

TWT GROUP LIMITED
Half-year financial report



TWT Group Ltd.

TWT GROUP LIMITED

**Financial Statements/
Appendix 4D**

For the half year ended

31 December 2012

Registered Office: 190 Fullarton Road, DULWICH SA 5065
Phone: +61 8 8208 4777

TWT GROUP LIMITED
Half-year financial report

Appendix 4D
Half year report
Rule 4.2A.3

Name of Entity	TWT Group Limited
ABN	16 121 044 531
Reporting Period	Half Year ended 31 December 2012
Previous Corresponding Period	Half Year ended 31 December 2011

The following information is given to ASX under listing rule 4.2A.3.

1 The Reporting period is the half year ended 31 December 2012 including comparative information for the half year ended 31 December 2011.

2 Results for announcement to the market

		Change		31-Dec-12		31-Dec-11
	%	\$		\$		\$
2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.	down by	49%	(5,252,494)	to	5,473,395	from 10,725,889
2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.	up by	70%	1,240,449	to	(522,671)	from (1,763,120)
2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.	up by	70%	1,240,449	to	(522,671)	from (1,763,120)
2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.	Nil					
2.5 The record date for determining entitlements to the dividends (if any).	Not applicable					

Review of principal business activities

A review of the significant developments in the operating units of the consolidated entity is detailed on page 5 of the Appendix 4D.

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3	Net tangible assets per security with the comparative figure for the previous corresponding period.	31-Dec-12 Cents per share	31-Dec-11 Cents per share
	Net tangible assets per security in cents	22.95	27.03

4 Details of entities over which control has been gained or lost during the period, including the following.

4.1 Name of the entity. Not applicable

4.2 The date of the loss of control. Not applicable

4.3 Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period. Not applicable

5 Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution. No dividends or distributions were made during the period and none are planned.

6 Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan. Not applicable

7 Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity’s percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period. Not applicable

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- 8 For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

- 9 For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Not applicable

Dated this 28th day of February 2013



Frank R Kleinig
Company Secretary

TWT GROUP LIMITED
Half-year financial report



Half Yearly Results and Commentary for period ended 31st December 2012

Revenue from ordinary activities

Revenue from ordinary activities for the half-year ended 31 December 2012 was AU\$5,473,395, a decrease of AU\$5,252,494 from the previous corresponding period of 31 December 2011 which was AU\$10,725,889.

Net profit

Gross profit for the reporting period was AU\$864,570 compared to the previous corresponding period of AU\$1,716,196. Net profit after tax (NPAT) for the half year-ended 31 December 2012 was a net loss AU\$507,644, compare to a net loss AU\$853,441 for the previous corresponding period.

Commentary on financial and business performance

The company has reduced its operating expenses to \$1,415,072 (compared with \$3,474,909 in the same period last year) in line with previously stated intentions and in response to the decline in sales.

The drop in revenues was due to a contraction of sales in the domestic market in China and the deferral of orders by a number of international customers because of recalcitrant consumer demand in the US and the European markets in the current global economic climate.

The deferral of orders has resulted in an increase in inventories with the stock of outdoor furniture rising significantly above the holdings normally held by the company.

The company expects much of this surplus inventory to be run down in the second half as deferred orders are actuated.

The company has reduced its borrowings by \$1.8 million during the period by drawing down on cash reserves. The remaining debt facilities have been rolled over.

Outlook

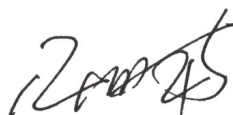
The company expects its trading results in the second half of this financial year to improve gradually on that in the first half.

Operating costs will continue to be managed tightly and credit risks contained by working closely with the company's customers to mitigate and control bad debts.

The domestic and international sales outlook for the company's products will remain weak while global economic conditions remain depressed. TWT is exploring ways of increasing its market share during this time by finding new sales avenues and outlets in existing markets.

The Board of Directors is continuing to review the corporate and business strategy of the company along with its cost structure and business model with the objective of improving profit margins and ensuring the company's competitiveness and long term viability.

Yours sincerely,



Hainan Xu
Chairman

Dated this 28th day of February 2013

TWT GROUP LIMITED
Half-year financial report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

DIRECTORS

The names of Directors who held office during or since the end of the half-year are:

Hainan Xu
Yajun Lian
Prof. Jianpeng Yao
Dr. Roger Sexton
Xiyao Jin
Fai-Peng Chen

JOINT COMPANY SECRETARIES

Prof. Jianpeng Yao
Frank Kleinig

REVIEW OF OPERATIONS

In the six months ended 31 December 2012, the consolidated entity reported a gross profit of AU\$864,570 compared to the previous corresponding period of AU\$1,716,196. Net profit after tax (NPAT) for the half year-ended 31 December 2012 was a net loss AU\$507,644, compare to a net loss AU\$853,441 for the previous corresponding period.

