Significant accounting policies (Continued)

3.14 Employee benefits (Continued)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received, over the term of the lease.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3 Significant accounting policies (Continued)

3.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.18 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 Significant accounting policies (Continued)

3.18 Tax (Continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman, CEO and senior management to make decisions and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 Significant accounting policies (Continued)

3.21 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

3.22 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that may have a significant effect on the financial statements of the Group and the Company in future periods and which the Group does not plan to early adopt are set out below.

Applicable for the Group's 2014 financial statements

FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The Group is currently re-evaluating its involvement with investees under the new control model. The changes on the financial statements of the Group, if any, will be applied retrospectively and prior period information in the Group's 2014 financial statements will be restated.

Notes to the Financial Statements

4 Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in- progress $'000	Total $'000
Group										
Cost										
At 1 January 2011	10,919	8,554	20,525	2,478	120,018	5,171	2,372	1,882	1,410	173,329
Additions	–	–	317	553	12,749	1,078	204	217	885	16,003
Disposals/Write-off	–	–	–	(402)	(2,031)	(452)	(32)	(146)	–	(3,063)
Translation differences on consolidation	113	74	388	34	(326)	(52)	(23)	(24)	(90)	94
Transfer/reclassification	–	–	596	278	364	–	85	–	(1,323)	–
At 31 December 2011	11,032	8,628	21,826	2,941	130,774	5,745	2,606	1,929	882	186,363
Additions	–	–	97	58	1,244	1,217	306	–	1,224	4,146
Disposals/Write-off	–	–	(1)	(286)	(660)	(568)	(209)	(321)	–	(2,045)
Disposals upon disposal of a subsidiary	–	–	–	(56)	(664)	(7)	(38)	(14)	–	(779)
Translation differences on consolidation	(543)	(336)	(899)	(122)	(5,297)	(196)	(87)	(59)	(55)	(7,594)
Reclassification from investment properties	–	–	–	–	–	–	–	–	218	218
Transfer/reclassification	–	–	–	1	195	1	(2)	–	(195)	–
At 31 December 2012	10,489	8,292	21,023	2,536	125,592	6,192	2,576	1,535	2,074	180,309
Accumulated depreciation and impairment losses										
At 1 January 2011	–	800	5,351	2,273	55,585	3,717	1,759	1,071	–	70,556
Depreciation for the year	–	347	716	108	8,465	631	249	253	–	10,769
Disposals/Write-off	–	–	–	(381)	(1,847)	(423)	(24)	(123)	–	(2,798)
Impairment for the year	79	461	7	44	14	47	1	–	–	653
Translation differences on consolidation	3	28	209	8	(203)	(39)	(18)	(16)	–	(28)
Transfer/reclassification	–	–	17	–	134	(151)	–	–	–	–
At 31 December 2011	82	1,636	6,300	2,052	62,148	3,782	1,967	1,185	–	79,152
Depreciation for the year	–	336	796	115	8,427	667	254	201	–	10,796
Disposals/Write-off	–	–	–	(285)	(659)	(94)	(206)	(116)	–	(1,360)
Disposals upon disposal of a subsidiary	–	–	–	(55)	(556)	(7)	(25)	(14)	–	(657)
Translation differences on consolidation	(5)	(79)	(219)	(103)	(2,470)	(121)	(63)	(38)	–	(3,098)
At 31 December 2012	77	1,893	6,877	1,724	66,890	4,227	1,927	1,218	–	84,833
Carrying amount										
At 1 January 2011	10,919	7,754	15,174	205	64,433	1,454	613	811	1,410	102,773
At 31 December 2011	10,950	6,992	15,526	889	68,626	1,963	639	744	882	107,211
At 31 December 2012	10,412	6,399	14,146	812	58,702	1,965	649	317	2,074	95,476

4 Property, plant and equipment (Continued)

	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Total $'000
Company					
Cost					
At 1 January 2011	341	40	201	367	949
Additions	35	–	5	–	40
At 31 December 2011	376	40	206	367	989
Additions	–	–	17	–	17
Write-off	(286)	(19)	(196)	–	(501)
Transfer/reclassification	–	1	(1)	–	–
At 31 December 2012	90	22	26	367	505
Accumulated depreciation					
At 1 January 2011	317	39	189	118	663
Depreciation for the year	25	1	9	73	108
At 31 December 2011	342	40	198	191	771
Depreciation for the year	11	1	6	74	92
Write-off	(285)	(19)	(196)	–	(500)
At 31 December 2012	68	22	8	265	363
Carrying amount					
At 1 January 2011	24	1	12	249	286
At 31 December 2011	34	–	8	176	218
At 31 December 2012	22	–	18	102	142

Certain property, plant and equipment in the Group are pledged as securities for banking facilities granted to the Group, details of which are provided in note 17.

The carrying amounts of property, plant and equipment acquired under finance leases are as follows:

	Group		Company	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Office equipment	**12**	–	**–**	–
Motor vehicles	**2**	192	**–**	176
	14	192	**–**	176

During the year, the Group acquired leased office equipment of $12,000 (2011: $Nil).

Impairment

In 2011, the Group recorded an impairment loss of $653,000, including $547,000 on a leasehold building and a freehold building of the subsidiaries to reflect their recoverable amounts estimated based on independent valuation. The remaining impairment loss of $106,000 on leasehold improvement, plant and machinery, furniture and fittings, office equipment and computers of a subsidiary was made due to relocation of an office.

In 2011 and 2012, the Group carried out an impairment assessment of its property, plant and equipment and intangible assets by comparing the carrying values and the recoverable amounts. Refer to note 9 for summary of the key assumptions used in the discounted cash flow projections.

5 Investment properties

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Cost					
At 1 January		**21,673**	24,054	**–**	2,304
Additions		**63**	224	**–**	–
Disposals		**(259)**	(3,191)	**–**	(2,304)
Reclassification to property, plant and equipment	4	**(218)**	–	**–**	–
Translation differences on consolidation		**(913)**	586	**–**	–
At 31 December		**20,346**	21,673	**–**	–
Accumulated depreciation and impairment losses					
At 1 January		**9,326**	8,449	**–**	48
Disposals		**(12)**	(141)	**–**	(110)
Depreciation for the year		**708**	782	**–**	62
Translation differences on consolidation		**(398)**	236	**–**	–
At 31 December		**9,624**	9,326	**–**	–
Carrying amount		**10,722**	12,347	**–**	–

Investment properties comprise a number of commercial lots and offices, residential apartments, factories and industrial and warehouse buildings.

The investment properties are mostly leased to third parties. Each of the leases contains an average non-cancellable period of 2 years, with certain annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average, renewal periods are 2 years. No contingent rents are charged.

The investment properties have an estimated market value of $27,070,000 at 31 December 2012 (2011: $25,641,000) which is based on independent valuations obtained from 2011 - 2012 by property valuers on an open market value basis.

The valuations were performed by independent valuers who are certified real estate appraisers. The valuers used the direct comparison and capitalisation methods. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Gross rental income of $1,766,000 (2011: $1,623,000) was derived from the investment properties during the financial year.

6 Subsidiaries

	Note	Company 2012 $'000	Company 2011 $'000
Investment in subsidiaries, at cost		**73,875**	75,217
Impairment losses		**(5,831)**	(6,745)
		68,044	68,472
Discount implicit in the interest-free loans to subsidiaries		**1,041**	1,041
Total investment in subsidiaries		**69,085**	69,513
Loans to subsidiaries, at cost	(i)	**34,583**	50,965
Loan to a subsidiary (unsecured)			
– interest-free	(ii)	**4,464**	4,674
Impairment losses		**(6,320)**	(6,962)
		32,727	48,677
		101,812	118,190

(i) The loans to subsidiaries are unsecured and interest-free. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans are, in substance, a part of the Company's net investments in the subsidiaries.

(ii) The loan to a subsidiary is unsecured, interest-free and due in December 2016. The effective interest rates used to discount the inter-company loans to its fair value at inception are the prevailing market interest rates of similar loans.

Investments in certain subsidiaries are pledged as securities for banking facilities granted to the Group, details of which are provided in note 17.

6 Subsidiaries (Continued)

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2012 %	2011 %
	Held by the Company				
#	New Toyo Aluminium Paper Product Co (Pte) Ltd	Manufacturing of specialty papers	Singapore	**100**	100
#	New Toyo Corrugated Products Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo International Co (Pte) Ltd	Trading of paper products, tissue paper products, machinery and equipment	Singapore	**100**	100
#	New Toyo Ventures Pte Ltd	Investment holding	Singapore	**100**	100
#	Singapore Pacific Investments Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo Lamination (M) Pte Ltd	Investment holding	Singapore	**100**	100
∞	New Toyo Adelaide Pty Ltd	Investment holding	Australia	**100**	100
∞	Sealink International Limited	Inactive	Hong Kong	**100**	100
∞	Pacific Eagle Investment Limited	Investment holding	Hong Kong	**100**	100
∞	Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	Investment holding	Malaysia	**100**	100
+	New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd	Manufacturing of specialty papers and paper core	Vietnam	**100**	100
∞	Fast Win Enterprise Limited	Trading of aluminium foil and paper products	Hong Kong	**100**	100
π	New Toyo Pakistan Aluminium (Private) Ltd	Manufacturing of specialty papers	Pakistan	**–**	80
	Held by subsidiaries				
∞	Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	**100**	100
+	Tien Wah Press Holdings Berhad	Investment holding	Malaysia	**54**	54
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	**54**	54
+	Tien Wah Properties Sdn Bhd	Investment property	Malaysia	**54**	54
+	Paper Base Converting Sdn Bhd	Manufacturing of specialty papers	Malaysia	**100**	100
∞	New Toyo Paper Products (Shanghai) Co., Ltd	Manufacturing of specialty papers	China	**100**	100
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	**100**	100

Notes to the Financial Statements

6 Subsidiaries (Continued)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2012 %	2011 %
	Held by subsidiaries (Continued)				
+	Vina Toyo Company Ltd	Manufacturing of specialty papers and corrugated containers	Vietnam	**50****	50**
#	New Toyo Investments Pte Ltd	Investment holding	Singapore	**54**	54
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
+	Toyo (Viet) Paper Product Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	**76***	76*
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	**76***	76*
∞	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	**50****	50**

* The Company and its 54% subsidiary, Tien Wah Press Holdings Berhad jointly hold Anzpac Services (Australia) Pty Ltd through Max Ease International Limited, a company in which the proportionate interest of the Company and Tien Wah Press Holdings Berhad was 49% and 51% respectively.

