



## TIEN WAH PRESS HOLDINGS BERHAD

(CO. NO. 340434-K)

Quarterly report on consolidated results for the twelve months ended 31 December 2016  
The figures have not been audited.

### PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31 Dec 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 Dec 2015 RM'000	CURRENT YEAR TO DATE 31 Dec 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 Dec 2015 RM'000	
1	Revenue	82,218	97,065	328,704	367,374
2	Profit before tax	34,311	12,885	51,194	37,622
3	Profit for the period	38,196	13,799	52,603	35,831
4	Profit attributable to ordinary equity holders of the Company	48,304	11,778	64,188	33,975
5	Basic earnings per share (sen)	33.69	10.19	44.77	29.40
6	Proposed / Declared Dividend per share (sen)	8.00	14.00	12.00	18.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the Company (RM)	2.63		2.95	
	Remarks :				

### PART A3: ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31 Dec 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 Dec 2015 RM'000	CURRENT YEAR TO DATE 31 Dec 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 Dec 2015 RM'000	
1	Gross interest income	921	219	1,945	991
2	Gross interest expense	(544)	(670)	(2,168)	(2,657)
	Remarks :				



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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2016**

	2016 Current Quarter Ended 31 Dec (RM '000)	2015 Comparative Quarter Ended 31 Dec (RM '000)	2016 Cumulative Twelve months Ended 31 Dec (RM '000)	2015 Cumulative Twelve months Ended 31 Dec (RM '000)
Revenue	82,218	97,065	328,704	367,374
Cost of sales	(69,212)	(72,808)	(272,577)	(288,519)
<b>Gross profit</b>	<b>13,006</b>	<b>24,257</b>	<b>56,127</b>	<b>78,855</b>
Other income	35,389	3,714	42,683	9,164
Distribution expenses	(2,228)	(2,535)	(8,786)	(10,625)
Administrative expenses	(7,752)	(6,975)	(29,795)	(25,757)
Other expenses	(5,987)	(5,584)	(13,389)	(18,445)
<b>Results from operating activities</b>	<b>32,428</b>	<b>12,877</b>	<b>46,840</b>	<b>33,192</b>
Finance income	921	219	1,945	991
Finance costs	(544)	(670)	(2,168)	(2,657)
<b>Operating profit</b>	<b>32,805</b>	<b>12,426</b>	<b>46,617</b>	<b>31,526</b>
Share of profit/(loss) of equity-accounted joint venture, net of tax	172	-	(525)	-
Share of profit of equity-accounted associate, net of tax	1,334	459	5,102	6,096
<b>Profit before tax</b>	<b>34,311</b>	<b>12,885</b>	<b>51,194</b>	<b>37,622</b>
Tax expense	3,885	914	1,409	(1,791)
<b>Profit for the period</b>	<b>38,196</b>	<b>13,799</b>	<b>52,603</b>	<b>35,831</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	48,304	11,778	64,188	33,975
Non-controlling interests	(10,108)	2,021	(11,585)	1,856
<b>Profit for the period</b>	<b>38,196</b>	<b>13,799</b>	<b>52,603</b>	<b>35,831</b>
<b>Earnings per ordinary share :</b>				
-basic (sen)	33.69	10.19	44.77	29.40

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2015)



**TIEN WAH PRESS HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2016**

	2016 Current Quarter Ended 31 Dec (RM '000)	2015 Comparative Quarter Ended 31 Dec (RM '000)	2016 Cumulative Twelve months Ended 31 Dec (RM '000)	2015 Cumulative Twelve months Ended 31 Dec (RM '000)
<b>Profit for the period</b>	38,196	13,799	52,603	35,831
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	10,489	14	7,107	31,251
<b>Total comprehensive income for the period, net of tax</b>	<b>48,685</b>	<b>13,813</b>	<b>59,710</b>	<b>67,082</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	56,232	10,819	69,159	57,885
Non-controlling interests	(7,547)	2,994	(9,449)	9,197
<b>Total comprehensive income for the period, net of tax</b>	<b>48,685</b>	<b>13,813</b>	<b>59,710</b>	<b>67,082</b>

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2015)