The company reduced its operating expenses to \$1,415,077 (compared with \$3,474,909 in the same period last year) in line with previously stated intentions.

The drop in revenues was due to a contraction of sales in the domestic market in China and the deferral of orders by a number of international customers because of recalcitrant consumer demand in the current economic climate.

The deferral of orders has resulted in an increase in inventories with the stock of outdoor furniture rising significantly above the holdings normally held by the company.

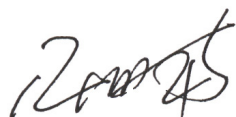
The company expects much of this surplus inventory to be run down in the second half as deferred orders are actuated.

The company has reduced its borrowings by AU\$1.8 million during the period by drawing down on cash reserves. The remaining debt facilities have been rolled over.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 of the report.

This report is signed in accordance with a resolution of the board of directors.



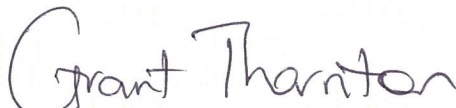
Hainan Xu, Chairman
Dated: 28 February 2013

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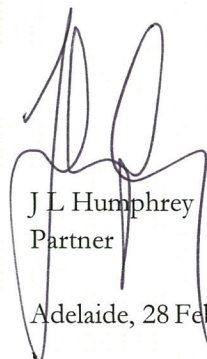
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TWT GROUP LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of TWT Group Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner

Adelaide, 28 February 2013

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TWT GROUP LIMITED
Half-year financial report

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	\$	\$
Revenue from operating activities	5,473,395	10,725,889
Cost of sales	<u>(4,608,825)</u>	<u>(9,009,693)</u>
Gross profit	864,570	1,716,196
Other income	326,780	293,721
Distribution costs	(384,462)	(708,227)
Administration costs	(1,002,281)	(2,761,362)
Finance costs	<u>(355,114)</u>	<u>(299,041)</u>
	<u>(1,415,077)</u>	<u>(3,474,909)</u>
Profit/(Loss) before income tax	(550,507)	(1,758,713)
Income tax expense	27,836	(4,407)
	<u>(522,671)</u>	<u>(1,763,120)</u>
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net foreign exchange gain/(loss) on translation of foreign operations	15,027	909,679
	<u>15,027</u>	<u>909,679</u>
Total comprehensive income for the period	<u>(507,644)</u>	<u>(853,441)</u>
Earnings per share:		
Basic earnings per share (cents)	(0.89)	(3.00)
Diluted earnings per share (cents)	(0.89)	(3.00)

The accompanying notes form part of these financial statements.

TWT GROUP LIMITED
Half-year financial report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	4	9,222,000	15,384,992
Trade and other receivables		12,728,172	10,160,936
Inventories		5,134,438	2,444,432
Income tax receivable		4,129	-
TOTAL CURRENT ASSETS		<u>27,088,739</u>	<u>27,990,360</u>
NON-CURRENT ASSETS			
Trade and other receivables		-	-
Property, plant and equipment		3,031,760	3,183,776
TOTAL NON-CURRENT ASSETS		<u>3,031,760</u>	<u>3,183,776</u>
TOTAL ASSETS		<u>30,120,499</u>	<u>31,174,136</u>
CURRENT LIABILITIES			
Trade and other payables		10,568,919	9,220,034
Short-term financial liabilities		6,053,767	7,919,600
Tax liabilities		-	29,045
TOTAL CURRENT LIABILITIES		<u>16,622,686</u>	<u>17,168,679</u>
TOTAL LIABILITIES		<u>16,622,686</u>	<u>17,168,679</u>
NET ASSETS		<u>13,497,813</u>	<u>14,005,457</u>
EQUITY			
Issued capital		9,162,553	9,162,553
Reserves		837,685	822,658
Retained earnings		3,497,575	4,020,246
TOTAL EQUITY		<u>13,497,813</u>	<u>14,005,457</u>

The accompanying notes form part of these financial statements.

TWT GROUP LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Ordinary Shares	Retained Earnings	Share Option Reserve	Foreign Exchange Translation Reserve	Statutory Common Reserve	Total Equity
Balance as at 1 July 2011	9,162,553	7,674,378	532,000	(1,361,264)	746,656	16,754,323
Total comprehensive income for the period	-	(1,763,120)	-	909,679	-	(853,441)
Balance as at 31 December 2011	<u>9,162,553</u>	<u>5,911,258</u>	<u>532,000</u>	<u>(451,585)</u>	<u>746,656</u>	<u>15,900,882</u>
Balance as at 1 July 2012	9,162,553	4,020,246	532,000	(455,998)	746,656	14,005,457
Total comprehensive income for the period	-	(522,671)	-	15,027	-	(507,644)
Balance as at 31 December 2012	<u>9,162,553</u>	<u>3,497,575</u>	<u>532,000</u>	<u>(440,971)</u>	<u>746,656</u>	<u>13,497,813</u>

The accompanying notes form part of these financial statements.

