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

Notes to the Interim Financial Report for the quarter ended 30 September 2009

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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. 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 2008.

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 2008.

As at the date of this report, the following Financial Reporting Standards ("FRS"), amendments to FRSs, IC Interpretations and Technical Release have been issued by the Malaysian Accounting Standards Board, but are not yet effective and have not been applied by the Group:

FRS 8 Operating Segments

FRS 139 Financial Instruments: Recognition and Measurement

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 123 Borrowing Costs

FRS 101 Presentation of Financial Statements

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11 FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

Amendment to FRS 1 First-time Adoption of Financial Reporting Standards

Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations

Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendment to FRS 7 Financial Instruments: Disclosures

Amendment to FRS 8 Operating Segments

Amendment to FRS 107 Statement of Cash Flows

Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110 Events after the Reporting Period

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 117 Leases

Amendment to FRS 118 Revenue

Amendment to FRS 119 Employee Benefits

Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123 Borrowing Costs

Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendment to FRS 128 Investments in Associates

Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131 Interest in Joint Ventures

Amendment to FRS 132 Financial Instruments: Presentation

Amendment to FRS 134 Interim Financial Reporting

Amendment to FRS 136 Impairment of Assets

Amendment to FRS 138 Intangible Assets

Amendment to FRS 139 Financial Instruments: Recognition and Measurement

Amendment to FRS 140 Investment Property

Amendment to IC Interpretation 9 Reassessment of Embedded Derivatives

All the new FRSs, amendments to FRSs, IC Interpretations and Technical Release above are effective from 1 January 2010 with the exception of FRS 8 Operating Segments, which is effective for annual periods beginning on or after 1 July 2009. FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial period beginning on 1 January 2010.

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

On 31 July 2009, the Company acquired 100% equity interest in Toyo (Viet) Paper Product Co., Ltd. ("Toyoviet") comprising contributed legal capital of USD4,421,141 for a total cash consideration of USD3,650,000 (equivalent to RM12,853,475)

Except for the above-mentioned, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

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-to-date under review.

A6. Changes in Debt and Equity Securities

For the financial year-to-date, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

A7. Dividends Paid

The total dividends paid out of the shareholders' equity for the ordinary shares are as follow:-

	9 months ended 30 September	
	2009 RM'000	2008 RM'000
Final paid on 26 June 2009 in respect of the financial year ended 31 December 2008 – 9.4% net of income tax of 25% per share	4,859	
Interim paid on 8 September 2008 in respect of the financial year ending 31 December 2008 – 6.0% tax-exempt per share		4,136
Final paid on 26 June 2008 in respect of the financial year ended 31 December 2007 – 6.0% tax-exempt per share		4,135
	4,859	8,271

A8. Segment Information

(a) Geographical segments

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

As at 30 September 2009						
	Malaysia	Vietnam	Hong Kong	Australia	Eliminations	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue						
External revenue	62,014	14,653	38,199	123,218	-	238,084
Inter-segment revenue	13,926	27,088	6,363	3,333	(50,710)	-
Total revenue	75,940	41,741	44,562	126,551	(50,710)	238,084
Segment results	4,691	6,451	(3,434)	15,798	3,815	27,321
Results from operating activities						27,321
Finance cost						(5,777)
Interest income						37
Share of profit of equity accounted associate						1,424
Tax expense						(5,807)

Profit for the year						17,198
Assets and liabilities						
Segment assets	332,993	104,699	161,736	162,079	(315,152)	446,355
Segment liabilities	148,109	72,414	171,809	28,801	(146,246)	274,887
Capital expenditure	5,851	23,564	-	1,421	(9,652)	21,184
Depreciation of property, plant and equipment	2,422	2,754	-	6,848	637	12,661
Amortisation of prepaid lease payments	-	73	-	-	246	319

(b) Business segments

The Group's business segments analysis for the current financial period is as follows:

Other operations include investment holding company and investment property company.

