TIEN WAH PRESS HOLDINGS BERHAD
(CO. NO. 340434-K)

<u>Notes to the Interim Financial Report for the quarter ended 31 December 2008</u>

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2007.

A2. Audit Report Qualification and Status of Matters Raised

The audit report of the preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Nature of Operations

The quarterly financial results were not affected by seasonal or cyclical factors of operations.

A4. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial year.

A5. Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current financial year under review.

A6. Changes in Debt and Equity Securities

Executive Share Option Scheme ("ESOS")

For the financial year, there were no other issuances, cancellations, repurchase, resale and repayments of debt and equity securities except for the following:-

Since 11 January 2008 118,500, ordinary shares of RM1.00 each have been issued (15,900 shares at an option price of RM1.00 per share and 102,600 shares at an option price of RM1.20 per share) to eligible employees following the exercise by them of the options granted under the ESOS. The ESOS which came into force on 5 February 1998 has been extended for another five (5) years from 5 February 2003 to 4 February 2008. The ESOS options are not to be extended further and have expired on 4 February 2008.

A7. Dividends Paid

The total dividends paid out of the equity holders for the ordinary shares are as follows:-

	12 months ended 31 December	
	2008 RM'000	2007 RM'000
Interim paid on 8 September 2008 in respect of the financial year ended 31 December 2008 – 6.0 sen interim tax-exempt per share	4,136	
Final paid on 26 June 2008 in respect of the financial year ended 31 December 2007 – 6.0 sen final tax-exempt per share	4,135	
Interim paid on 30 August 2007 in respect of the financial year ended 31 December 2007 – 10.0 sen interim tax-exempt per share		4,587
Final paid on 26 June 2007 in respect of the financial year ended 31 December 2006 – 5.0 sen final tax-exempt per share		2,282
	8,271	6,869

A8. Segment Information

The Group operates principally in the printing industry and the Group's operations are mainly in Malaysia, Vietnam and Australia.

As at 31 December 2008					
	Malaysia RM '000	Vietnam RM '000	Australia RM '000	Elimination RM '000	Consolidated RM '000
Assets and liabilities					
Segment assets	323,747	64,998	180,685	(184,966)	384,464
Unallocated assets	-	243	-	-	243
Total assets	323,747	65,241	180,685	(184,966)	384,707
Segment liabilities	136,717	48,146	174,089	(118,647)	240,305
Capital expenditure	2,716	1,558	6		4,280
Depreciation of property, plant and equipment	3,850	3,209	1,635	987	9,681
Amortisation of prepaid lease payments	310	95	-	-	405
Revenue	150,441	36,572	22,299	(23,253)	186,059
Segment results	33,351	5,896	1,454	(14,009)	26,692
Results from operating activities					26,692
Finance cost					(2,722)
Interest income					508
Investing results					(421)
Share of profit of equity accounted associate					1,373
Tax expense					(5,878)
Profit for the year					19,552

A9. Property, Plant and Equipment

There was no revaluation of property, plant and equipment brought forward from its previous audited financial statements for the year ended 31 December 2007. The carrying value is based on a valuation carried out in 2006 by independent qualified valuers less depreciation.

A10. Material Events Subsequent to the Balance Sheet Date

No material events affecting the earnings of the Company and the Group have occurred subsequent to the balance sheet date up to 16 February 2009.

A11. Changes in the Composition of the Group

On 8 September 2008, the Company ("TWPH") acquired the entire equity interest in Max Ease International Limited ("MEIL") for a cash consideration of HKD6,450 and entered into a conditional Joint Venture Agreement with New Toyo International Holdings Ltd ("NTIH") (a substantial shareholder and ultimate holding company of TWPH), to set up a joint venture between TWPH and NTIH whereby MEIL will be the joint venture company. On 31 October 2008, MEIL acquired 40,280 ordinary shares in Anzpac Services (Australia) Pty Limited ("Anzpac"), representing 100% of its issued and paid-up share capital for a cash consideration of AUD60 million. Accordingly, TWPH and NTIH are now holding 51% and 49% equity interest respectively in MEIL.

