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

Notes to the Interim Financial Statements for the quarter ended 31 December 2013

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

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 2012 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2013. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements except for the reclassification as described in Note A2.1 below.

A2. Significant Accounting Policies

A2.1 Adoption of standards, Amendments and IC Interpretations

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

The Group has adopted the amendments to MFRS 116, *Property, Plant and Equipment*. The amendment clarifies the classification of serving equipment such as spare parts, stand-by equipment and servicing equipment to be recognised as property, plant and equipment when the definition of property, plant and equipment is met. This includes the requirement for such items to be used over more than one year; otherwise, they are classified as inventory. In prior years, all spare parts are all classified as inventories and expensed as consumed.

Upon adoption of MFRS 116, the Group has reclassified those spare parts that meet the definition of property, plant and equipment from inventory to property, plant and equipment.

Amendments to MFRS 101, Presentation of Financial Statements - Presentation of items of Other Comprehensive Income (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101, *Presentation of items of Other Comprehensive Income* change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that would never be reclassified to profit or loss. The adoption of this amendment affects presentation only and has no impact on the Group's financial statements.

A2.2 MFRS, Amendments to MFRSs and IC Interpretation

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Asset – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Company.

A3. Audit Report Qualification and Status of Matters Raised

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

A4. Seasonal or Cyclical Nature of Operations

The operations of the Group were not affected by seasonal or cyclical factors.

A5. Items of Unusual Nature

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

A6. 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.

A7. Changes in Debt and Equity Securities

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

A8. Dividends Paid

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

	12 months ended 31 December	
	2013 RM'000	2012 RM'000
Interim paid on 31 October 2013 in respect of the financial year ended 31 December 2013 – 5.40% net of income tax of 25% and interim tax exempt dividend of 2.34% per share	6,166	
Interim paid on 6 November 2012 in respect of the financial year ended 31 December 2012 – 8.52% net of income tax of 25% per share		6,166
Final paid on 10 July 2013 in respect of the financial year ended 31 December 2012 – 8.52% net of income tax of 25% per share	6,166	
Final paid on 4 July 2012 in respect of the financial year ended 31 December 2011 – 17.00% net of income tax of 25% per share		12,303
	12,332	18,469

A9. Operating Segments

The Group has two reportable segments, as described below which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. 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 describes the operations in each of the Group reportable segments:

Printing:	Rotogravure and photo-lithography printing specialising in cigarette cartons, consumer goods packaging, advertising materials and packaging services in general.
Trading:	Trading of cigarette packaging cartons.

Other non-reportable segments comprise operations related to investment holdings and property investments.

	For the twelve months ended 31 December					
	Printing		**Trading**		**Total**	
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue						
External revenue	171,075	187,302	209,296	220,779	380,371	408,081
Inter-segment revenue	200,955	217,616	15,368	21,011	216,323	238,627
Total revenue	372,030	404,918	224,664	241,790	596,694	646,708
Segment profit	47,748	53,193	29,003	29,938	76,751	83,131
Segment assets	355,386	386,566	174,055	166,808	529,441	553,374

Reconciliation of reportable segment profit or loss	12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
Total profit for reporting segments	76,751	83,131
Other non-reportable segments	3,309	2,272
Elimination of inter-segment profits	(13,200)	(11,241)
Not included in the measure of segment profit but provided to the Board of Directors		
Depreciation and amortization	(27,381)	(27,349)
Finance costs	(3,124)	(4,308)
Finance income	1,108	1,439
Share of profit of associate not included in reportable segments	3,723	3,278
Consolidated profit before tax	41,186	47,222

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 18 February 2014.

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 December 2013, the Company had issued proportionate corporate guarantees of AUD10.2 million in favour of Max Ease International Limited ("MEIL"), a 51% owned subsidiary 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. The amount outstanding on this long-term borrowing as at 31 December 2013 was at AUD6.2 million, whereby the Company's exposure was limited up to 51% of the outstanding balance.