**TIEN WAH PRESS HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	As at 31 Dec 2016	As at 31 Dec 2015
	(RM '000)	(RM '000)
<b>Assets</b>		
Property, plant and equipment	262,936	242,099
Intangible assets	91,497	19,443
Investment in joint venture	5,938	6,464
Investment in an associate	-	25,460
Deferred tax assets	1,496	1,474
Other receivables	8,662	9,679
<b>Total non-current assets</b>	<b>370,529</b>	<b>304,619</b>
Trade and other receivables	155,269	48,717
Inventories	85,571	78,979
Current tax assets	1,178	61
Cash & cash equivalents	72,067	71,330
<b>Total current assets</b>	<b>314,085</b>	<b>199,087</b>
<b>Total assets</b>	<b>684,614</b>	<b>503,706</b>
<b>Equity</b>		
Share capital	144,743	96,495
Reserves	236,576	187,776
<b>Total equity attributable to owners of the Company</b>	<b>381,319</b>	<b>284,271</b>
<b>Non-controlling interests</b>	<b>47,670</b>	<b>62,168</b>
<b>Total equity</b>	<b>428,989</b>	<b>346,439</b>
<b>Liabilities</b>		
Deferred tax liabilities	8,524	11,052
Employee benefits	822	1,042
Loans and borrowings	87,209	11,530
Other payables	12,409	1,506
<b>Total non-current liabilities</b>	<b>108,964</b>	<b>25,130</b>
Loans and borrowings	50,952	60,076
Trade and other payables	95,513	71,502
Current tax liabilities	196	559
<b>Total current liabilities</b>	<b>146,661</b>	<b>132,137</b>
<b>Total liabilities</b>	<b>255,625</b>	<b>157,267</b>
<b>Total equity and liabilities</b>	<b>684,614</b>	<b>503,706</b>

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2015)



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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016**

	Attributable to Equity Holders of the Company					Non-controlling Interest (RM '000)	Total Equity (RM '000)
	Non-Distributable		Distributable				
	Share Capital (RM '000)	Share Premium (RM '000)	Translation Reserve (RM '000)	Retained Earnings (RM '000)	Total (RM '000)		
At 1 January 2016	96,495	12,504	30,169	145,103	284,271	62,168	346,439
Foreign currency translation differences for foreign operations	-	-	4,971	-	4,971	2,136	7,107
Total other comprehensive income for the period	-	-	4,971	-	4,971	2,136	7,107
Profit for the period	-	-	-	64,188	64,188	(11,585)	52,603
<b>Total comprehensive income for the period</b>	-	-	<b>4,971</b>	<b>64,188</b>	<b>69,159</b>	<b>(9,449)</b>	<b>59,710</b>
Issue of ordinary shares	48,248	-	-	-	48,248	-	48,248
Share issuance expenses	-	(1,060)	-	-	(1,060)	-	(1,060)
Dividends to owners of the Company	-	-	-	(19,299)	(19,299)	-	(19,299)
Dividends to non-controlling interest	-	-	-	-	-	(5,049)	(5,049)
Total transactions with owners of the Company	48,248	(1,060)	-	(19,299)	27,889	(5,049)	22,840
At 31 December 2016	144,743	11,444	35,140	189,992	381,319	47,670	428,989
At 1 January 2015	96,495	12,504	8,804	118,848	236,651	68,078	304,729
Foreign currency translation differences for foreign operations	-	-	23,910	-	23,910	7,341	31,251
Total other comprehensive income for the period	-	-	23,910	-	23,910	7,341	31,251
Profit for the period	-	-	-	33,975	33,975	1,856	35,831
<b>Total comprehensive income for the period</b>	-	-	<b>23,910</b>	<b>33,975</b>	<b>57,885</b>	<b>9,197</b>	<b>67,082</b>
Dividends to owners of the Company	-	-	-	(7,720)	(7,720)	-	(7,720)
Dividends to non-controlling interest	-	-	-	-	-	(15,107)	(15,107)
Disposal of a subsidiary	-	-	(2,545)	-	(2,545)	-	(2,545)
Total transactions with owners of the Company	-	-	(2,545)	(7,720)	(10,265)	(15,107)	(25,372)
At 31 December 2015	96,495	12,504	30,169	145,103	284,271	62,168	346,439

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2015)



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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016**