On 4 December 2008, the Company completed the disposal of 1,020,000 ordinary shares of RM1.00 each representing 51% of the issued and paid-up share capital of Paper Base Converting Sdn Bhd ("PBC") to New Toyo Lamination (M) Pte Ltd ("NTLM") for a cash consideration of RM5.219 million less any dividends paid out prior to completion. PBC was no longer a subsidiary of TWPH as at 31 December 2008.

Except for the above-mentioned, there were no other changes in the composition of the Group for the current quarter and financial year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. Changes in Contingent Assets and Liabilities

Pursuant to the Conditional Share Purchase Agreement dated 18 September 2007 ("SPA") made between the Company and NTIH for the acquisition of New Toyo Investments Pte Ltd ("NTIV"), NTIH had guaranteed to TWPH that on completion of the said acquisition (which took place on 21 December 2007), based on the audited accounts as adjusted in accordance with the provisions in the SPA, the net profit after tax ("PAT") of Alliance Print Technologies Co., Ltd ("APT"), a wholly-owned subsidiary of NTIV derived from activities conducted in the ordinary course of business of APT for the three (3) financial years ending on 31 December 2008, 31 December 2009 and 31 December 2010 for such financial years, will be USD1.8 million, USD2.0 million and USD2.2 million respectively ("NPAT Target").

In the event that the NPAT Target is not achieved in any financial year, NTIH agrees that they shall pay to TWPH, within 30 days from the date of presentation of the relevant audited accounts of APT to NTIH (as adjusted in accordance with the provisions in the SPA), any difference between the net PAT or loss after tax of APT and the NPAT Target.

For the financial year as at 31 December 2008, NTIH shall pay to the Company for the above profit guaranteed amounting to RM1,218,769.

As at 31 December 2008, the Company had issued proportionate corporate guarantees in favour of MEIL for its external borrowings in respect of the AUD 50.0 million credit facilities granted to enable MEIL to undertake and complete the acquisition of Anzpac.

As at 31 December 2008, the Company has unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of RM31,624,000 of which RM11,285,400 have been utilized.

Except for the above-mentioned, there were no other contingent assets or liabilities which are expected to have an operational or financial impact on the Group.

A13. Inventories

There was no write-down of inventory value for the current financial year.

A14. Provision for Warranties

There was no provision for warranties for the current financial year.

A15. Changes in Tax Rate (Estimates)

There was no change in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial year.

A16. Capital Commitments

	4th Quarter ended 31 Dec 2008 RM'000
Property, plant and equipment	
- Authorised but not contracted for	12,687
- Contracted but not provided for in the financial statements	5,230
	17,917

A17. Related Party Transactions

There were no related party transactions with its associate for the financial period ended 31 December 2008.

The following related party transactions of the Group have been entered into with related parties that are necessary for the day-to-day operations in the ordinary course of business as at fourth quarter ended 31 December 2008.

	Financial period to date 31 December 2008 RM'000
New Toyo International Holdings Ltd	
- Payment of management fees	1,291
New Toyo International Co. (Pte) Ltd	
- Trade	6,055
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Trade	(3,051)
New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd	
– Trade	1,059
Toyoma Aluminium Foil Packaging Sdn Bhd	
- Trade	(3)
- Rental of warehouse	33

	Financial period to date 31 December 2008 RM'000
Toyo (Viet) Paper Product Co., Ltd	
- Trade	310
- Sales of machinery	(2,884)
- Rental of warehouse	218
Vina Toyo Company Ltd	
- Trade	(333)
Paper Base Converting Sdn Bhd	
- Trade	824
- Rental of warehouse	(50)

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

Group's revenue for the fourth quarter ended 31 December 2008 increased by 103.1% to RM64.6 million from RM31.8 million in the preceding year corresponding quarter. The increase in revenue for the quarter under review was mainly due to the consolidation of revenue from its newly acquired subsidiaries, APT of RM9.3 million and Anzpac of RM22.3 million. During the year, the Group disposed its subsidiary, PBC on 4 December 2008. In addition, there were also higher sales to British American Tobacco's ("BAT") domestic and export markets, in particular Malaysia and Singapore.

Profit before tax and minority interests for the fourth quarter ended 31 December 2008 was higher at RM8.8 million, an increment of RM4.8 million. The better results came from the consolidation of profits from APT and Anzpac and its core printing units.

