

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

Notes to the Interim Financial Statements for the quarter ended 31 March 2011

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements 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 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2010 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2011. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

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-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

No dividend was paid during the three months ended 31 March 2011.

A8. Operating Segment

The Group has three reportable segments, as described below which are the Group's strategic business units. For each of the strategic business units, reflect the Group's management structure and the way financial information is regularly reviewed by the Board of Directors.

The following summary described the operations in each of the Group reportable segments:

Gravure printing: Rotogravure printing specialising in cigarette cartons and packaging services in general.

Litho printing: Photo-lithography printing specialising in consumer goods packaging, carton converter and advertising materials.

Trading: Trading of cigarette packaging cartons.

For the three months ended 31 March

	Gravure printing		Litho printing		Trading		Total	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue								
External revenue	36,202	42,966	21,890	22,132	32,513	24,562	90,605	89,660
Inter-segment revenue	35,762	21,467	2,462	2,086	5,965	3,399	44,189	26,952
Total revenue	71,964	64,433	24,352	24,218	38,478	27,961	134,794	116,612
Segment profit	8,307	5,837	3,185	3,181	6,574	3,387	18,066	12,405
Segment assets	340,623	297,830	76,113	77,555	152,539	153,051	569,275	528,436

Reconciliation of reportable segment profit or loss	3 months ended 31/03/2011	3 months ended 31/03/2010
	RM'000	RM'000
Total profit for reporting segments	18,066	12,405
Other non-reportable segments	(302)	32
Elimination of inter-segment profits	(5,153)	(867)
<i>Not included in the measure of segment profit but provided to the Board of Directors</i>		
Depreciation and amortization	(6,133)	(5,460)
Finance costs	(1,752)	(1,877)
Finance income	210	131
Share of profit of associate not included in reportable segments	569	306
Consolidated profit before tax	5,505	4,670

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 2010. The carrying value is based on a valuation carried out in 2006 by independent qualified valuers less depreciation.

A10. Material Events Subsequent to the End of Quarterly Period

No material events affecting the earnings of the Company and the Group have occurred subsequent to the end of the quarterly period date up to 3 May 2011.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. Changes in Contingent Liabilities

As at 31 March 2011, the Company had issued proportionate corporate guarantees of AUD10.2 million in favour of MEIL for its external borrowings in respect of the AUD 20.0 million credit facilities granted to enable MEIL to undertake and complete the acquisition of Anzpac Services (Australia) Pty Ltd.

As at 31 March 2011, the Company had unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries (excluding MEIL) of RM38,000,000 and USD16,510,000 of which RM24,495,000 and USD8,723,000 have been utilised.

Except for the above-mentioned, there were no other contingent 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. Capital Commitments

	3 months ended 31 March 2011 RM'000
Property, plant and equipment	
- Authorised but not contracted for	8,374
- Contracted but not provided for	10,523
	<u>18,897</u>

A16. 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.

	3 months ended 31 March 2011 RM '000
Max Ease International Limited	
- Sales	(23,178)
- Interest received	(84)
New Toyo International Holdings Ltd	
- Management fees	568
- Interest expenses	87
New Toyo International Co. (Pte) Ltd	
- Sales	(3,013)
- Purchases	2,766
Alliance Innovative Solutions Pte Ltd	
- Purchases	71
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Purchases	2,773
New Toyo (Vietnam) Aluminium Paper packaging Co.Ltd	
- Purchases	4
Toyoma Aluminium Foil Packaging Sdn Bhd	
- Rental of warehouse	38
Paper Base Converting Sdn Bhd	
- Purchases	1,968
- Rental income of office and factory building	(149)
New Toyo Pulppy (Hong Kong) Ltd	
- Outsourcing of sales administrative and accounting work	39
New Toyo Pulppy (Vietnam) Co.Ltd	
- Sales of waste paper	(25)

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

B1. Review of Performance

For the first quarter ended 31 March 2011, the Group's revenue increased by 1.1% or RM 1million to RM90.8 million from RM89.8 million for the corresponding quarter in 2010.