As at 30 September 2009					
	Manufacturing	Trading	Other operations	Eliminations	Consolidated
	RM '000	RM '000	RM '000	RM '000	RM '000
Revenue					
External revenue	199,438	38,199	447	-	238,084
Inter-segment revenue	42,545	6,363	1,802	(50,710)	-
Total revenue	241,983	44,562	2,249	(50,710)	238,084
Segment results	26,142	(3,434)	798	3,815	27,321
Results from operating activities					27,321
Finance cost					(5,777)
Interest income					37
Share of profit of equity accounted associate					1,424
Tax expense					(5,807)
Profit for the year					17,198
Assets and liabilities					

Segment assets	403,238	161,736	196,533	(315,152)	446,355
Segment liabilities	170,908	171,809	78,416	(146,246)	274,887
Capital expenditure	30,824	-	12	(9,652)	21,184
Depreciation of property, plant and equipment	11,962	-	62	637	12,661
Amortisation of prepaid lease payments	73	-	-	246	319

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 2008. 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 3 November 2009.

A11. Changes in the Composition of the Group

On 24 June 2009, the Board of Directors of Tien Wah Press Holdings Berhad ("TWPH") announced that the Company had entered into a share purchase agreement on even date to acquire the entire equity interest in Toyoviet comprising contributed legal capital of USD4,421,141 for a total cash consideration of USD3,650,000 from New Toyo Aluminium Paper Product Co Pte Ltd ("NTAP"), a wholly-owned subsidiary of New Toyo International Holdings Ltd ("NTIH"), a substantial shareholder and the ultimate holding company of TWPH ("Acquisition").

The Acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 July 2009.

The Acquisition was completed on 31 July 2009 and since then; Toyoviet became a wholly-owned subsidiary of TWPH.

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

Contingent assets

Pursuant to the Conditional Share Purchase Agreement dated 18 September 2007 ("SPA") made between the Company and NTIH (a substantial shareholder and ultimate holding company of TWPH) 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 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 year-to-dates ending on 31 December 2008, 31 December 2009 and 31 December 2010 for such financial year-to-dates, 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-to-date, 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 ended 31 December 2008, the profit guarantees from NTIH to TWPH amounted to RM1,218,769.

Contingent liabilities

As at 30 September 2009, the Company had issued proportionate corporate guarantees in favour of Max Ease International Limited ("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 Services (Australia) Pty Ltd ("Anzpac").

As at 30 September 2009, the Company had unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries (excluding MEIL) of RM31,500,000 and USD5,000,000 of which RM14,487,000 and USD3,995,000 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-to-date.

A14. Provision for Warranties

There was no provision for warranties for the current financial year-to-date.

A15. Changes in Tax Rate (Estimates)

There was no change in estimates of amounts reported in prior financial year that have a material effect in the current financial year-to-date under review.

A16. Capital Commitments

	3rd Quarter ended 30 Sept 2009 RM'000
Property, plant and equipment	
- Authorised but not contracted for	61
- Contracted but not provided for in the financial statements	4,016
	4,077

A17. Related Party Transactions

The following transactions have been entered into with related parties that were necessary for the day-to-day operations in the ordinary course of business.

	Financial period to date 30 Sept 2009 RM '000
Max Ease International Limited	
- Sales	(35,568)
- Interest expenses	137
Anzpac Services (Australia) Pty Limited	
- Purchases	33
New Toyo International Holdings Ltd	
- Management fees	1,451
- Interest expenses	33
New Toyo International Co. (Pte) Ltd	
- Sales	(5,975)
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Sales	(87)
- Purchases	223
New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd	
- Purchases	4
Toyoma Aluminium Foil Packaging Sdn Bhd	
- Rental of warehouse	111
- Purchases	208
Toyo (Viet) Paper Product Co., Ltd (before 1 August 2009)	
- Purchases	1
- Rental of production and warehouse	293
- Sales of machine spare-parts	(224)
Vina Toyo Company Ltd	
- Purchases	74
Paper Base Converting Sdn Bhd	
- Purchases	4,232
- Rental income of office and factory building	(448)
New Toyo Pulppy (Hong Kong) Limited	
- Outsourcing of sales administrative and accounting work	101
New Toyo Pulppy (Vietnam) Co.Limited	
- Sales of waste paper	(267)

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

B1. Review of Performance

Group's revenue for the third quarter ended 30 September 2009 increased by 105.8% to RM87.2 million from RM42.4 million in the preceding year corresponding quarter. The increase in revenue of RM44.8 million for the quarter under review was attributable to the volumes contracted under the British American Tobacco ("BAT") Supply Agreements and higher exports.

Profit before tax and minority interests for the third quarter ended 30 September 2009 was higher at RM7.4 million as compared to the preceding year corresponding quarter of RM6.0 million. The increase of RM1.4 million or 24.3% for the quarter under review was a result of the consolidation of a newly acquired foreign subsidiary.