Group's revenue for the twelve months ended 31 December 2008 increased by 43.5% to RM186.1 million from RM129.7 million in the preceding year. Group's profit before tax and minority interests for the twelve months ended 31 December 2008 was at RM25.4 million, higher by RM8.8 million or 52.7% compared to the twelve months preceding year. The improvement was a result of the contribution of profits from its newly acquired subsidiaries, a higher volume of sales from BAT and the Group's continued focus on operational efficiencies.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group recorded revenue of RM64.6 million as compared to RM42.4 million for the preceding quarter. The profit before tax and minority interest was at RM8.8 million as compared to RM6.0 million for the preceding quarter.

The improvement in both revenue and profits for the current quarter resulted mainly from higher profits contribution from all the Group's subsidiaries, including the acquisition of Anzpac.

B3. Current Year Prospects

The continuing weakness in the global economies due to the financial crisis has impacted the regional economies including Malaysia. The slowing down in the aggregate market demand cuts across the board, affecting various sectors including the tobacco industry.

The recent success by the Company in securing the BAT's regional contract for a seven (7) plus three (3) year term (as stated in Note B8 below) has substantially increased our market share. Through the strategic acquisitions of APT in Vietnam, Anzpac in Australia together with our Malaysian operations, we will be in a better position to cushion this economic downside with this increase in sales volume.

With this supply position and as BAT Group's single largest printer in the Asia Pacific Region, the Directors are of the opinion that the results of the Group for 2009 will be satisfactory.

B4. Profit Forecast

None.

B5. Tax Expense

	4th Quarter ended 31 December		12 months ended 31 December	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax expense				
- Current year	1,727	240	5,443	1,913
- Prior year	-	-	144	-
	1,727	240	5,587	1,913
- Deferred tax expense	25	(452)	(62)	(547)
	1,752	(212)	5,525	1,366
Share of associate's taxation	308	(13)	353	(3)
	2,060	(225)	5,878	1,363

The Group's effective tax rate for the twelve months ended 31 December 2008 was lower than the statutory tax rate due to availability of reinvestment allowance by certain subsidiaries and the tax-free status of overseas subsidiary during the financial year under review.

B6. Profit or Loss on Sale of Unquoted Investments and/or Properties

On 4 December 2008, the Group disposed its equity interest on its 51% subsidiary, PBC:-

	12 months ended December 2008 RM'000
Sales Proceeds	3,680
Net Group assets disposed	(4,101)
Loss on disposal	(421)
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Other than the above, there was no other profit or loss on any sale of unquoted investments and/or properties included in the results of the group for the current quarter and financial year.

B7. Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the financial year.

B8. Status of corporate proposals announced

Except as disclosed below, there were no other corporate proposals announced but not completed as at to-date:-

We refer to the announcement dated 1 July 2008, wherein the Company together with NTIH, had entered into a conditional sale and purchase agreement with BAT Australia ("BATA") to acquire the entire equity interest in Anzpac for a cash consideration of AUD60 million ("Acquisition") which comes with:-

a) a right to a seven (7) year supply agreement with BATA to supply 100% of BATA's printed carton requirement in Australia, New Zealand, Fiji, Papua New Guinea, the Solomon Islands and Samoa (collectively known as "Australasia") with a right to extend the supply period by an additional three (3) years on terms no less favourable than what is offered by bona fide third party suppliers ("SA-BATA"), and

b) a right to supply 100% of BAT's printed carton requirements for the domestic and/or export markets, in particular, Malaysia, Singapore and Vietnam for seven (7) years with a right to extend the supply period by an additional three (3) years on terms no less favourable than what is offered by bona fide third party suppliers ("SA-BAT").

On 8 September 2008, the Company acquired the entire equity interest in MEIL for a cash consideration of HKD6,450 and entered into a conditional Joint Venture Agreement with NTIH and MEIL to set up a joint venture between TWPH and NTIH whereby MEIL will be the joint venture company ("Joint Venture"). TWPH had on the same day, also entered into a conditional sale and purchase agreement with NTLM, its deemed substantial shareholder to dispose of 1,020,000 ordinary shares of RM1.00 each representing 51% of the issued and paid-up share capital of PBC to NTLM for a cash consideration of RM5.219 million less any dividends paid out from the time of the signing of the said agreement until the completion of the disposal ("Disposal").

