

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

**Notes to the Interim Financial Statements for the quarter ended 30 June 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 March 2010, 1 July 2010 and 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

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

	6 months ended 30 June	
	2011 RM'000	2010 RM'000
Final paid on 30 June 2011 in respect of the financial year ended 31 December 2010 – 14.80% net of income tax of 25% per share	10,711	
Final paid on 23 June 2010 in respect of the financial year ended 31 December 2009 – 12.05% net of income tax of 25% per share		6,229
	<u>10,711</u>	<u>6,229</u>

#### 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 six months ended 30 June**

	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
<b>Revenue</b>								
External revenue	70,692	81,894	45,212	40,948	72,908	52,906	188,812	175,748
Inter-segment revenue	74,082	46,683	4,896	4,475	8,716	3,332	87,694	54,490
Total revenue	144,774	128,577	50,108	45,423	81,624	56,238	276,506	230,238
Segment profit	16,485	13,554	8,757	5,098	9,678	9,730	34,920	28,382
Segment assets	348,786	312,841	79,519	80,030	148,165	150,411	576,470	543,282

**Reconciliation of reportable segment profit or loss**

	6 months ended 30/06/2011	6 months ended 30/06/2010
	RM'000	RM'000
Total profit for reporting segments	34,920	28,382
Other non-reportable segments	1,089	62
Elimination of inter-segment profits	(3,255)	(5,453)
<i>Not included in the measure of segment profit but provided to the Board of Directors</i>		
Depreciation and amortization	(12,053)	(10,841)
Finance costs	(3,484)	(3,832)
Finance income	496	274
Share of profit of associate not included in reportable segments	1,110	740
Consolidated profit before tax	18,823	9,332

**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 2 August 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 30 June 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 30 June 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 RM21,700,000 and USD11,753,765 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**

	6 months ended 30 June 2011 RM'000
Property, plant and equipment	
- Authorised but not contracted for	5,931
- Contracted but not provided for	5,726
	<hr/> 11,657 <hr/>

#### **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.

	6 months ended 30 June 2011 RM '000
Max Ease International Limited	
- Sales	(51,340)
- Interest received	(158)

New Toyo International Holdings Ltd	
- Management fees	548
- Interest expenses	161
New Toyo International Co. (Pte) Ltd	
- Sales	(5,009)
- Purchases	4,913
Alliance Innovative Solutions Pte Ltd	
- Sales	(4)
- Purchases	175
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Purchases	4,516
New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd	
- Purchases	4
Toyoma Aluminium Foil Packaging Sdn Bhd	
- Rental of warehouse	76
New Toyo Pakistan Aluminium (Pvt) Ltd	
- Sale of plant and equipment	(23)
Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	
- Rental of warehouse	50
Paper Base Converting Sdn Bhd	
- Purchases	3,097
- Rental income of office and factory building	(169)
New Toyo Pulppy (Hong Kong) Ltd	
- Outsourcing of sales administrative and accounting work	77
New Toyo Pulppy (Vietnam) Co. Ltd	
- Sales of waste paper	(36)

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

### **B1. Review of Performance**

Group's revenue for the second quarter ended 30 June 2011 increased by 13.9% or RM12 million to RM98.2 million from RM86.2 million in the preceding year corresponding quarter. This growth was attributable to the increase in sales under a major customer's contract.

Profit before tax and non controlling interests for the second quarter ended 30 June 2011 was higher at RM13.3 million as compared to the preceding year corresponding quarter of RM4.7 million. The increase of RM8.6 million or 185.7% for the quarter under review were largely contributed by an increase in sales, a gain of RM1.4 million resulting from the sale of freehold land and building at Klang, Malaysia and the absence of one-off costs in 2010 related to production capacity constraints, external sourcing loss and testing of new raw materials.

Group's revenue for the six months ended 30 June 2011 increased by 7.3% to RM189.0 million from RM176.1 million. Profit before tax and non controlling interests for the six months ended 30 June 2011 was higher at RM18.8 million or 101.7% as compared to the six months preceding period of RM9.3million. This improvement was a result of the above factors including continued focus on operational efficiencies with the capacity investments completed in 2011.

The profit before tax for the half year was also impacted by the loss of foreign exchange of RM4.3 million, excluding this; the profit would have been RM23.1 million.

## B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's revenue increased from RM90.8million to RM98.2million as compared to the preceding quarter.

Profit before tax and non controlling interests was at RM13.3 million as compared to RM5.5 million for the preceding quarter.

The improved results for the current quarter were mainly due to higher revenue, improvement in operating margins and a gain of RM1.4 million resulting from the sale of freehold land and building at Klang, Malaysia.

## B3. Current Year Prospects

The Group's outlook remains positive, amidst the uncertainties affecting the global economies.

## B4. Profit Forecast

None.

## B5. Tax Expense

	2nd Quarter ended 30 June		6 months ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense				
- Current year	2,348	616	4,066	1,848
- Prior year	-	-	(44)	-
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	2,348	616	4,022	1,848
Deferred tax				
- Origination and reversal of temporary differences	263	5	39	184
- Prior year	-	-	55	-
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	2,611	621	4,116	2,032

The Group's effective tax rate for the six months ended 30 June 2011 was lower than the Malaysian statutory tax rate of 25% due to effects of lower tax rates in certain tax jurisdictions and effects of certain foreign sourced income which are not subject to tax during the financial year-to-date under review.

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

There were no profits/losses on any sale of unquoted investments included in the results of the Group for the financial year-to-date. However, a profit on disposal of property amounting of RM1.4 million was included in other income.

## 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 30 June 2011		RM'000 Total
	RM'000 Secured	RM'000 Unsecured	
<i>Short-term borrowings</i>			
Borrowings – Term Loans	17,180	2,015	19,195
Borrowings – Working Capital	3,750	43,394	47,144
Sub-totals	20,930	45,409	66,339
<i>Long-term borrowings</i>			
Borrowings – Term Loans	54,406	10,010	64,416
Grand total	75,336	55,419	130,755

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 30 June 2011	
	<i>Long-term borrowings</i> RM'000	<i>Short-term borrowings</i> RM'000
Ringgit Malaysia	3,380	22,545
Australian Dollar	45,320	12,948
Euro	6,630	1,170
United States Dollar	9,086	29,676
Total	64,416	66,339

## B10. Derivatives

As at 30 June 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 six months ended 30 June 2011.

## B13. Earnings per share

### a) Basic earnings per share

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

	6 months ended 30/06/2011	6 months ended 30/06/2010
	RM'000	RM'000
Profit attributable to equity holders of the Company	10,648	5,559
Weighted average number of ordinary shares in issue	96,495	68,925
Basic earnings per share (sen)	11.03	8.07

### b) Diluted earnings per share

Not applicable for the Group

## B14. Retained Profits

Total retained profits of the Group and its subsidiaries:-

	As at 30/06/2011 RM'000	As at 31/12/2010 RM'000
Realised	216,986	212,042
Unrealised	(28,531)	(25,060)
Total retained profits	188,455	186,982
Total share of retained profits of associate		
Realised	8,621	8,135
Unrealised	(556)	(556)
Total retained profits	8,065	7,579
Consolidated adjustments	(128,027)	(126,005)
Total retained profits	68,493	68,556