As at 31 December 2013, the Company had provided unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries (excluding MEIL) of RM40,060,000 and USD19,616,000 of which RM14,101,000 and USD11,740,000 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. Capital Commitments

	12 months ended 31 December 2013 RM'000
Property, plant and equipment	
- Authorised but not contracted for	36,207
- Contracted but not provided for	6,855
	43,062

A14. 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.

	12 months ended 31 December 2013 RM '000
New Toyo International Holdings Ltd	
- Management fees	2,456
- Interest paid	245
New Toyo International Co. (Pte) Ltd	
- Sales	(13,163)
- Purchases	9,114
New Toyo Aluminium Paper Product Co., (Pte.) Ltd	
- Sales	(10)

Alliance Innovative Solutions Pte Ltd	
- Sales	(78)
- Purchases	474
Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	
- Rental of warehouse	680
Paper Base Converting Sdn Bhd	
- Sales	(2)
- Purchases	3,365
New Toyo Pulppy (Hong Kong) Ltd	
- Outsourcing of sales administrative and accounting work	280

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

B1. Review of Performance

(a) Current Quarter against Previous Year Corresponding Quarter

Revenue

Group's revenue for the fourth quarter ended 31 December 2013 decreased by 5.3% or RM5.0 million to RM88.5 million from RM93.5 million in the preceding year corresponding quarter. Lower revenue was attributable to lower demand in sales and weakening of the Australian dollar over the preceding year corresponding quarter.

Profit before tax

Profit before tax of RM3.0 million for the fourth quarter ended 31 December 2013 was lower by RM4.5 million or 60.0% as compared to the preceding year corresponding quarter of RM7.5 million.

The decrease in profit before tax was due to lower revenue and a provision of redundancy expenses of RM2.8 million for staff in a subsidiary. The Board approved a restructure of the production footprint within the Group. The restructure of the production footprint is a routine operational function and its objective is to improve the Group's ability to service customers in their relevant locations and to reduce operating cost over the longer term.

Performance of the respective operating business segments for the fourth quarter ended 31 December 2013 as compared to the preceding year corresponding quarter is analysed as follows:-

1. Printing – Pre-tax profit decreased from RM1.8 million to RM0.5 million, mainly due to provision of redundancy expenses of RM2.8 million as explained above.

2. Trading – Pre-tax profit (before elimination of inter-segment profits) decreased by RM5.1 million or 54.8% to RM4.2 million, mainly due lower revenue.

(b) Current Year-to-date against Previous Year-to-date

Group's revenue for the twelve months ended 31 December 2013 of RM380.4 million was RM27.7 million or 6.8% lower than the previous corresponding period of RM408.1 million due to lower demand and weakening of the Australian dollar.

Profit before tax for the twelve months ended 31 December 2013 was lower by RM6.1 million or 12.9% to RM41.1 million as compared to the previous corresponding period of RM47.2 million. The result was impacted by lower revenue and provision of redundancy expenses of RM2.8 million as explained above.

1. Printing – Pre-tax profit decreased by RM5.4 million or 17.7% to RM25.1 million, mainly due to provision of redundancy expenses of RM2.8 million as explained above.

2. Trading – Pre-tax profit (before elimination of inter-segment profits) increased by RM0.1 million or 0.4% to RM28.0 million mainly due to gain on foreign currencies translation in view of the strengthening of the United States Dollar.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's revenue decreased from RM95.7 million to RM88.5 million or 7.5% as compared to the preceding quarter mainly due to lower demand.

Profit before tax was at RM3.0 million as compared to RM12.3 million for the preceding quarter, a decreased of RM9.3 million or 75.6%, impacted by lower revenue and provision of redundancy expenses of RM2.8 million as explained above.

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B3. Current Year Prospects

The Directors are of the opinion that the outlook for 2014 remains challenging which may include opportunities for growth while minimising earnings volatility in the longer term. The Group looks forward to stability in demand arising from key customers and at the same time actively pursuing for new market opportunities.