** Deemed to be a subsidiary as the Group controls the financial and operating policies of the entity.

Audited by KPMG LLP, Singapore

\+ Audited by other member firms of KPMG International

∞ Audited by other accounting firms

π Disposed in 2012

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

7 Associates

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Quoted equity shares, at cost	**25,628**	25,628	**–**	–
Unquoted equity shares, at cost	**2,093**	2,093	**2,093**	2,093
Impairment losses	**–**	–	**(799)**	(799)
	27,721	27,721	**1,294**	1,294
Share of post acquisition reserves	**7,176**	37,729	**–**	–
	34,897	65,450	**1,294**	1,294

As at 31 December 2012, the market value of the quoted equity shares in an associate held by the Group amounted to $23,958,000 (2011: $52,407,000).

Summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group, are as follows:

	2012	2011
	$'000	$'000
Assets and liabilities		
Total assets	**116,313**	477,769
Total liabilities	**5,659**	288,072
Results		
Revenue*	**49,805**	288,919
Profit/(loss) from continuing operations	**903**	(1,932)
Profit from discontinued operations, net of tax	**10,828**	28,250
Profit after tax	**11,731**	26,318

* includes revenue from discontinued operations

During the year, an associate, Shanghai Asia Holdings Limited completed its disposal of substantially all its businesses. The associate's net assets comprise cash balances. The Group had assessed the recoverable amount of its investment in the associate based on its share of net assets in the associate. Accordingly, impairment loss on goodwill arising from acquisition of an associate of $3,657,000 was made in 2012. The impairment loss was recognised in the share of profits of associates.

The Group's share of the capital commitments of the associates amounted to $Nil (2011: $5,293,000).

7 Associates (Continued)

Details of the associates are as follows:

	Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2012 %	2011 %
	Held by the Company				
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	**30**	30
∞	Thai Toyo Aluminium Packaging Company Limited	Manufacturing of specialty papers	Thailand	**49**	49
	Held by subsidiaries				
#	Shanghai Asia Holdings Limited	Investment holding	Singapore	**34**	34
∞	Benkert (Malaysia) Sdn Bhd	Manufacturing and sale of standard and perforated tipping papers	Malaysia	**16^^**	16^^

^^ 30% held by a 54% owned subsidiary

\# Audited by KPMG LLP, Singapore

∞ Audited by other accounting firms

8 Other investments

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Available-for-sale, at fair value					
– quoted equity securities		**545**	449	**–**	–
– unquoted equity securities	(i)	**366**	385	**–**	–
		911	834	**–**	–
Club memberships, at cost		**1,288**	1,308	**626**	626
Amortisation for the year		**(3)**	–	**–**	–
Impairment losses		**(32)**	(35)	**–**	–
		1,253	1,273	**626**	626
Total investments		**2,164**	2,107	**626**	626

(i) An impairment loss of $Nil (2011: $13,000) on one of the Group's unquoted available-for-sale investments has been recognised in other expenses in profit or loss to reflect the present value of estimated future cash flows of the investment. The carrying amount of the investment, net of impairment at 31 December 2012 is $366,000 (2011: $385,000).

8 Other investments (Continued)

Fair value hierarchy

The above available-for-sale quoted equity shares are carried at fair value, using Level 1 valuation method, which is based on quoted prices (unadjusted) in active markets.

The above available-for-sale unquoted equity securities are carried at fair value, using Level 3 valuation method, which is based on cash flows discounted at rates based on the market interest rates adjusted for risk premiums specific to the securities. Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Note	2012 $'000	2011 $'000
At 1 January		**385**	425
Impairment loss recognised in profit or loss	23	**–**	(13)
Translation differences on consolidation		**(19)**	(27)
At 31 December		**366**	385

Sensitivity analysis – equity price risk

The Group's quoted equity investments are listed on the Bursa Malaysia. For such investments, a 5% increase in the share price at the reporting date would have increased equity by $27,000 (2011: $22,000); an equal change in the opposite direction would have decreased equity by the same amount. The analysis is performed on the same basis for 2011 and assumes that all other variables remain the same.

9 Intangible assets

	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group			
Cost			
At 1 January 2011	3,663	12,043	15,706
Translation differences on consolidation	–	138	138
At 31 December 2011	3,663	12,181	15,844
Translation differences on consolidation	–	(791)	(791)
At 31 December 2012	3,663	11,390	15,053
Accumulated amortisation			
At 1 January 2011	–	1,161	1,161
Amortisation for the year	–	1,130	1,130
Translation differences on consolidation	–	58	58
At 31 December 2011	–	2,349	2,349
Amortisation for the year	–	1,494	1,494
Translation differences on consolidation	–	(182)	(182)
At 31 December 2012	–	3,661	3,661
Carrying amount			
At 1 January 2011	3,663	10,882	14,545
At 31 December 2011	3,663	9,832	13,495
At 31 December 2012	3,663	7,729	11,392

The amortisation was recognised in other expenses.

Impairment tests for cash-generating units containing property, plant and equipment, goodwill and contract value

For the purpose of impairment testing, goodwill is principally allocated to the Group's cash-generating unit (CGU) identified according to the business segment as follows:

		2011 and 2012	
	Specialty papers $'000	Printed cartons and labels $'000	Total $'000
Goodwill	22	3,641	3,663

9 Intangible assets (Continued)

The goodwill on consolidation and contract value are allocated to Tien Wah Press Holdings Berhad ("TWPH") and its subsidiaries which include Max Ease International Limited ("MEIL").

The contract value relates to a seven-year exclusive supply contract between MEIL and British American Tobacco ("BAT") to supply printed cartons in several locations in the Asia Pacific Region. The remaining useful life of the contract is three years from 2012 with a right to extend the supply period by an additional three years.

The recoverable amount of the CGU was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the discounted cash flow projections

- Cash flow projections were over a period of 10 years, except for contract value where cash flow projections were made over a period of 6 years.

- Cash flows were projected based on the 1-year financial budget approved by management. Management has considered and determined the factors applied in the financial budget. The budgeted gross margin is based on past experience. Based on growth rates in the past 3 years, anticipated revenue growth rate of 5% per annum was used in the cash flow projections from 2013 to 2017. Cash flows beyond 2018 were extrapolated assuming zero growth in demand.

- The pre-tax discount rate of 8.40% (2011: 8.04%) was applied in determining the recoverable amounts of the CGU. This represents the CGU's weighted average cost of capital.

- No terminal value was used.

The values assigned to the key assumptions represent management's assessment of future trends of the industry in which the CGUs operate and are based on both external sources and internal sources (historical data).

As the carrying amounts of the CGUs were determined to be lower than their recoverable amounts, no impairment loss was recognised.

10 Inventories

	Group	
	2012	2011
	$'000	$'000
Finished goods	**8,182**	8,528
Work-in-progress	**2,354**	3,828
Raw materials	**35,929**	35,921
Consumables	**1,616**	2,042
	48,081	50,319
Allowance for inventories obsolescence	**(1,594)**	(1,204)
	46,487	49,115

Allowance for inventories is made taking into account market trends, inventory ageing and conditions as well as historical experience.

In 2012, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $209,507,000 (2011: $190,379,000).

Included in cost of sales is an allowance for inventories obsolescence of $232,000 (2011: $179,000) due to a write-down of inventories to net realisable value.

Certain inventories in the Group have been pledged as securities for banking facilities granted, details of which are provided in note 17.

11 Trade and other receivables

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade receivables		**37,021**	35,696	**–**	–
Impairment losses		**(590)**	(498)	**–**	–
		36,431	35,198	**–**	–
Deposits		**589**	545	**–**	8
Tax recoverable		**143**	1,004	**–**	–
Derivative assets		**11**	–	**11**	–
Other receivables		**1,303**	2,451	**79**	127
Impairment loss on other receivables		**(91)**	–	**(54)**	–
Amounts due from subsidiaries					
– trade		**–**	–	**925**	1,308
– non-trade	(i)	**–**	–	**202**	780
Amounts due from associates					
– trade		**412**	413	**–**	–
– non-trade	(i)	**505**	959	**–**	11
Amounts due from other related parties*					
– trade		**647**	910	**–**	–
– non-trade	(i)	**138**	387	**–**	3
Loans to subsidiaries	(ii)	**–**	–	**6,454**	15,591
Impairment of loan to a former subsidiary		**–**	–	**–**	(519)
Loans and receivables		**40,088**	41,867	**7,617**	17,309
Prepayments		**1,506**	1,726	**13**	13
		41,594	43,593	**7,630**	17,322

* the amount due from other related parties also includes amount receivables from entities which are wholly owned or partially owned by close family members of one of the Company's directors and a member of the key management personnel of a subsidiary.

(i) The non-trade amounts due from subsidiaries, associates and other related parties and loans to subsidiaries are unsecured, interest-free and repayable on demand.

(ii) Included in the loans to subsidiaries is an amount of $1,577,000 (2011: $15,591,000) which is unsecured, interest-free and repayable on demand. The remaining amount of $4,877,000 (2011: $Nil) are unsecured, repayable on demand, and bear fixed interest rates ranging from 3.33% – 3.75% per annum.

11 Trade and other receivables (Continued)

Except as described below, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed and mainly engage in similar manufacturing and distribution activities.

The maximum exposure to credit risk for loans and receivables at the reporting date by geographical distribution is as follows:

	Group	
	2012 $'000	2011 $'000
Singapore	**12,253**	12,074
Malaysia	**8,512**	6,669
Vietnam	**6,371**	7,318
Australia	**4,482**	5,333
Pakistan	**1,455**	1,278
United Arab Emirates	**1,330**	3,931
Korea	**1,252**	188
India	**975**	1,382
China	**801**	1,047
New Zealand	**504**	–
Papua New Guinea	**475**	952
The Philippines	**384**	–
Others	**1,294**	1,695
	40,088	41,867

As at 31 December 2012, the amount receivable from the top five customers of the Group represents 59% (2011: 52%) of total loans and receivables.

11 Trade and other receivables (Continued)

Impairment losses

The ageing of loans and receivables at the reporting date is:

	2012		2011	
	Gross $'000	Impairment losses $'000	Gross $'000	Impairment losses $'000
Group				
Not past due	**29,203**	**–**	34,618	–
Past due 0 – 30 days	**8,496**	**–**	6,393	–
Past due 31 – 180 days	**2,045**	**151**	702	6
More than 180 days	**1,025**	**530**	652	492
	40,769	**681**	42,365	498
Company				
Not past due	**6,691**	**–**	15,874	–
Past due 0 – 30 days	**41**	**–**	167	–
Past due 31 – 180 days	**180**	**–**	318	–
More than 180 days	**759**	**54**	1,469	519
	7,671	**54**	17,828	519

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2012, the Group and the Company do not have any collective impairment on their loans and receivables (2011: $Nil).