Profit before tax for the first quarter ended 31 March 2011 at RM5.5 million was higher as compared to the preceding year corresponding quarter of RM4.7 million. The better results came from the absence of production capacity constraints as experienced in the previous year. The profit for the current quarter was impacted by the loss on foreign exchange of RM2.2 million, excluding this; the profit would have been RM7.7 million.

B2. Variation of Results against Preceding Quarter

For the current quarter, the Group recorded revenue of RM90.8 million and profit before tax of RM5.5 million as compared to a revenue of RM89.7 million and profit before tax of RM5.2million against the preceding quarter respectively.

Profits for the quarter were higher due to an improvement in operating margins. The profit for the current quarter was impacted by the loss on foreign exchange of RM2.2 million, excluding this; the profit would have been RM7.7 million.

B3. Current Year Prospects

The tobacco industry remains challenging in 2011 due to the progression of many regulatory restrictions, increase in excise tax and market competition.

With the production capacity investments to be completed by 2011, the Group looks forward to stabilise and optimise the contract by using this additional capacity created to exploit the available business and market opportunities.

B4. Profit Forecast

None.

B5. Tax Expense

	1st Quarter ended 31 March		3 months ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense				
- Current year	1,718	1,232	1,718	1,232
- Prior year	(44)	-	(44)	-
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	1,674	1,232	1,674	1,232
Deferred tax				
- Origination and reversal of temporary differences	(224)	179	(224)	179
- Prior year	55	-	55	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,505	1,411	1,505	1,411

The Group's effective tax rate for the three months ended 31 March 2011 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

The Group does not have any corporate proposal which have not been completed as at the date of this announcement.

B9. Borrowings and Debt Securities

	As at 31 March 2011		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
<i>Short-term borrowings</i>			
Borrowings – Term Loans	16,654	641	17,295
Borrowings – Working Capital	4,379	44,792	49,171
Sub-totals	21,033	45,433	66,466
<i>Long-term borrowings</i>			
Borrowings – Term Loans	57,056	3,632	60,688
Grand total	78,089	49,065	127,154

Secured short-term and long-term borrowings due to the bank were secured by inventories and tangible fixed assets of APT, shares of Anzpac Services (Australia) Pty. Ltd and assignment of future proceeds by MEIL from the disposal of land and buildings owned by Anzpac.

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

	As at 31 March 2011	
	<i>Long-term borrowings</i> RM'000	<i>Short-term borrowings</i> RM'000
Ringgit Malaysia	-	24,495
Australian Dollar	46,894	12,505
United States Dollar	13,794	29,466
Total	60,688	66,466

B10. Derivatives

As at 31 March 2011, there were no forward foreign exchange contracts for purchase or sale.

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 31 March 2011.

B13. Earnings per share

a) 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.

	3 months ended 31/03/2011	3 months ended 31/03/2010
	RM'000	RM'000
Profit attributable to equity holders of the Company	2,677	2,077
Weighted average number of ordinary shares in issue	96,495	68,925
Basic earnings per share (sen)	<u>2.77</u>	<u>3.01</u>

b) Diluted earnings per share

Not applicable for the Group

B14. Retained Profits

Total retained profits of the Group and its subsidiaries:-

	As at 31/03/2011 RM'000	As at 31/12/2010 RM'000
Realised	214,588	212,042
Unrealised	(25,145)	(25,060)
Total retained profits	<u>189,443</u>	<u>186,982</u>
Total share of retained profits of associate		
Realised	8,704	8,135
Unrealised	(556)	(556)
Total retained profits	<u>8,148</u>	<u>7,579</u>
Consolidated adjustments	(126,358)	(126,005)
Total retained profits	<u>71,233</u>	<u>68,556</u>