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

<u>Notes to the Interim Financial Statements for the quarter ended 30 September 2011</u>

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*

During the quarter under review, a subsidiary changed its accounting for exchange differences arising from the partial repayment of a loan obtained to finance its acquisition and investment in a wholly owned subsidiary. In the previous quarters, the exchange differences arising from the partial repayment of the said loan were charged to the income statement. However, in applying FRS 139: Financial Instruments, these exchange differences would remain in foreign currency translation reserve, until the investment is disposed or partially disposed. The change was made because, in the opinion of the directors of the subsidiary and TWPH, it would result in a fairer presentation of the results of the operations of the subsidiary and the Group.

The financial impact amounting to RM2.263 million has been adjusted to the Group's financial statement as follows:-

	1st Quarter ended 31 March 2011 RM'000	2nd Quarter ended 30 June 2011 RM'000	Cumulative to-date 30 June 2011 RM'000
Profit for the period - as previously stated	4,000	10,707	14,707
Effect of applying hedge accounting	1,073	1,190	2,263
Profit for the period - as restated	5,073	11,897	16,970

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:

	9 months ended 30 September	
	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
	10,711	6,229

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 nine months ended 30 September

	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	104,584	115,472	67,415	60,032	118,286	88,997	290,285	264,501
Inter-segment revenue	114,882	80,389	7,752	6,421	17,421	3,279	140,055	90,089
Total revenue	219,466	195,861	75,167	66,453	135,707	92,276	430,340	354,590
Segment profit	28,655	21,428	12,986	7,299	26,098	4,445	67,739	33,172
Segment assets	357,368	312,416	80,166	75,578	164,692	146,126	602,226	534,120

Reconciliation of reportable segment profit or loss	9 months ended 30/09/2011	9 months ended 30/09/2010
	RM'000	RM'000
Total profit for reporting segments	67,739	33,172
Other non-reportable segments	1,460	148
Elimination of inter-segment profits	(13,582)	3,033
Not included in the measure of segment profit but provided to the Board of Directors		
Depreciation and amortization	(18,447)	(16,304)
Finance costs	(5,150)	(5,865)
Finance income	765	423
Share of profit of associate not included in reportable segments	1,808	1,299
Consolidated profit before tax	34,593	15,906

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

There was no material events not reflected in the interim financial statements subsequent to the balance sheet date up to 2 November 2011, except for the following;

On 18 October 2011, the Company (“TWPH”) announced that its 51% owned subsidiary, Max Ease International Limited (“MEIL”) has fully repaid a loan amount of USD8,925,000 to the Company. The loan was made by the Company to MEIL from the proceeds of the Company’s rights issue which was first announced on 8 June 2010.

On the same day, TWPH also announced that the Company has on 18 October 2011 increased its investment in MEIL by the subscription of an additional 8,925,000 ordinary shares of USD1.00 each at par for cash consideration totalling USD8,925,000 in the share capital of MEIL ("the Subscription") in proportion to the shareholdings of the Company in MEIL.

The Subscription was funded by cash from the repayment of the loan by MEIL. Prior to the Subscription, the Company and its ultimate holding company, New Toyo International Holdings Ltd (“NTIH”) have shareholding interests of 51% and 49% in MEIL respectively. After the Subscription, the percentage shareholdings of the Company and NTIH in MEIL remain unchanged.

A11. Changes in the Composition of the Group

Except as mentioned in Note A10 above, there were no other 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 September 2011, the Company had issued proportionate corporate guarantees of AUD10.2 million in favour of MEIL for its external borrowings in respect of the AUD20.0 million credit facilities granted to enable MEIL to undertake and complete the acquisition of Anzpac Services (Australia) Pty Ltd.

As at 30 September 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 RM23,800,000 and USD11,343,076 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

	9 months ended 30 September 2011 RM'000
Property, plant and equipment	
- Authorised but not contracted for	1,633
- Contracted but not provided for	4,181
	5,814

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.