TWPH and NTIH had nominated MEIL to complete the Proposed Acquisition on their behalf and hold 51% and 49% equity interest respectively in MEIL. The SA-BATA and SA-BAT were also assigned to MEIL.

To fund the Acquisition, MEIL undertook external borrowings and TWPH and NTIH provided proportionate corporate guarantees in favour of MEIL for the borrowings. In addition to the corporate guarantees, TWPH has also provided financial assistance to MEIL in the form of shareholders' loans and may provide further shareholder's loan in the future ("Financial Assistance").

The above Acquisition, Disposal and Financial Assistance were approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 October 2008. The Acquisition and Joint Venture were completed on 31 October 2008. The Disposal was completed on 4 December 2008.

B9. Borrowings and Debt Securities

	As at 31 December 2008		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Finance lease liabilities		73	73
Borrowings – Term Loan		4,518	4,518
Borrowings – Working Capital	4,879	25,250	30,129
Sub-totals	4,879	29,841	34,720
Long-term borrowings			
Finance lease liabilities		105	105
Borrowings – Term Loan	118,743	5,885	124,628
Borrowings – NTIH and its subsidiaries		15,520	15,520
Sub-totals	118,743	21,510	140,253
Grand total	**123,622**	**51,351**	**174,973**

Secured short-term and long-term borrowings due to the bank were secured by stocks of APT, shares of Anzpac and third party fixed charge over three (3) properties owned by its wholly-owned subsidiary, Tien Wah Properties Sdn Bhd.

The amount due to NTIH and its subsidiaries was unsecured and interest free.

Group's borrowings in Ringgit Malaysia equivalent analysed by currencies in which the borrowings are denominated were as follows:

		As at 31 December 2008
	Long- term borrowings RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	105	11,123
Singapore Dollar	28	-
Australian Dollar	48,048	-
United States Dollar	92,072	23,597
Total	140,253	34,720

B10. Off Balance Sheet Financial Instruments

	4th Quarter ended 31 December 2008			
Foreign Currency	Amount ‘000	Purpose	Equivalent in RM’000	Maturity Date
US Dollar	3,108	Sales	11,177	Jan/Jun ‘09

As at 31 December 2008, the Group has an open position in respect of forward foreign exchange contracts for sales amounted to RM11,177,011.

Under these contracts, the Group has obligations to deliver in full the amount contracted with the banker within the contracted period.

B11. Changes in Material Litigation

As at the date of issuance of this quarterly report, the Company was not engaged in any material litigation.

B12. Dividends

(a) The Directors have recommended the payment of a final dividend of 9.4 sen gross per share less tax of 25% in respect of the financial year ended 31 December 2008.

(b) Since the end of the previous financial year, the Company had on 26 June 2008 paid a final tax-exempt dividend of 6 sen per share totaling RM4,135,500 in respect of the financial year ended 31 December 2007.

(c) The Company had on 8 September 2008 paid an interim tax-exempt dividend of 6 sen per share totalling RM4,135,500 in respect of the financial year ended 31 December 2008.

(d) The date payable for the dividend is on 25 June 2009 subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced later.

(e) In respect to the deposited securities, entitlement to dividends will be determined on the basis of the record of depositories as at 17 June 2009.

(f) The total dividend for the current financial year is 15.4 sen per share comprising a tax-exempt dividend 6 sen per share and 9.4 sen gross dividend per share, less tax of 25%.

B13. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares outstanding.

Weighted average number of ordinary shares	Unit'000
Issued ordinary shares at beginning of the period	68,807
Effect of shares issued in relation to Executive Share Option Scheme during the period	109
Weighted average number of ordinary shares	68,916

Diluted earnings per share

The calculation of diluted earnings per share for the quarter is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Weighted average number of ordinary shares	Unit'000
Issued ordinary shares at beginning of the period	68,916
Effect of shares issued on full subscription for all outstanding Executive Share Option Scheme shares	-
Weighted average number of ordinary shares (diluted)	68,916