Group's revenue for the nine months ended 30 September 2009 increased by 96.0% to RM238.1 million from RM121.5 million. Profit before tax and minority interests for the nine months ended 30 September 2009 was higher at RM23.0 million or 38.3% as compared to the nine months preceding period of RM16.6million. The increase in revenue of RM116.6 million and the improvement of profit before tax and minority interests of RM6.4 million was a result of the consolidation of a newly acquired foreign subsidiary and the supply contract from BAT.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group recorded revenue of RM87.2 million as compared to RM75.6 million for the preceding quarter due to higher exports.

Profit before tax and minority interest was at RM7.4 million as compared to RM7.5 million for the preceding quarter, a decline of RM0.1 million or 1.3%.

Profits for the quarter were impacted by a different product mix with lower margin and higher depreciation arising from investment in printing equipment to increase future productivity.

B3. Current Year Prospects

The continuing global economic weaknesses continuously impact our region including Malaysia. Aggregate market demand across major industries remains weak.

Given the economic and demand weakness, TWPH Group has sought to optimise its manufacturing operations across different locations.

With the existing contract in hand, the Directors are of the opinion that the current year prospect for the Group remains positive.

B4. Profit Forecast

None.

B5. Tax Expense

	3rd Quarter ended 30 Sept		9 months ended 30 Sept	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income tax expense				
- Current year	2,033	1,556	5,563	3,716
- Prior year	65	144	65	144
	2,098	1700	5,628	3,860
- Deferred tax expense	127	44	100	(87)
	2,225	1,744	5,728	3,773
Share of associate's taxation	42	25	79	45
	2,267	1,769	5,807	3,818

The Group's effective tax rate for the nine months ended 30 September 2009 was higher than the Malaysian statutory tax rate of 25% due to higher tax rate in certain tax jurisdictions of overseas subsidiary and effects of certain expenses not deductible for tax purpose.

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

There were no profits on any sale of unquoted investments and/or properties included in the results of the Group for the financial year-to-date.

B7. Quoted Securities

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

B8. Status of corporate proposals announced

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

On 24 June 2009, the Board of Directors of TWPH announced that the Company had entered into a share purchase agreement on even date to acquire the entire equity interest in Toyoviet comprising contributed legal capital of USD4,421,141 for a total cash consideration of USD3,650,000 from NTAP, a wholly-owned subsidiary of NTIH, a substantial shareholder and the ultimate holding company of TWPH ("Acquisition").

The Acquisition was approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 July 2009.

The Acquisition was completed on 31 July 2009 and since then; Toyoviet became a wholly-owned subsidiary of TWPH.

B9. Borrowings and Debt Securities

	As at 30 September 2009		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Borrowings – Term Loan	-	5,819	5,819
Borrowings – Working Capital	4,839	29,928	34,767
Borrowings – NTIH and its subsidiaries	-	19,873	19,873
Sub-totals	4,839	55,620	60,459
Long-term borrowings			
Borrowings – Term Loan	137,532	1,112	138,644
Borrowings – NTIH and its subsidiaries	-	16,040	16,040
Sub-totals	137,532	17,152	154,684
Grand total	**142,371**	**72,772**	**215,143**

Secured short-term and long-term borrowings due to the bank were secured by stocks and printing machinery 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 30 September 2009 *Long- term borrowings* RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	-	14,991
Singapore Dollar	29	-
Australian Dollar	61,082	-
United States Dollar	93,573	44,927
Vietnam Dong	-	541
Total	154,684	60,459

B10. Off Balance Sheet Financial Instruments

	3rd Quarter ended 30 Sept 2009			
Foreign Currency	Amount '000	Purpose	Equivalent in RM'000	Maturity Date
US Dollar	500	Acquisition of a subsidiary	1,783	Dec '09
US Dollar	(300)	Sales	(1,047)	Nov '09

As at 30 September 2009, the Group has an open position in respect of forward foreign exchange contracts for acquisition of a subsidiary totalling RM1,782,500 and for sales totalling RM1,047,000.

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

The directors do not recommend any interim dividend for the three months ended 30 September 2009.

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	68,925
Effect of shares issued in relation to Executive Share Option Scheme during the period	-
Weighted average number of ordinary shares	68,925