The change in impairment losses in respect of loans and receivables during the year is as follows:

		Group		Company	
	Note	2012 $'000	2011 $'000	2012 $'000	2011 $'000
At 1 January		**498**	469	**519**	–
Impairment losses on receivables recognised	21	**308**	29	**124**	519
Utilisation of allowances		**(103)**	–	**(589)**	–
Translation differences on consolidation		**(22)**	–	**–**	–
At 31 December		**681**	498	**54**	519

The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses.

12 Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**34,708**	25,904	**12,344**	908
Fixed deposits	**7,889**	281	**–**	–
Cash and cash equivalents in the statement of cash flows	**42,597**	26,185	**12,344**	908

Details of interest rate at which the deposits with banks reprice are set out in note 29.

13 Share capital and reserves

	Company No. of shares	
	2012	2011
	('000)	('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January and 31 December	**439,425**	439,425

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares are rank equally with regard to the Company's residual assets.

Capital management

The Board defines capital as share capital and accumulated profits.

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. Concurrently, the Board of Directors reviews the capital to debt ratio to achieve the dual objective of a strong capital base and an acceptable level on the return on capital.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

13 Share capital and reserves (Continued)

Other reserves

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Capital reserve	**564**	564	**–**	–
Fair value reserve	**460**	337	**–**	–
Translation reserve	**(9,611)**	(2,816)	**–**	–
Others	**77**	77	**77**	77
	(8,510)	(1,838)	**77**	77

Capital reserve

The capital reserve of the Group comprises statutory reserves transferred from accumulated profits by certain foreign subsidiaries as required by statutory legislations in their countries of incorporation. The percentage of transfer of accumulated profits is determined by the board of directors of these foreign subsidiaries based on the statutory requirements and these reserves can only be distributed upon approval by the relevant authorities.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations and from the translation of financial liability designated as a hedge of net investment in the foreign operations, as well as foreign exchange differences on monetary items which form part of the Group's net investments in the foreign operations.

13 Share capital and reserves (Continued)

Others

Other reserve comprises the value of unexercised warrants of the Company which has been transferred from capital reserve to other reserve.

Dividends

The following exempt (one-tier) dividends were declared and/or paid:

	Company	
	2012	2011
	$'000	$'000
One-tier tax exempt interim dividend of 0.80 cents (2011: 0.97 cents) per share in respect of the year	**3,516**	4,262

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Company	
	2012	2011
	$'000	$'000
One-tier tax exempt final dividend of 0.90 cents (2011: 0.97 cents) per share in respect of the year	**3,955**	4,262

14 Trade and other payables

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current liabilities					
Employee benefits	15	**350**	401	**–**	–
Provision	16	**297**	312	**–**	–
Other payables		**181**	146	**–**	–
		828	859	**–**	–
Current liabilities					
Trade payables		**28,287**	20,875	**–**	–
Loans from subsidiaries	(i)	**–**	–	**9,835**	1,877
Amounts due to					
– subsidiaries (non-trade)	(i)	**–**	–	**619**	661
– associates					
– trade		**185**	290	**–**	–
– non-trade	(i)	**2**	133	**2**	2
– other related corporations					
– trade		**110**	2,534	**–**	–
– non-trade	(i)	**3**	7	**–**	4
Accrued operating expenses		**7,007**	9,173	**929**	1,883
Advances from customers		**317**	1,414	**–**	–
Accrued ex-gratia payment to the former Chairman of the Group	(ii)	**–**	2,250	**–**	2,250
Employee benefits	15	**58**	8	**–**	–
Provision	16	**1,845**	1,850	**–**	–
Other payables		**3,524**	3,798	**90**	–
		41,338	42,332	**11,475**	6,677
		42,166	43,191	**11,475**	6,677

(i) The loans from subsidiaries and non-trade amounts due to subsidiaries, associates and other related corporations are unsecured, interest-free and repayable on demand.

(ii) In 2011, an ex-gratia payment was accrued for the former Chairman of the Group. The payment was made in 2012 after shareholders' approval at the Annual General Meeting.

The Group and the Company's exposure to liquidity and currency risk related to trade and other payables are disclosed in notes 17 and 29 respectively.

15 Employee benefits

	Group 2012 $'000	Group 2011 $'000
Recognised liability for defined benefit obligations		
Present value of unfunded obligations	**408**	409
Analysed as:		
– Current	**58**	8
– Non-current	**350**	401
	408	409

A subsidiary, Tien Wah Press Holdings Berhad, makes contributions to a non-contributory defined benefit plan that provides pension for eligible employees upon retirement. The plan entitles a retired employee to receive a lump sum payment equal to 86% of final monthly salary for each year of service the employee provided.

Movement in the present value of the defined benefit obligations

	Note	Group 2012 $'000	Group 2011 $'000
At 1 January		**409**	428
Benefits paid by the plan		**–**	(82)
Expense recognised in profit or loss	21	**8**	63
Translation differences on consolidation		**(9)**	–
At 31 December		**408**	409

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group 2012 $'000	Group 2011 $'000
Discount rate at 31 December	**5%**	5%
Future salary increases	**5%**	5%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average retirement age of an individual retiring is at the age of 55 for males and 50 for females.

16 Provision

Provision for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

	Group	
	2012	2011
	$'000	$'000
At 1 January	**2,162**	2,050
Provision made	**64**	92
Translation differences on consolidation	**(84)**	20
At 31 December	**2,142**	2,162
Current	**1,845**	1,850
Non-current	**297**	312
	2,142	2,162

17 Financial liabilities

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current liabilities				
Non-current portion of long-term bank loans				
– secured	**10,152**	17,287	**–**	–
– unsecured	**4,004**	6,666	**–**	569
Finance lease liabilities	**10**	41	**–**	38
	14,166	23,994	**–**	607
Current liabilities				
Bank loans				
– secured	**2,435**	4,675	**–**	–
– unsecured	**18,398**	35,154	**–**	17,303
Current portion of long-term bank loans				
– secured	**3,042**	3,919	**–**	–
– unsecured	**2,430**	3,788	**–**	1,317
Trust receipts (unsecured)	**565**	2,039	**–**	–
Finance lease liabilities	**5**	56	**–**	43
	26,875	49,631	**–**	18,663
	41,041	73,625	**–**	19,270

Notes to the Financial Statements

17 Financial liabilities (Continued)

The Group's secured bank loans are secured on the following assets, stated at their carrying amounts:

	Group	
	2012	**2011**
	$'000	**$'000**
Plant and machinery	**3,346**	3,882
Freehold land and buildings	**–**	1,198
Inventories	**3,566**	5,709
Investment in subsidiary*	**52,006**	55,248
	58,918	66,037

* *These are stated at cost*

The details of interest rates are set out in note 29.

The bank loans are repayable between 2013 to 2017, details of which are provided in the following tables.

Finance lease liabilities

As at 31 December, the Group and the Company have obligations under finance leases that are repayable as follows:

	Principal 2012 $'000	Interest 2012 $'000	Future minimum lease payments 2012 $'000	Principal 2011 $'000	Interest 2011 $'000	Future minimum lease payments 2011 $'000
Group						
Repayable:						
Within 1 year	**5**	**1**	**6**	56	4	60
After 1 year but within 5 years	**10**	**2**	**12**	41	1	42
	15	**3**	**18**	97	5	102
Company						
Repayable:						
Within 1 year	**–**	**–**	**–**	43	3	46
After 1 year but within 5 years	**–**	**–**	**–**	38	1	39
	–	**–**	**–**	81	4	85

The Group and the Company lease certain property, plant and equipment from financial institutions under finance leases as disclosed in note 4.

17 Financial liabilities (Continued)

Liquidity risk

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Group				
2012				
Non-derivative financial liabilities				
Secured bank loans	**15,629**	**(16,957)**	**(6,186)**	**(10,771)**
Unsecured bank loans	**24,832**	**(25,221)**	**(21,119)**	**(4,102)**
Finance lease liabilities	**15**	**(20)**	**(7)**	**(13)**
Trade and other payables*	**39,616**	**(39,616)**	**(39,616)**	**–**
Trust receipts	**565**	**(568)**	**(568)**	**–**
Financial guarantee	**–**	**(1,834)**	**(1,834)**	**–**
	80,657	**(84,216)**	**(69,330)**	**(14,886)**
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
– outflow	**(11)**	**(7,530)**	**(7,530)**	**–**
– inflow	**–**	**7,541**	**7,541**	**–**
	(11)	**11**	**11**	**–**
Total	**80,646**	**(84,205)**	**(69,319)**	**(14,886)**
2011				
Non-derivative financial liabilities				
Secured bank loans	25,881	(29,082)	(10,015)	(19,067)
Unsecured bank loans	45,608	(46,386)	(39,484)	(6,902)
Finance lease liabilities	97	(102)	(60)	(42)
Trade and other payables*	40,620	(40,620)	(40,620)	–
Trust receipts	2,039	(2,050)	(2,050)	–
Financial guarantee	–	(1,581)	(1,581)	–
	114,245	(119,821)	(93,810)	(26,011)

* *Excludes employee benefits and provision*

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $34,111,000 (2011: $42,329,000).

17 Financial liabilities (Continued)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
		Cash flows		
Company				
2012				
Non-derivative financial liabilities				
Trade and other payables	**11,475**	**(11,475)**	**(11,475)**	**–**
Financial guarantee	**–**	**(30,285)**	**(30,285)**	**–**
	11,475	**(41,760)**	**(41,760)**	**–**
Derivative financial instruments				
Forward exchange contracts (gross-settled):				
– outflow	**(11)**	**(7,530)**	**(7,530)**	**–**
– inflow	**–**	**7,541**	**7,541**	**–**
	(11)	**11**	**11**	**–**
Total	**11,464**	**(41,749)**	**(41,749)**	**–**
2011				
Non-derivative financial liabilities				
Unsecured bank loans	19,189	(19,303)	(18,728)	(575)
Finance lease liabilities	81	(86)	(46)	(40)
Trade and other payables	6,677	(6,677)	(6,677)	–
Recognised financial liabilities	25,947	(26,066)	(25,451)	(615)
Financial guarantee	–	(29,575)	(29,575)	–
	25,947	(55,641)	(55,026)	(615)

The maturity analyses show the undiscounted cash flows of the Group and the Company's financial liabilities and guarantees on the basis of their earliest possible contractual maturity.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Financial guarantee

(i) Intra-group financial guarantee comprises guarantees granted by the Company to certain banks of $28,451,000 (2011: $27,994,000) in respect of banking facilities granted to subsidiaries.

(ii) An unsecured guarantee of $1,834,000 (2011: $1,581,000) was issued to a supplier by the Company for credit terms granted to a subsidiary.