TWT GROUP LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,076,020	9,894,507
Payments to suppliers and employees	(7,179,281)	(9,744,235)
Interest received	246,714	251,963
Other income	80,071	41,760
Finance costs	(355,114)	(299,040)
Income tax paid	(5,338)	(6,788)
Net cash used in operating activities	<u>(3,136,928)</u>	<u>138,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property plant & equipment	<u>(2,741)</u>	<u>(62,968)</u>
Net cash used in investing activities	<u>(2,741)</u>	<u>(62,968)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	6,053,767	7,920,700
Repayment of borrowings	(7,919,600)	(8,255,295)
Short-term loans to non-related parties	<u>(1,169,861)</u>	<u>(3,211,072)</u>
Net cash (used in)/provided by financing activities	<u>(3,035,694)</u>	<u>(3,545,667)</u>
Net decrease in cash held	(6,175,363)	(3,470,468)
Cash and cash equivalents at beginning of period	15,384,992	22,317,966
Net foreign exchange differences	12,371	679,944
Cash and cash equivalents at end of period	<u><u>9,222,000</u></u>	<u><u>19,527,442</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with AIFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2012 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

This interim financial report is intended to provide users with an update on the latest annual financial statements of TWT Group Ltd and its controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. The half-year report does not include full disclosure of the type normally included in an annual financial report.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

New and revised accounting standards applicable for the first time to the current half-year reporting period

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its half-year financial statements.

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2013.

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Similar to the last reporting period ended 30 June 2012, the Group is managed primarily on the basis of product category and service offerings. Operating segments are therefore determined on the same basis.

TWT GROUP LIMITED
Half-year financial report

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 2: OPERATING SEGMENTS (Cont.)

Segment results for six months ended 31 December 2012

	Umbrella Manufacturing	Outdoor Furniture Manufacturing	Furniture Trading	Other	Consolidated
	\$	\$	\$	\$	\$
REVENUE					
Sales to external customers	5,207,612	265,783	-	-	5,473,395
RESULTS					
Segment Results	(47,977)	(358,306)	(97,047)	(19,341)	(522,671)

Segment results for six months ended 31 December 2011

	Umbrella Manufacturing	Outdoor Furniture Manufacturing	Furniture Trading	Other	Consolidated
	\$	\$	\$	\$	\$
REVENUE					
Sales to external customers	8,325,161	2,400,728	-	-	10,725,889
RESULTS					
Segment Results	(22,136)	186,381	(1,849,450)	(77,915)	(1,763,120)

Segment assets and liabilities as at 31 December 2012

	Umbrella Manufacturing	Outdoor Furniture Manufacturing	Furniture Trading	Other	Consolidated
Segment assets	24,521,972	5,213,197	282,005	103,325	30,120,499
Segment liabilities	14,885,338	1,271,837	429,410	36,101	16,622,686

Segment assets and liabilities as at 30 June 2012

	Umbrella Manufacturing	Outdoor Furniture Manufacturing	Furniture Trading	Other	Consolidated
Segment assets	27,055,165	3,155,673	910,804	52,494	31,174,136
Segment liabilities	14,652,628	1,980,207	479,410	56,434	17,168,679

TWT GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 3: DIVIDENDS

The Board has not recommended nor have paid any dividends during the half year ended 31 December 2012.

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalent include other monetary assets which act as security for notes payable (\$772,953).

NOTE 5: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: COMMITMENTS

There has been no material change to the commitments disclosed in the 30 June 2012 annual report.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of TWT Group Ltd to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

TWT GROUP LIMITED
Half-year financial report

DIRECTORS' DECLARATION

The directors of the company declare that:

The financial statements and notes, as set out on pages 8 to 14 are in accordance with the Corporations Act 2001 including:

- a. complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- b. give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Hainan Xu
Director

Dated this 28th day of February 2013



Grant Thornton

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TWT GROUP LIMITED

We have reviewed the accompanying half-year financial report of TWT Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year..

Directors' responsibility for the half-year financial report

The directors of TWT Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the TWT Group Limited consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of TWT Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Independence

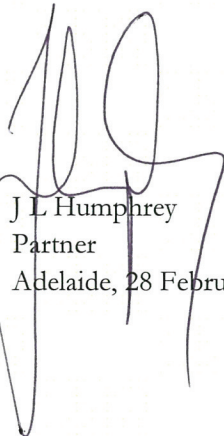
In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of TWT Group Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity' financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.


GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner
Adelaide, 28 February 2013