B4. Profit Forecast

None

B5. Tax Expense

	4th Quarter ended 31 December		12 months ended 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax expense				
- Current year	382	(697)	6,074	7,280
- Prior year	(328)	(131)	694	(127)
	54	(828)	6,768	7,153
Deferred tax				
- Origination and reversal of temporary differences	1,218	526	491	(387)
- Prior year	104	81	104	81
	1,376	(221)	7,363	6,847

The Group's effective tax rate for the twelve months ended 31 December 2013 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 under review.

B6. Status of corporate proposals announced

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

B7. Borrowings and Debt Securities

	As at 31 December 2013		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Borrowings – Revolving Credits	6,434	6,583	13,017
Borrowings – Finance lease liabilities	9	-	9
Borrowings – Working Capital	2,174	41,586	43,760
Sub-totals	8,617	48,169	56,786
Long-term borrowings			
Borrowings – Revolving Credits	11,698	4,387	16,085
Borrowings – Finance lease liabilities	30	-	30
Sub-totals	11,728	4,387	16,115
Grand total	20,345	52,556	72,901

Secured short-term and long-term borrowings due to the banks are secured by inventories and tangible fixed assets of APT, shares of Anzpac Services (Australia) Pty Ltd ("Anzpac") 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 December 2013	
	Long- term borrowings RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	647	13,493
Australian Dollar	11,698	6,434
United States Dollar	3,770	36,859
Total	16,115	56,786

B8. Derivatives

As at 31 December 2013, there were no forward foreign exchange contracts for purchases or sales.

B9. Changes in Material Litigation

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

B10. Dividends

(a) The Directors have recommended the payment of a final single-tier tax exempt dividend of 6.39 sen per ordinary share in respect of the financial year ended 31 December 2013 (2012: 8.52 sen gross per share less tax of 25%). The proposed final dividend will be subject to the shareholders' approval at the forthcoming Annual General Meeting.

(b) The Company had on 10 July 2013 paid a final dividend of 8.52 sen gross per share less tax of 25% totaling RM6,166,030 in respect of the financial year ended 31 December 2012.

(c) The Company had on 31 October 2013 paid an interim dividend of 5.40 sen gross per share less tax of 25% and interim tax-exempt dividend of 2.34 sen per share totaling RM6,166,030 in respect of the financial year ended 31 December 2013.

(d) The payment date for the final dividend in respect of the financial year ended 31 December 2013 is on 10 July 2014. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 25 June 2014.

B11. 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.

	12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
Profit attributable to equity holders of the Company	24,526	27,168
Weighted average number of ordinary shares in issue	96,495	96,495
Basic earnings per share (sen)	25.41	28.15

b) Diluted earnings per share

Not applicable for the Group.

B12. Retained Profits

The Group's breakdown of realised and unrealised retained profits are disclosed as follows:

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Total retained profits of the Group and its subsidiaries		
Realised	258,280	270,486
Unrealised	(23,448)	(32,096)
Total retained profits	234,832	238,390
Total share of retained profits of associate		
Realised	15,411	12,463
Unrealised	(518)	(614)
Total retained profits	14,893	11,849
Consolidated adjustments	(135,347)	(148,055)
Total Group retained profits as per consolidated interim financial statements	114,378	102,184

B13. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2012 was unqualified.

B14. Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments, hence disclosure of fair value is not required.

B15. Additional Disclosures

	Current Quarter Ended 31/12/2013 RM'000	12 months Ended 31/12/2013 RM'000
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	1,343	5,291
Depreciation of property, plant and equipment	5,492	22,090
Inventories written off	267	517
Net foreign exchange loss	115	580
and after crediting:-		
Reversal of impairment loss on trade receivables	(4)	351
Gain on disposal of property, plant and equipment	84	273

Other than the above, there was no gain or loss on disposal of quoted or unquoted securities or investments, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial year ended 31 December 2013.