18 Deferred tax

Movements in deferred tax assets/(liabilities) (prior to offsetting of balances) during the year are as follows:

	At 1/1/2011 $'000	Recognised in profit or loss (note 24) $'000	Exchange differences $'000	At 31/12/2011 $'000	Recognised in profit or loss (note 24) $'000	Exchange differences $'000	At 31/12/2012 $'000
Group							
Deferred tax assets							
Property, plant and equipment	649	(354)	6	301	**(37)**	**(17)**	**247**
Inventories	193	52	–	245	**(30)**	**(7)**	**208**
Trade and other payables	1,308	41	9	1,358	**92**	**(54)**	**1,396**
Others	129	65	(4)	190	**52**	**(8)**	**234**
	2,279	(196)	11	2,094	**77**	**(86)**	**2,085**
Deferred tax liabilities							
Property, plant and equipment	(4,085)	300	66	(3,719)	**(369)**	**127**	**(3,961)**
Trade and other payables	(3)	3	–	–	**–**	**–**	**–**
Others	(521)	167	(56)	(410)	**350**	**4**	**(56)**
	(4,609)	470	10	(4,129)	**(19)**	**131**	**(4,017)**
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	**–**	**–**	**3**
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	**–**	**–**	**(14)**

18 Deferred tax (Continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Deferred tax assets	**1,959**	1,960	**–**	–
Deferred tax liabilities	**3,891**	3,995	**11**	11

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits:

	Group	
	2012	2011
	$'000	$'000
Deductible temporary differences	**421**	430
Tax losses	**3,366**	4,885
	3,787	5,315

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.

19 Revenue

	Group	
	2012	2011
	$'000	$'000
Sale of manufactured packaging products	**254,408**	248,761
Trading of packaging products	**38,877**	26,176
	293,285	274,937

20 Finance income and finance costs

	Group 2012 $'000	Group 2011 $'000
Interest income from bank deposits	**699**	538
Finance income	**699**	538
Interest paid and payable to		
– banks	**(2,619)**	(3,995)
– others	**–**	(2)
Finance costs	**(2,619)**	(3,997)
Net finance costs recognised in profit or loss	**(1,920)**	(3,459)

21 Profit before tax

The following items have been included in arriving at profit before income tax:

	Note	Group 2012 $'000	Group 2011 $'000
Allowance for inventories obsolescence		**232**	503
Inventories written off		**245**	839
Impairment losses for receivables	11	**308**	29
Depreciation of property, plant and equipment	4	**10,796**	10,769
Depreciation of investment properties	5	**708**	782
Directors' fees		**321**	433
Audit fees paid to			
– auditors of the Company		**252**	249
– other auditors		**230**	204
Non-audit fees paid to			
– auditors of the Company		**32**	72
– other auditors		**101**	20
Operating lease expenses		**1,073**	974
Staff costs		**39,559**	39,031
Contributions to defined contribution plans included in staff costs		**2,966**	2,483
Expenses related to defined benefits plan	15	**8**	63
Operating expenses arising from rental of investment properties		**386**	409

22 Other income

	Group	
	2012	2011
	$'000	$'000
Dividend income on available-for-sale securities	**23**	25
Fee income	**2,050**	1,893
Gain on disposal of investment properties	**72**	860
Gain on disposal of other investment	**31**	–
Gain on disposal of property, plant and equipment (net)	**100**	845
Insurance claim recovery	**769**	705
Net foreign exchange gain	**127**	–
Rental income	**1,766**	1,623
Scrap sales	**2,061**	2,237
Others	**946**	652
	7,945	8,840

23 Other expenses

		Group	
	Note	2012	2011
		$'000	$'000
Amortisation of intangible asset	9	**1,494**	1,130
Amortisation of other investment	8	**3**	–
Ex-gratia payment to the former Chairman of the Group		**–**	2,250
Impairment of property, plant and equipment	4	**–**	653
Impairment loss on available-for-sale securities	8	**–**	13
Net foreign exchange loss		**–**	1,020
Property, plant and equipment written off		**5**	215
Inventory written off due to fire at a third party warehouse		**–**	543
Others		**282**	142
		1,784	5,966

24 Tax expense

	Note	Group 2012 $'000	Group 2011 $'000
Current tax expense			
Current year		**3,844**	4,183
Over provision in prior years		**(123)**	(709)
		3,721	3,474
Deferred tax credit			
Origination and reversal of temporary differences		**(58)**	(274)
Total tax expense		**3,663**	3,200
Tax expense from continuing operations		**3,647**	3,195
Tax expense from discontinued operation	25	**16**	5
Total tax expense		**3,663**	3,200

Reconciliation of effective tax rate

	Group 2012 $'000	Group 2011 $'000
Profit for the year	**20,531**	25,685
Total tax expense	**3,663**	3,200
Profit excluding tax	**24,194**	28,885
Tax using the Singapore tax rate of 17%	**4,113**	4,910
Effect of tax rates in foreign jurisdictions	**821**	1,183
Non-deductible expenses	**1,049**	967
Tax exempt income	**(1,661)**	(2,665)
Reinvestment allowances and other tax incentives	**(277)**	(256)
Deferred tax assets not recognised	**–**	73
Utilisation of tax losses previously not recognised	**(259)**	(303)
Over provision in prior years	**(123)**	(709)
	3,663	3,200

25 Discontinued operation

On 30 November 2012, the Group sold its entire 80% equity interest in New Toyo Pakistan Aluminium (Private) Limited ("NTPA"). The results of NTPA's operations are presented as discontinued operation for the year ended 31 December 2012 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

	Note	Group 2012 $'000	Group 2011 $'000
Results of discontinued operation			
Revenue		**1,546**	1,733
Expenses		**(1,877)**	(2,121)
Loss from operating activities		**(331)**	(388)
Tax	24	**(16)**	(5)
Loss from operating activities, net of tax		**(347)**	(393)
Gain on sale of discontinued operation		**152**	–
Loss for the year		**(195)**	(393)
Basic loss per share (cents)	26	**0.03**	0.07
Diluted loss per share (cents)	26	**0.03**	0.07

The loss from discontinued operation of $126,000 (2011: $314,000) is attributable to the owners of the Company. Of the profit from continuing operations of $20,726,000 (2011: $26,078,000), an amount of $14,926,000 is attributable to the owners of the Company (2011: $20,120,000).

	Group 2012 $'000	Group 2011 $'000
Cash flows from discontinued operation		
Net cash used in operating activities	**(65)**	(129)
Net cash used in investing activities	**(22)**	–
Net cash outflow for the year	**(87)**	(129)

25 Discontinued operation (Continued)

Effect of disposal on the financial position of the Group

	Group 2012 $'000
Property, plant and equipment	(122)
Inventories	(346)
Trade and other receivables	(603)
Cash and cash equivalents	(19)
Trade and other payables	700
Current tax payable	30
Net liabilities	**(360)**
Non-controlling interest	(733)
Foreign currency translation differences	832
Group's share of net liabilities	**(261)**
Cash proceeds from disposal	
Consideration received, satisfied in cash	413
Cash and cash equivalents disposed of	(19)
Net cash inflow	**394**

26 Earnings per share

	Group					
	2012			2011		
	Continuing operations $'000	Discon-tinued operation $'000	Total $'000	Continuing operations $'000	Discon-tinued operation $'000	Total $'000
Basic and diluted earnings per share is based on:						
Profit/(loss) attributable to ordinary shareholders	14,926	(126)	14,800	20,120	(314)	19,806

26 Earnings per share (Continued)

	Group	
	2012	2011
	'000	'000
Issued ordinary shares at 1 January and 31 December	**439,425**	439,425

There are no unexercised share options or warrants issued by the Company.

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

27 Related parties

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2012	2011
	$'000	$'000
Short-term employment benefits		
– directors	**747**	1,369
– key executives	**2,164**	2,550
Post-employment benefits (including CPF)	**140**	143
Ex-gratia payment to the former Chairman of the Group	**–**	2,250
	3,051	6,312

Comparatives for key executives and post-employment benefits (including CPF) have been amended to conform with the Group's definition of key executives which includes business unit heads.

27 Related parties (Continued)

Other significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group with its related parties in the normal course of business on terms agreed between the parties.

	Group	
	2012	**2011**
	$'000	**$'000**
Sale of raw materials and finished goods to associates	**15**	–
Purchase of raw materials and finished goods from associates	**(2,029)**	(5,161)
Rental paid to associates	**–**	(36)
Consultancy fees paid to a director of the Company	**(80)**	(20)
Transactions with companies in which certain directors have significant influence		
– sale of raw materials and finished goods	**248**	357
– purchase of raw materials and finished goods	**–**	(8)
– sale of scrap	**–**	15
– service fee paid	**(107)**	(79)
– rental received	**32**	31
– professional fee paid	**(7)**	(6)
Transactions with companies in which certain directors of subsidiaries have significant influence		
– sale of finished goods	**971**	975
– purchase of raw materials	**(964)**	(1,563)
– purchase of plant and equipment	**(212)**	(430)
– transportation fee	**(435)**	(415)
Transactions with a substantial shareholder		
– sale of motor vehicle	**206**	–
– sale of club membership	**173**	–

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 12 months of the reporting date. None of the balances are secured.

28 Operating segments

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Chairman, CEO and senior management. The following summary describes the operations of each of the Group's reportable segments:

Specialty papers	:	The manufacture and sale of laminated aluminium paper products and other packaging products.
Printed cartons and labels	:	The printing and sale of paper packaging materials.
Corrugated containers	:	The manufacture and sale of corrugated boxes and sheets.
Trading	:	The sale of laminated aluminium paper products, corrugated boxes, tissue and other packaging products.
Investment holding	:	Investing activities, including investment in associates and investment properties.