	9 months ended 30 September 2011 RM '000
Max Ease International Limited	
- Sales	(83,440)
- Interest received	(228)
New Toyo International Holdings Ltd	
- Management fees	1,688
- Interest expenses	232
New Toyo International Co. (Pte) Ltd	
- Sales	(7,602)
- Purchases	6,244
Alliance Innovative Solutions Pte Ltd	
- Sales	(25)
- Purchases	313
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Purchases	4,863
New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd	
- Sales	(1)
- Purchases	8
Toyoma Aluminium Foil Packaging Sdn Bhd	
- Rental of warehouse	88
New Toyo Pakistan Aluminium (Pvt) Ltd	
- Sale of plant and equipment	(23)
Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	
- Rental of warehouse	200
Paper Base Converting Sdn Bhd	
- Sales	(63)
- Purchases	3,784
- Rental income of office and factory building	(169)
New Toyo Pulppy (Hong Kong) Ltd	
- Outsourcing of sales administrative and accounting work	124
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 third quarter ended 30 September 2011 increased by 14.3% or RM12.7 million to RM101.6 million from RM88.9 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 third quarter ended 30 September 2011 was higher at RM13.5 million as compared to the preceding year corresponding quarter of RM6.6 million. The increase of RM6.9 million or 105.4% for the quarter under review were due to an improvement in revenue, operating margins and a gain on foreign exchange of RM1.9 million.

Group's revenue for the nine months ended 30 September 2011 increased by 9.7% or RM25.7 million to RM290.6 million from RM264.9 million.

Profit before tax and non controlling interests for the nine months ended 30 September 2011 was higher at RM34.6 million or 117.5% as compared to the nine months preceding period of RM15.9 million. This improvement was a result of higher revenue and continued focus on operational efficiencies with the capacity investments completed in 2011. There was also a gain of RM1.4 million from the sale of land and building, effect of applying hedge accounting of RM2.3 million as disclosed under Note A1 and the absence of one-off costs in 2010 related to production constraints, external sourcing loss and testing of new raw materials.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's revenue increased from RM98.2 million to RM101.6 million as compared to the preceding quarter.

Profit before tax and non controlling interests were at RM13.5 million as compared to RM13.3 million for the preceding quarter. The marginal improvement in results was due to higher revenue for the current quarter and the effect of applying hedge accounting of RM2.3 million as disclosed under Note A1. The preceding quarter's results comprised of a gain in sale of land and building of RM1.4 million and a loss of foreign exchange of RM1.9 million

B3. Current Year Prospects

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

B4. Profit Forecast

None.

B5. Tax Expense

	3rd Quarter ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current year	1,976	1,461	6,042	3,309
- Prior year	-	(172)	(44)	(172)
	1,976	1,289	5,998	3,137
Deferred tax				
- Origination and reversal of temporary differences	444	(284)	483	(100)
- Prior year	-	-	55	-
	2,420	1,005	6,536	3,037

The Group's effective tax rate for the nine months ended 30 September 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 September 2011		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Borrowings – Term Loans	13,871	2,750	16,621
Borrowings – Working Capital	4,161	46,187	50,348
Sub-totals	18,032	48,937	66,969
Long-term borrowings			
Borrowings – Term Loans	48,784	9,017	57,801
Grand total	66,816	57,954	124,770

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 September 2011	
	Long- term borrowings RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	-	23,800
Australian Dollar	40,378	9,318
Euro	6,544	1,155
United States Dollar	10,879	32,696
Total	57,801	66,969

B10. Derivatives

As at 30 September 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 nine months ended 30 September 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.

	9 months ended 30/09/2011	9 months ended 30/09/2010
	RM'000	RM'000
Profit attributable to equity holders of the Company	19,805	10,030
Weighted average number of ordinary shares in issue	96,495	68,925
Basic earnings per share (sen)	20.52	14.55

b) Diluted earnings per share

Not applicable for the Group

B14. Retained Profits

Total retained profits of the Group and its subsidiaries:-

	As at 30/09/2011 RM'000	As at 31/12/2010 RM'000
Realised	222,898	212,042
Unrealised	(18,274)	(25,060)
Total retained profits	204,624	186,982
Total share of retained profits of associate		
Realised	9,350	8,135
Unrealised	(587)	(556)
Total retained profits	8,763	7,579
Consolidated adjustments	(135,737)	(126,005)
Total retained profits	77,650	68,556