Inter-segment pricing is determined on an arm's length basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

28 Operating segments (Continued)

Information about reportable segments

	Specialty papers		Corrugated containers		Printed cartons and labels		Trading		Investment holding		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	**90,222**	89,326	**4,293**	5,291	**159,893**	154,138	**38,877**	26,176	**–**	–	**293,285**	274,931
Inter-segment revenue	**4,038**	10,241	**–**	–	**63,530**	52,434	**14,880**	20,005	**–**	–	**82,448**	82,680
Interest income	**91**	79	**1**	–	**581**	538	**–**	18	**234**	309	**907**	944
Interest expense	**(516)**	(616)	**–**	(23)	**(1,740)**	(2,867)	**(41)**	(79)	**(530)**	(818)	**(2,827)**	(4,403)
Reportable segment profit before tax inclusive of dividend from associates	**5,312**	5,637	**132**	371	**19,015**	16,868	**410**	(307)	**28,248**	2,590	**53,117**	25,159
Elimination of dividend from associates	**–**	–	**–**	–	**–**	–	**–**	–	**(28,452)**	(3,075)	**(28,452)**	(3,075)
Segment results	**5,312**	5,637	**132**	371	**19,015**	16,868	**410**	(307)	**(204)**	(485)	**24,665**	22,084
Share of profit of associates	**–**	–	**–**	–	**–**	–	**–**	–	**196**	8,867	**196**	8,867
Other material non-cash items:												
– Amortisation	**3**	–	**–**	–	**1,494**	1,130	**–**	–	**–**	–	**1,497**	1,130
– Depreciation	**1,404**	1,396	**5**	13	**9,272**	9,139	**1**	1	**716**	727	**11,398**	11,276
– Impairment loss on property, plant and equipment	**–**	106	**–**	–	**–**	547	**–**	–	**–**	–	**–**	653
Capital expenditure	**495**	3,069	**–**	–	**3,609**	12,875	**2**	–	**1**	–	**4,107**	15,944
Investment in associates	**–**	–	**–**	–	**–**	–	**–**	–	**34,897**	65,450	**34,897**	65,450
Reportable segment assets	**48,098**	53,382	**3,837**	3,980	**166,133**	173,007	**9,479**	9,275	**7,969**	9,016	**235,516**	248,660
Reportable segment liabilities	**14,191**	19,041	**968**	983	**59,472**	64,696	**7,356**	8,316	**184**	289	**82,171**	93,325

28 Operating segments (Continued)

Reconciliations of information about reportable segments

	2012 $'000	2011 $'000
Revenues		
Total revenue of reportable segments	**375,733**	357,611
Other revenue	**1,546**	1,739
Elimination of inter-segment revenue	**(82,448)**	(82,680)
Elimination of discontinued operation	**(1,546)**	(1,733)
Consolidated revenue	**293,285**	274,937
Profit or loss		
Total profit for reportable segments inclusive of dividend from associates	**53,117**	25,159
Other profit or loss	**745**	1,080
	53,862	26,239
Elimination of inter-segment profits and dividend received from associates	**(27,305)**	(514)
Elimination of discontinued operation	**331**	388
Share of profit of associates	**196**	8,867
Unallocated amounts:		
– other corporate expenses	**(2,711)**	(5,707)
Consolidated profit before income tax	**24,373**	29,273
Assets		
Total assets for reportable segments	**235,516**	248,660
Other assets	**1,274**	2,222
Investment in associates	**34,897**	65,450
Unallocated amounts:		
– other corporate assets	**13,488**	2,167
– income tax assets	**2,113**	2,964
Consolidated total assets	**287,288**	321,463
Liabilities		
Total liabilities of reportable segments	**82,171**	93,325
Other liabilities	**16**	81
Other unallocated amounts:		
– other corporate liabilities	**1,020**	23,410
– income tax liabilities	**5,076**	6,276
Consolidated total liabilities	**88,283**	123,092
Depreciation		
Total depreciation of reportable segments	**11,398**	11,276
Discontinued operation	**52**	104
Others	**54**	171
Consolidated depreciation	**11,504**	11,551
Capital expenditure		
Total capital expenditure of reportable segments	**4,107**	15,944
Others	**39**	59
Consolidated capital expenditure	**4,146**	16,003

28 Operating segments (Continued)

Reconciliations of information about reportable segments (Continued)

	2012			2011		
	Reportable Segment Total $'000	Elimination $'000	Consolidated Total $'000	Reportable Segment Total $'000	Elimination $'000	Consolidated Total $'000
Interest income and expense						
Interest income	**907**	**(208)**	**699**	944	(406)	538
Interest expense	**(2,827)**	**208**	**(2,619)**	(4,403)	406	(3,997)
Consolidated net interest expense	**(1,920)**	**–**	**(1,920)**	(3,459)	–	(3,459)

Geographical segments

The specialty papers, printed cartons and labels, corrugated containers, trading and investment holding segments operate in a number of principal countries. For specialty papers, the Group has plants in Singapore, Vietnam, Malaysia and China, while for printed cartons and labels, the Group has plants in Vietnam, Malaysia and Australia. For trading, the Group has sales offices in Singapore and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment non-current assets are based on the geographical location of the assets. Inter-segment pricing is determined on mutually agreed terms.

Geographical information

	2012		2011	
	External revenues $'000	Non-current assets* $'000	External revenues $'000	Non-current assets* $'000
Singapore	**36,607**	**33,725**	38,704	65,261
Vietnam	**38,522**	**34,524**	45,380	38,180
Hong Kong	**120,787**	**7,163**	85,450	10,251
Australia	**49,700**	**38,301**	60,338	42,837
Malaysia	**44,049**	**35,527**	41,998	37,618
China	**3,620**	**5,411**	3,067	6,454
Pakistan	**1,546**	**–**	1,733	9
Discontinued operation - Pakistan	**(1,546)**	**–**	(1,733)	–
Total	**293,285**	**154,651**	274,937	200,610

* Excludes deferred tax assets

Revenues of approximately $157.2 million (2011: $154.4 million) are derived from a single external customer, attributable to the Specialty Papers and Printed Cartons and Labels segments.

29 Financial risk management

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligation to the Group, as and when the obligation falls due. The Group's primary exposure to credit risk arises from its loans and receivables.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. Details of credit risk by different factors, including geographical, can be found in note 11.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit facilities. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed regularly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. Specific allowance and write-offs of trade and other receivables are made as and when it is considered necessary.

The Group does not require collateral in respect of trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Intra-group financial guarantees

The Company has issued letters of financial support and financial guarantees on behalf of some of its subsidiaries to secure certain banking facilities. In the event of a default of those banking facilities by the subsidiaries, the Company would be responsible for the repayment of the amount owing to the bank.

29 Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost. There are credit facilities available to the Group and the Company to support part of the working capital requirements. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Group and the Company.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily in Singapore dollar, United States dollar, Vietnamese dong, Australian dollar and Malaysia ringgit.

The Group has a policy that governs the hedging of foreign currency risk exposure. The Group's policy is to enter into 'Plain Vanilla' foreign exchange forwards to hedge its foreign currency risks. The policy prescribes guidelines as to the duration and the risks limits to foreign currency exposures. Exposures to currency risk are monitored on an on-going basis and the Group endeavours to keep the net exposures at an acceptable level.

As at 31 December 2012, the Group and Company have outstanding forward exchange contracts with notional amounts of approximately $7,541,000 (2011: $913,000).

29 Financial risk management (Continued)

The Group's and Company's exposures to foreign currency risk are as follows:

	Singapore dollar $'000	United States dollar $'000	Vietnamese dong $'000	Australian dollar $'000	Malaysia ringgit $'000
Group					
2012					
Trade and other receivables	**361**	**3,280**	**593**	**4,401**	**1,722**
Cash and cash equivalents	**510**	**2,605**	**61**	**1,185**	**77**
Financial liabilities	**–**	**(13,540)**	**–**	**(12,436)**	**–**
Trade and other payables	**(535)**	**(6,959)**	**(1,336)**	**(190)**	**–**
Net exposure	**336**	**(14,614)**	**(682)**	**(7,040)**	**1,799**
2011					
Trade and other receivables	438	3,695	625	1,666	2,111
Cash and cash equivalents	844	1,976	71	2,311	1,100
Financial liabilities	–	(29,220)	–	(18,470)	–
Trade and other payables	(1,194)	(5,949)	(828)	(220)	–
Net exposure	88	(29,498)	(132)	(14,713)	3,211

	United States dollar $'000
Company	
2012	
Trade and other receivables	**9,304**
Cash and cash equivalents	**1,708**
Trade and other payables	**(2)**
Net exposure	**11,010**
2011	
Trade and other receivables	**10,771**
Cash and cash equivalents	**680**
Financial liabilities	**(15,324)**
Trade and other payables	**(3)**
Net exposure	**(3,876)**

29 Financial risk management (Continued)

Sensitivity analysis

A 5% strengthening of Singapore dollar against United States dollar, and 2% strengthening of Singapore dollar against Vietnamese dong, Australian dollar and Malaysia ringgit at the reporting date would increase (decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Group Profit/(Loss)		Company Profit/(Loss)	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Singapore dollar	**17**	4	**–**	–
United States dollar	**731**	1,475	**(551)**	194
Vietnamese dong	**14**	3	**–**	–
Australian dollar	**141**	294	**–**	–
Malaysia ringgit	**(36)**	(64)	**–**	–

A 5% weakening of Singapore dollar against United States dollar, and 2% weakening of Singapore dollar against Vietnamese dong, Australian dollar and Malaysia ringgit at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

29 Financial risk management (Continued)

Effective interest rates and repricing/maturity analysis

	Average interest rate	Floating interest	Fixed interest rate maturing		Total
			Within 1 year	1 to 5 years	
	%	$'000	$'000	$'000	$'000
Group					
2012					
Assets					
Cash at bank	**0.4 – 4.0**	**8,932**	**10,365**	**–**	**19,297**
Fixed deposits	**0.1 – 4.6**	**–**	**7,889**	**–**	**7,889**
		8,932	**18,254**	**–**	**27,186**
Liabilities					
Bank loans	**2.8 – 9.0**	**40,461**	**–**	**–**	**40,461**
Trust receipts	**2.3**	**565**	**–**	**–**	**565**
Finance lease liabilities	**2.3 – 9.0**	**–**	**5**	**10**	**15**
		41,026	**5**	**10**	**41,041**
2011					
Assets					
Cash at bank	2.5 – 3.0	12,202	–	–	12,202
Fixed deposits	0.1 – 2.9	–	281	–	281
		12,202	281	–	12,483
Liabilities					
Bank loans	3.2 – 17.1	69,604	1,317	568	71,489
Trust receipts	2.5	2,039	–	–	2,039
Finance lease liabilities	2.7	–	56	41	97
		71,643	1,373	609	73,625

29 Financial risk management (Continued)

	Average interest rate %	Floating interest $'000	Fixed interest rate maturing Within 1 year $'000	Fixed interest rate maturing 1 to 5 years $'000	Total $'000
Company					
2012					
Asset					
Cash at bank	**0.4**	**–**	**10,365**	**–**	**10,365**
2011					
Liabilities					
Bank loans	1.8 – 5.0	17,304	1,317	568	19,189
Finance lease liabilities	2.7	–	43	38	81
		17,304	1,360	606	19,270

Sensitivity analysis

For variable rate financial assets and liabilities, a change of 100bp in interest rate at the reporting date would increase (decrease) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss – Group 100 bp increase $'000	Profit or loss – Group 100 bp decrease $'000	Profit or loss – Company 100 bp increase $'000	Profit or loss – Company 100 bp decrease $'000
31 December 2012				
Variable rate instruments	**(321)**	**321**	**–**	**–**
31 December 2011				
Variable rate instruments	(594)	594	(173)	173

29 Financial risk management (Continued)

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Interest-bearing obligations

The fair value of interest-bearing obligations at floating interest rates is assumed to approximate carrying amounts.

The fair value of other interest-bearing obligations, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

The fair value of loans due to/from subsidiaries, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The fair value and the basis of estimation for other investments are set out in note 8. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve as at 31 December 2012 plus an adequate constant credit spread, and are as follows:

	Group	
	2012	**2011**
	%	**%**
Bank loans (fixed interest rate)	**–**	3.3
Finance lease liabilities	**2.9**	3.3
Loans to/from subsidiaries	**2.6**	3.3

29 Financial risk management (Continued)

The aggregate net fair values of recognised financial assets and liabilities carried at cost or amortised cost which differ from their carrying amounts are represented in the following table:

	2012		2011	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Financial liabilities carried at amortised cost				
Bank loans (fixed interest rate)	–	–	(1,885)	(1,894)
Finance lease liabilities	**(15)**	**(15)**	(97)	(96)
Total	**(15)**	**(15)**	(1,982)	(1,990)
Unrecognised losses		–		(8)
Company				
Financial assets carried at amortised cost				
Loans to subsidiaries	**4,464**	**4,613**	4,674	4,811
Financial liabilities carried at amortised cost				
Bank loans (fixed interest rate)	–	–	(1,885)	(1,894)
Finance lease liabilities	–	–	(81)	(80)
Total	–	–	(1,966)	(1,974)
	4,464	**4,613**	2,708	2,837
Unrecognised gains		**149**		129

29 Financial risk management (Continued)

Classification of financial assets and liabilities

Group	Note	Loans and receivables $'000	Available-for-sale $'000	Liabilities at amortised cost $'000	Total carrying amount $'000
31 December 2012					
Available-for-sale investments	8	**–**	**911**	**–**	**911**
Trade and other receivables	11	**40,088**	**–**	**–**	**40,088**
Cash and cash equivalents	12	**42,597**	**–**	**–**	**42,597**
		82,685	**911**	**–**	**83,596**
Trade and other payables*	14	**–**	**–**	**(39,616)**	**(39,616)**
Financial liabilities	17	**–**	**–**	**(41,041)**	**(41,041)**
		–	**–**	**(80,657)**	**(80,657)**
31 December 2011					
Available-for-sale investments	8	–	834	–	834
Trade and other receivables	11	41,867	–	–	41,867
Cash and cash equivalents	12	26,185	–	–	26,185
		68,052	834	–	68,886
Trade and other payables*	14	–	–	(40,620)	(40,620)
Financial liabilities	17	–	–	(73,625)	(73,625)
		–	–	(114,245)	(114,245)

29 Financial risk management (Continued)

Company	Note	Loans and receivables $'000	Available-for-sale $'000	Liabilities at amortised cost $'000	Total carrying amount $'000
31 December 2012					
Trade and other receivables	11	**7,617**	**–**	**–**	**7,617**
Cash and cash equivalents	12	**12,344**	**–**	**–**	**12,344**
		19,961	**–**	**–**	**19,961**
Trade and other payables*	14	**–**	**–**	**(11,475)**	**(11,475)**
31 December 2011					
Trade and other receivables	11	17,309	–	–	17,309
Cash and cash equivalents	12	908	–	–	908
		18,217	–	–	18,217
Trade and other payables*	14	–	–	(6,677)	(6,677)
Financial liabilities	17	–	–	(19,270)	(19,270)
		–	–	(25,947)	(25,947)

* *Excludes employee benefits and provision*

30 Contingent liabilities – unsecured

Company

As at the reporting date:

(i) the Company has issued $28,451,000 (2011: $27,994,000) unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries by those banks;

(ii) the Company has issued unsecured guarantee to a supplier of a subsidiary amounting to $1,834,000 (2011: $1,581,000); and

(iii) the Company has given an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to continue their operations for at least the next twelve months. The net current liabilities of the subsidiaries as at 31 December 2012 were $2,661,000 (2011: $13,195,000).

Notes to the Financial Statements

31 Commitments

At the reporting date, the Group and the Company have the following commitments:

Capital commitments

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Authorised but not contracted for	**7,762**	7,044	**–**	–
Contracted but not provided for	**1,396**	1,075	**–**	–
	9,158	8,119	**–**	–

Operating lease commitments

Leases as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	**985**	886	**194**	199
After 1 year but within 5 years	**1,613**	1,951	**194**	396
After 5 years	**2,287**	2,594	**–**	–
	4,885	5,431	**388**	595

Operating lease commitments of the Group include commitment by a subsidiary for a land with lease expiring on 15 November 2029.

The Group and the Company lease lands, factories, office, warehouse, motor vehicles and office equipment under non-cancellable operating leases. The leases have varying terms and escalation clauses and renewal rights. On renewal, the terms of the leases are re-negotiated.

Leases as lessor

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2012	2011
	$'000	$'000
Within 1 year	**1,305**	997
After 1 year but within 5 years	**1,500**	809
	2,805	1,806

Group Properties

List of Major Properties

Location	Description	Tenure
Lot 15,17,19 & 21 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	One office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 48.5 years from 3 December 2001 to 22 May 2050
Lot 24 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	Office and factory used by a subsidiary for its operations	Leasehold 40 years from 7 June 2010 to 22 May 2050
A street, Thu Duc District Ho Chi Minh City, Vietnam	Two storey office and ground floor factory used by a subsidiary for its operations	Leasehold 20 years from 30 July 1996
No. 16 Soon Lee Road Singapore 628079	A single-storey detached factory with ancillary structures used by a subsidiary for its operations	Leasehold 60 years commencing from 16 November 1969
38 Huu Nghi Street Vietnam – Singapore Industrial Park Thuan An, Binh Duong Ho Chi Minh City, Vietnam	Two-storey office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 49 years expiring on 8 August 2054
No. 11 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 16 August 2059
No. 9 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 10 November 2059
No. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 22 July 2074
No. 8 Section 14/28 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 10 January 2063
Forest Hills, Block B-210, Mission Hill Golf Club Tangxia Town, Dongguan City Guangdong Province, PRC	Studio apartment	Leasehold 40 years expiring on 6 July 2049
32 Britton Street, Smithfield NSW 2164 Australia	Office and factory used by a subsidiary for its operations	Freehold

Group Properties

List of Investment Properties

Location	Descriptions	Tenure
No. 190, 191, 210 and 211 Shanghai Ma Lu Industrial Park No. 58 Chan Bo Road, Ma Lu District Jia Ding County, Shanghai, PRC	Four similar semi-detached single-storey industrial/warehouse buildings	Leasehold 50 years expiring on 12 November 2043
No. 2461, Bao An Road Jia Ding District, Shanghai, PRC	Office, factory and warehouse	Leasehold 50 years from 7 July 1997
No. 16 Jin Pu Road, Block E Hui Dong International Plaza Nan Ning City, Guang Xi Province, PRC	11 units of commercial lots	Leasehold 70 years from 20 December 2002
No. 5 & 6 Yue Hai Industrial Area Nan Yu Road West, Nan Shan District Shenzhen, PRC	Two adjoining ground floor units of twin six-storey factory buildings	Leasehold 50 years from 1 March 1996
No. 78 Xin Hua Dong Road Inner Mongolia, PRC	2 units of residential apartments	Leasehold 70 years from 25 January 2006
No. 35 Gang Wan Road, Wuhu Economic Technology Development Park Wuhu City, Anhui Province, PRC	Office, factory and warehouse	Leasehold period from 13 December 2000 to 1 December 2047
Workshop B, 1/F., Block 1 Koon Wah Mirror Factory (6th) Industrial Building Nos. 7 – 9 Ho Tin Street, Tuen Mun New Territories, Hong Kong	Industrial premises	Leasehold 99 years from 1 July 1898, extended by the New Territories Leases (Extension) Ordinance until the expiry of 30 June 2047
No. 8, Lorong 19/1 A 46300 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office, factory and warehouse	Leasehold 99 years from 24 July 1963
No. 41-43 Birralee Road Regency Park, SA 5010 Australia	Office, factory and warehouse	Freehold

Corporate Governance Statement

The Company is committed to good standards of corporate governance. This Statement outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance ("Code").

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs
The Board of Directors of the Company ("Board") and its committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. Below is the attendance of the Directors at meetings of the Board and its committees in 2012:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	5	4	2	2
Directors	**No. of meetings attended**			
Gary Yen*	5	2	2	n.a.
George Lee Chee Whye**	2	n.a.	n.a.	n.a.
Tang See Chim	5	4	2	2
Tay Joo Soon#	2	1	1	1
Prof. Brian Lee Chang Leng	5	4	n.a.	2
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	5	n.a.	n.a.	n.a.
Victoria Tay Seok Kian##	2	n.a.	1	1

n.a. – not a member

* *appointed a member of the Audit Committee with effect from 2 July 2012*

** *appointed a Director with effect from 2 July 2012*

ceased as Director with effect from 26 April 2012

appointed a Director with effect from 31 July 2012

The Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee to carry out some of its duties and functions. Details of these committees and their respective duties and functions are set out in this Statement.

Matters requiring Board approval include investments, divestments, major contracts, announcements of financial results, dividend payments and credit facilities.

The Board ensures that new Directors are familiar with their duties and the Company's businesses and governance practices. In addition, Directors receive training, briefing or updates on applicable laws, regulations and practices, accounting standards, risk management as well as industry-specific knowledge, issues and risks from time to time.

Principle 2: Board Composition and Balance
The Board comprises six Directors, three of whom are non-executive and independent. They are:

Gary Yen	**(Non-Executive Chairman)**
George Lee Chee Whye	**(Executive Director)**
Tang See Chim	**(Non-Executive and Independent Director)**
Prof. Brian Lee Chang Leng	**(Non-Executive and Independent Director)**
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	**(Non-Executive Director)**
Victoria Tay Seok Kian	**(Non-Executive and Independent Director)**

Principle 3: Chairman and Chief Executive Officer
The Chairman and the Chief Executive Officer are separate persons.

The Chairman's functions include leading the Board and setting its agenda, ensuring that the Directors receive accurate, timely and clear information, ensuring effective communication with shareholders, encouraging constructive relations between the Board and management, facilitating the effective contribution of non-executive Directors and promoting high standards of corporate governance.

With regard to Board proceedings, the Chairman ensures that Board meetings are held when necessary. Management staff who can provide additional insight into matters to be discussed are invited to attend such meetings.

Principle 4: Board Membership
The Nominating Committee ("NC") comprises three non-executive Directors, a majority of whom, including the Chairman, are independent. They are:

Victoria Tay Seok Kian (Chairperson of the NC – Non-Executive and Independent Director)
Tang See Chim (Non-Executive and Independent Director)
Gary Yen (Non-Executive Director)

The terms of reference of the NC include:

a. reviewing and recommending candidates for appointments to the Board and/or its committees;

b. being responsible for the induction of new Directors;

c. reviewing and recommending the re-appointment or re-election of Directors;

d. reviewing and recommending nominees to the boards of the Company's subsidiaries and associated companies;

e. reviewing the independence of Directors annually;

f. reviewing the Board structure, size and composition and making recommendations to the Board with regard to any adjustment that is necessary;

g. developing a process for evaluation of the performance of the Board, its committees and Directors and evaluating such performances;

h. reviewing board succession plans for Directors, in particular, the Chairman and for the Chief Executive Officer; and

i. reviewing training and professional development programs for the Board.

With respect to the appointment of any new Director to the Board, the NC reviews the expertise and experience of candidates and recommends the most suitable candidate to the Board for approval.

Pursuant to the Articles of Association of the Company, one-third of the Directors will retire from office at each Annual General Meeting ("AGM") and be eligible for re-election. The Directors will submit themselves for re-nomination and re-election at regular intervals and at least every three years.

The NC and the Board consider Tang See Chim, Prof. Brian Lee Chang Leng and Victoria Tay Seok Kian to be independent Directors.

The NC has nominated Prof. Brian Lee Chang Leng for re-appointment as a Director at the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Chapter 50. Tang See Chim does not wish to seek re-appointment as a Director at the forthcoming AGM.

Gary Yen, George Lee Chee Whye and Victoria Tay Seok Kian are retiring as Directors at the forthcoming AGM pursuant to the Articles of Association of the Company. The NC has nominated them for re-election at the forthcoming AGM.

The dates of first appointment and last re-election or re-appointment of the Directors are as follows:

Director	Date of appointment	Date of last re-election or re-appointment
Gary Yen	1 February 2002	26 April 2011
Tang See Chim	18 March 1997	26 April 2012
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	26 April 2012
Prof. Brian Lee Chang Leng	4 March 2011	26 April 2012
George Lee Chee Whye	2 July 2012	n.a.
Victoria Tay Seok Kian	31 July 2012	n.a.

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments are set out on pages 8 and 9 of this Annual Report.

Information regarding the Directors' shareholdings in the Company is set out on page 14 of this Annual Report.

Principle 5: Board Performance

The NC assesses the effectiveness of the Board and its committees as well as the contributions by the Directors annually. Evaluation forms are sent to the Directors for completion and the results analysed by the NC and reported to the Board.

Principle 6: Access to Information

The Board has separate and independent access to the senior management and the company secretary and is informed of all material events and transactions as and when they occur. The Board requires the company secretary to attend board meetings.

If the Directors, whether individually or as a group, in the furtherance of their duties, need independent professional advice, the Company will, upon the direction of the Board, appoint a professional adviser to render such advice at the Company's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three Directors, all of whom, including the Chairman, are non-executive and independent. They are:

Victoria Tay Seok Kian (Chairperson of the RC)
Tang See Chim
Prof. Brian Lee Chang Leng

The terms of reference of the RC include:

a. reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel;

b. reviewing and recommending to the Board specific remuneration packages for each Director and key management personnel;

c. reviewing the obligations of the Company or its relevant subsidiary in the event of termination or cessation of the Executive Directors' or key management personnel's contracts of service including severance payments, retirement payments, gratuities and ex-gratia payments; and

d. considering, evaluating and, if appropriate, recommending to the Board long-term incentive schemes for Directors and key management personnel.

The RC, in carrying out its duties, has access to the Company's resources and/or external professional advice.

Principle 8: Level and Mix of Remuneration

The Company entered into a consultancy agreement on 21 September 2011 with Mr Gary Yen, our Non-Executive Chairman, pursuant to which, he, *inter alia*, advises the Chief Executive Officer on corporate and business strategies for the Group and the Company pays him S$20,000 every quarter for such services. Save as aforesaid, Non-Executive Directors currently do not have service contracts with the Company and their terms are specified in the Articles of Association of the Company which contain retirement and re-election provisions.

Non-Executive Directors are paid directors' fees subject to the approval of the Company at the AGM. Executive Directors do not receive directors' fee.

The remuneration packages of the Chief Executive Officer and other key executives include bonuses tied to the performance of the Group or the relevant subsidiary or department and his performance.

The Company currently does not have any long-term incentive scheme.

Corporate Governance Statement

Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year 2012 is as follows:

Remuneration Band	Directors' Fees	Base/Fixed Salary	Variable or performance-related income/ bonuses	Benefits in Kind
	%	%	%	%
S$250,000 – S$500,000				
Executive Director & Chief Executive Officer				
George Lee Chee Whye[(a)]	Nil	77%[(b)]	20%[(b)]	3%
Below S$250,000				
Non-Executive Directors				
Gary Yen	100%[(c)]	Nil	Nil	Nil
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	92%[(d)]	Nil	Nil	8%[(e)]
Non-Executive and Independent Directors				
Tang See Chim	100%	Nil	Nil	Nil
Prof. Brian Lee Chang Leng	100%	Nil	Nil	Nil
Victoria Tay Seok Kian	100%	Nil	Nil	Nil

(a) From 1 October 2011 to 1 July 2012, George Lee Chee Whye was the Acting Chief Executive Officer of the Company. He was appointed the Executive Director and Chief Executive Officer of the Company with effect from 2 July 2012.

(b) Includes contributions to the Central Provident Fund.

(c) Includes consultancy fee. Details of the consultancy can be found on page 100 under Principle 8.

(d) From both the Company and Tien Wah Press Holdings Berhad, a listed subsidiary of the Company.

(e) From Tien Wah Press Holdings Berhad.

Corporate Governance Statement

The remuneration of the top five key executives (who are not also Directors) for the financial year 2012 is as follows:

Remuneration Band	Base/Fixed Salary	Variable or performance-related income/ bonuses	Benefits in Kind
	%	%	%
S$250,000 – S$500,000			
Jacco Dijke	100%	Nil	Nil
Below S$250,000			
Angela Heng Chor Kiang	91%	9%	Nil
Lionel Yap Chee Cheong	81%	19%	Nil
Ong Liang Win	97%	3%	Nil
Tan Siew Kheng	100%	Nil	Nil

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeds S$150,000 in 2012:

Remuneration Band	Base/Fixed Salary	Variable or performance-related income/ bonuses	Benefits in Kind
	%	%	%
Below S$250,000			
Lu Le Nhi*	76%	24%	Nil

* *Lu Le Nhi is the mother of the Non-Executive Chairman.*

Principle 10: Accountability and Audit

The Company announces its financial results on a quarterly basis and other material information via SGXNET in accordance with the requirements of the SGX-ST.

Principle 11: Audit Committee

The Audit Committee ("AC") comprises three Non-Executive Directors, a majority of whom, including the Chairman, are independent. They are:

Tang See Chim (Chairman of the AC-Non-Executive and Independent Director)
Prof. Brian Lee Chang Leng (Non-Executive and Independent Director)
Gary Yen (Non-Executive Director)

The terms of reference of the AC include:

a. reviewing the audit plans of the external auditors, their evaluation of the system of internal accounting controls and their audit report;

b. reviewing the quarterly and annual financial statements before submission to the Board;

c. reviewing the assistance given by the Company's officers to the external auditors;

d. reviewing the scope and results of internal audit procedures;

e. ensuring that a review of the effectiveness of the Company's internal controls is conducted annually by the internal and/or external auditors;

f. reviewing with the internal and external auditors their findings on their evaluation of the Company's system of internal controls;

g. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;

h. reviewing the cost effectiveness, independence and objectivity of the external auditors, taking into consideration any non-audit services provided to the Company;

i. nominating the appointment or re-appointment of the external auditors; and

j. reviewing interested person transactions falling within the scope of the Listing Manual.

The AC has authority to investigate any matter within its scope of duties and functions, full access to and co-operation by the management of the Company and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its duties and functions properly.

The AC meets with the external auditors, and with the internal auditors, without the presence of the Company's management annually.

There are arrangements in the Group whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and for appropriate follow-up actions.

The aggregate amount of fees paid or payable to KPMG, the external auditors, for services provided to the Group for the financial year 2012 was S$284,000 comprising S$252,000 for audit services and S$32,000 for non-audit services. The AC has reviewed the nature and extent of non-audit services provided by KPMG to the Group in 2012 and is satisfied that the nature and extent of such services are not likely to prejudice the independence of KPMG as external auditors of the Company.

Principle 12: Internal Controls

In 2012, the Group with the assistance of an external consultant, PWC Risk Consulting and with the participation of the business and corporate executive heads, carried out an exercise to consolidate and review the Group's risk register which identifies the key risks facing the Group and the internal controls in place to manage and mitigate those risks. Internal and external auditors conduct audits that involve verifying the effectiveness of the material internal control systems in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to the AC. The AC also reviewed the effectiveness of the measures taken by Management in response to the recommendations made by the internal and external auditors. The system of internal control and risk management is continually being refined by Management, the AC and the Board.

Based on the framework established and the reviews conducted by Management and the internal and external auditors, the Board opines, with the concurrence of the AC, that there are adequate controls in place within the Group addressing material financial, operational and compliance risks to meet the needs of the Group in its current business environment.

Principle 13: Internal Audit

The Company outsources the internal audit functions to a reputable chartered accounting firm. The internal auditors report directly to the Audit Committee on audit matters, and administratively to the Chief Financial Officer. The annual internal audit work plan is submitted to and approved by the Audit Committee.

Principles 14 and 15: Communication with Shareholders

The Company discloses pertinent information to its shareholders through the SGXNET, annual reports and/or the press.

At the AGMs of the Company, shareholders are given the opportunity to air their views and ask the Directors and management questions regarding the Company and the Group.

Shareholders are allowed to vote at general meetings in person or by proxy and equal effect is given to such votes.

Separate resolutions are tabled at general meetings on each distinct issue.

The chairpersons of the audit, nominating and remuneration committees are present and available to address questions at general meetings.

The Company's external auditors are present to assist the Directors in addressing queries by shareholders.

Corporate Governance Statement

Code of Ethics

The Group has a code of ethics that sets the standards and ethical conduct expected of its employees. The Group's employees are required to observe and maintain high standards of integrity and comply with laws and regulations as well as the Group's policies.

Whistle-blowing Policy

The Company has put in place a whistle-blowing policy for employees to raise, in confidence, concerns about possible improprieties in financial reporting or other matters and for the independent investigation of such matters and appropriate follow-up actions.

Risk Management

Risk is an intrinsic aspect of business and is inseparable from opportunity. Recognizing and managing risk is central to the business to ensure an environment where the Company can confidently grow shareholder value through developing and protecting its people, assets, environment and reputation.

The Company is committed to identifying, evaluating and dealing with all real and potential risks to the Company at regular intervals for the purpose of protecting the interests of the Company, its shareholders, employees and customers and to ensure that the objectives of the Company can be met, to mitigate risk and to increase the Company's competitive advantage.

The Board is ultimately responsible for ensuring that the Company has an adequate and effective risk management system and that this system is reviewed at regular intervals. The Board receives reports from the Audit Committee on risk management issues.

The Audit Committee, on behalf of the Board, reviews the effectiveness of the Company's risk management assessment. Assurance that risks are being effectively identified, monitored, managed and controlled is reported to the Board.

Dealings in Securities

In line with Rule 1207(19) of the Listing Manual of the SGX-ST on dealings in securities, the Company provides guidance to its officers with regard to dealing by the Company and its officers in its securities including reminding its officers to observe the laws on insider dealing at all times. In addition, the Company advises its officers not to deal in its securities on short-term considerations and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's financial statements for the full financial year, and ending on the date of the announcement of the relevant results.

Corporate and Investor Information

Registered Address
80 Robinson Road #02-00
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Tel: +65 6236 3333
Fax: +65 6236 4399

Business Address
47 Scotts Road #05-03
Goldbell Towers
Singapore 228233
Tel: +65 6238 2188
Fax: +65 6238 1082

Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399

Company Secretary
Mr Lee Wei Hsiung, ACIS

Auditors
The Company, subsidiaries and
significant associated companies in Singapore

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Lee Sze Yeng since FY2010

Significant subsidiaries and associated companies
outside Singapore

KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, District 1
Ho Chi Minh City
Vietnam
Partner-in-charge: Nguyen Thanh Nghi since FY2010

KPMG
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Malaysia
Partner-in-charge: Lee Yee Keng since FY2012

Company's Solicitors
David Lim & Partners, Singapore

Principal Bankers
DBS Bank Ltd
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Stock Exchange Listing
Mainboard, The Singapore Exchange Securities Trading
Limited (SGX-ST)
Listed on 4 April 1997
ISIN code: SG1E32850828

Investor Relations
Head Office – Singapore
Lucy Cher
Email: lucy.cher@newtoyo.com
Tel: +65 6238 2173

Stock Codes
(SGX-ST) – ISIN code: SG1E32850828
Bloomberg – Toyo SP
Reuters – NTYO.SI

Sources of Information about New Toyo
Annual reports
Quarterly reports
Results presentations
SGX-ST website: http://www.sgx.com (SGXNET)
Company Website: www.newtoyo.com

Other Information Required Under The SGX-ST Listing Manual

Non-audit Fees

The amount of fees paid or payable in relation to non-audit services provided to the Group by KPMG LLP Singapore and other member firms of KPMG International for the year ended 31 December 2012 is S$32,000.

Material Contracts Involving the Interests of the Chief Executive Officer, Director or Controlling Shareholder

Save as disclosed below under the heading "Interested Person Transactions", the Company and its subsidiaries do not have any material contract involving the interest of the Chief Executive Officer, Director or controlling shareholder that was still subsisting as at 31 December 2012 or entered into since 31 December 2011.

Employee Share Option Scheme

The Group currently does not have any employee share option scheme.

Interested Person Transactions

The aggregate value of transactions entered into by the Group with interested persons, as defined in the SGX-ST Listing Manual, is as follow:

Interested person	Aggregate value of all transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000
New Toyo Pulppy (Vietnam) Co. Ltd		
– Sales of chipboard and duplex	249	–
New Toyo Pulppy (Hong Kong) Ltd		
– Purchase of services on administrative and accounting works	106	–
Yen Wen Hwa		
– Sale of Sentosa Golf Club membership	185	–
– Sale of Mercedes-Benz vehicle	205	–

Risk Management

The Group's risk management controls are outlined on pages 84 to 93 of this Annual Report.

Statistics of Shareholdings

As at 18 March 2013

Class of share : Ordinary share
Voting rights : One vote per ordinary share

Distribution of Shareholders by Size of Shareholdings as at 18 March 2013

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	17	0.30	3,156	–
1,000 – 10,000	4,102	71.84	14,115,418	3.21
10,001 – 1,000,000	1,559	27.30	106,471,499	24.23
1,000,001 AND ABOVE	32	0.56	318,834,530	72.57
TOTAL	5,710	100.00	439,424,603	100.00

As at 18 March 2013, approximately 47.3% of the shareholdings is held by the public and thus Rule 723 of the SGX-ST Listing Manual is complied with.

Twenty Largest Shareholders

	Shareholder's Name	No. of Shares	%
1	YEN WEN HWA @ NGAN TZEE MANH	106,959,164	24.34
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	HONG LEONG FINANCE NOMINEES PTE LTD	33,012,000	7.51
4	LU LE NHI	29,092,577	6.62
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	15,651,280	3.56
6	CHIA KEE KOON	8,930,000	2.03
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	MAYBANK KIM ENG SECURITIES PTE LTD	5,378,800	1.22
9	UOB KAY HIAN PTE LTD	5,227,604	1.19
10	CITIBANK NOMINEES SINGAPORE PTE LTD	4,452,000	1.01
11	CHIANG KOK MENG	3,578,000	0.81
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,524,200	0.80
13	DBS NOMINEES PTE LTD	3,129,629	0.71
14	HSBC (SINGAPORE) NOMINEES PTE LTD	3,128,600	0.71
15	OCBC SECURITIES PRIVATE LTD	3,126,800	0.71
16	GOH LEH HONG	3,109,400	0.71
17	YEO KHEE CHYE	2,511,000	0.57
18	TAN CHONG YAN	2,505,000	0.57
19	LEE WOON KIAT	2,356,736	0.54
20	PHILLIP SECURITIES PTE LTD	2,229,000	0.51
	TOTAL	303,719,730	69.10

Statistics of Shareholdings

As at 18 March 2013

Substantial Shareholders as at 18 March 2013

(as shown in the Register of Substantial Shareholders)

	Name	Direct Interest	Deemed Interest
1	Yen Wen Hwa @ Ngan Tzee Manh	139,959,164[(a)]	87,910,517[(b)]
2	Lu Le Nhi	29,092,577	198,777,104[(c)]
3	Yen & Son Holdings Pte Ltd	58,817,940	–

Note

(a) Inclusive of 33,000,000 shares which are held through Hong Leong Finance Nominees Pte Ltd.

(b) Inclusive of interests of:

Lu Le Nhi		29,092,577
Yen & Son Holdings Pte Ltd		58,817,940
	Total:	87,910,517

(c) Inclusive of interests of:

Yen Wen Hwa		139,959,164
Yen & Son Holdings Pte Ltd		58,817,940
	Total:	198,777,104

Notice of 17th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the Company will be held at 39 Scotts Road, Topaz & Opal Rooms, Sheraton Towers, Singapore 228230 on 26 April 2013 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.90 Singapore cents per ordinary share for the financial year ended 31 December 2012. **(Resolution 2)**

3. To approve the Directors' fees of S$350,000 for the financial year ended 31 December 2013, to be paid quarterly in arrears. (2012: S$370,000) **(Resolution 3)**

4. To note the retirement of Mr Tang See Chim, who retires pursuant to Section 153(6) of the Companies Act, Chapter 50 and has decided not to seek re-appointment.

5. To re-appoint Prof. Brian Lee Chang Leng to hold office until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50.

   Prof. Brian Lee Chang Leng shall, upon re-appointment as a Director of the Company, remain as a member of the Audit and Remuneration Committees and shall be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). **(Resolution 4)**

6. To re-elect Mr Gary Yen who is retiring in accordance with Article 91 of the Company's Articles of Association.

   Mr Gary Yen shall, upon re-election as a Director of the Company, remain as a member of the Audit and Nominating Committees and shall be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. **(Resolution 5)**

7. To re-elect Mr George Lee Chee Whye who is retiring in accordance with Article 97 of the Company's Articles of Association. **(Resolution 6)**

8. To re-elect Ms Victoria Tay Seok Kian who is retiring in accordance with Article 97 of the Company's Articles of Association.

   Ms Victoria Tay Seok Kian shall, upon re-election as a Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees. **(Resolution 7)**

9. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Notice of 17th Annual General Meeting

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

10. Authority to issue shares and convertible securities. **(Resolution 9)**

    "That, pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the SGX-ST, authority be and is hereby given to the directors of the Company to issue shares and convertible securities in the Company at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
    (See Explanatory Note 1)

11. To transact any other business which may be properly transacted at an Annual General Meeting.

Notice of 17th Annual General Meeting

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 7 May 2013 after 5.00 p.m. to 8 May 2013 (both dates inclusive) for the purpose of determining Members' entitlements to the final dividend to be proposed at the 17th Annual General Meeting of the Company to be held on 26 April 2013.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 7 May 2013 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5.00 p.m. on 7 May 2013 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 17th Annual General Meeting, will be paid on 17 May 2013.

By Order of the Board
Lee Wei Hsiung
Company Secretary
10 April 2013

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company provided that the aggregate number of shares and convertible securities to be issued does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities on issue at the time the resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

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PROXY FORM

NEW TOYO INTERNATIONAL HOLDINGS LTD

Registration No.: 199601387D
(Incorporated in the Republic of Singapore)

Important:
1. For investors who have used their CPF monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

* I/We, ____ (Name)

of ____ (Address)
being a *member/members of NEW TOYO INTERNATIONAL HOLDINGS LTD ("the Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 39 Scotts Road, Topaz & Opal Rooms, Sheraton Towers, Singapore 228230 on 26 April 2013 at 2.30 p.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolution	For	Against
1	To receive and adopt the Audited Financial Statements and Reports for the financial year ended 31 December 2012.		
2	To approve a final dividend of 0.90 Singapore cents per share for the financial year ended 31 December 2012.		
3	To approve the Directors' fees of S$350,000 for the financial year ending 31 December 2013, to be paid quarterly in arrears.		
4	To re-appoint Prof. Brian Lee Chang Leng pursuant to Article 153(6) of the Companies Act, Chapter 50.		
5	To re-elect Mr Gary Yen who is retiring pursuant to Article 91 of the Company's Articles of Association.		
6	To re-elect Mr George Lee Chee Whye who is retiring pursuant to Article 97 of the Company's Articles of Association.		
7	To re-elect Ms Victoria Tay Seok Kian who is retiring pursuant to Article 97 of the Company's Articles of Association.		
8	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
9	To authorise Directors to issue shares and convertible securities.		

Dated this ____________ day of ________________ 2013

Total number of Shares held

____
Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

IMPORTANT: PLEASE READ NOTES BELOW

Notes:–

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

AFFIX
STAMP

The Company Secretary
New Toyo International Holdings Ltd
80 Robinson Road
#02-00
Singapore 068898

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

NEW TOYO GROUP OF COMPANIES

NEW TOYO
International Holdings Ltd

47 Scotts Road,
Goldbell Towers, #05-03
Singapore 228233