	2016 Twelve months ended 31 Dec RM '000	2015 Twelve months ended 31 Dec RM '000
<b>Cash flows from operating activities</b>		
Profit before tax	51,194	37,622
Adjustments for :		
- Amortisation of intangible assets	1,401	9,198
- Depreciation of property, plant and equipment	26,604	26,526
- (Gain) / loss on disposal of property, plant and equipment	(32,533)	474
- Gain on disposal of a subsidiary	-	(2,052)
- Gain on disposal of an associate	(936)	-
- Net interest expense	223	1,666
- Share of loss of equity-accounted joint venture, net of tax	525	-
- Share of profit of equity-accounted associate, net of tax	(5,102)	(6,096)
- Employee benefits	14,653	9,100
- Other non-cash items	(589)	2,398
Operating profit before changes in working capital	55,440	78,836
-Changes in inventories	6,869	1,903
-Changes in trade and other receivables	(20,713)	6,911
-Changes in trade and other payables	12,225	(18,016)
<b>Cash (used in)/from operations</b>	53,821	69,634
- Interest received	1,945	991
- Employee benefits used	(17,217)	(11,105)
- Income tax paid	(3,390)	(3,710)
<b>Net cash from operating activities</b>	35,159	55,810
<b>Cash flows from investing activities</b>		
- Acquisition of property, plant and equipment	(32,443)	(14,612)
- Acquisition of subsidiary, net of cash and cash equivalents acquired	(102,794)	-
- Investment in joint venture	(5,000)	-
- Increase in intangible assets	(6,280)	-
- Proceeds from disposal of property, plant and equipment	3,222	443
- Proceeds from disposal of an associate	10,500	-
- Proceeds from disposal of a subsidiary, net of cash and cash equivalents	-	5,267
- Change in pledged deposits	(4)	(3)
- Dividend received	5,730	807
<b>Net cash used in investing activities</b>	(127,069)	(8,098)
<b>Cash flows from financing activities</b>		
- Proceeds from loans and borrowings	267,248	194,596
- Proceeds from issue of ordinary shares	48,248	-
- Dividend paid to owners of the Company	(19,299)	(7,720)
- Dividend paid to non-controlling interests	(5,049)	(15,107)
- Interest paid	(2,168)	(2,657)
- Repayment of loans and borrowings	(200,694)	(196,951)
- Advance from ultimate holding company	4,773	10,716
- Rights issued expenses	(1,060)	-
<b>Net cash generated from / (used in) financing activities</b>	91,999	(17,123)
Net increase in cash & cash equivalents	89	30,589
Effect of exchange rate fluctuations on cash held	644	(12,359)
Cash & cash equivalents at 1 January	71,225	52,995
<b>Cash &amp; cash equivalents at 31 December</b>	71,958	71,225

**Cash & cash equivalents**

Cash & cash equivalents included in the condensed consolidated statement of cash flows comprise the following:

	2016 Twelve months ended 31 Dec RM '000	2015 Twelve months ended 31 Dec RM '000
Cash and bank balances	42,535	46,045
Deposits with licensed banks	29,532	25,285
Less: Deposit pledged	72,067 (109)	71,330 (105)
	71,958	71,225

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2015)



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**Notes to the Interim Financial Statements for the quarter and twelve months ended 31 December 2016**

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of Preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 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 2015.

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 2015 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2016. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements. The explanatory notes attached to the Interim Financial Statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

**A2. Significant Accounting Policies**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations 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 2017***

- Amendments to MFRS 107, *Disclosure Initiative*
- Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018***

- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts: Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts*
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 140, *Transfer of Investment Property*



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***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

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

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group, except MFRS 9 and MFRS 15.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15 MFRS 9 and MFRS 16.

**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.

**A7. Changes in Debt and Equity Securities**

On 9 August 2016, the Company announced the completion of the Rights Issue comprising of 48,247,500 new ordinary shares of RM1.00 each in TWPH ("TWPH Shares") ("Rights Shares") at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing shares held. The enlarged issued and paid-up share capital of TWPH was RM144,742,500 comprising 144,742,500 ordinary shares of RM1.00 each.

Other than the above, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.





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**A8. Dividends Paid**

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

	Twelve months ended 31 December	
	2016 RM'000	2015 RM'000
Interim paid on 28 October 2016 in respect of the financial year ended 31 December 2016 – single-tier dividend of 4.00 sen per share of RM1.00 each	5,790	
Final paid on 30 June 2016 in respect of the financial year ended 31 December 2015 – single-tier dividend of 14.00 sen per share of RM1.00 each	13,509	-
Interim paid on 29 October 2015 in respect of the financial year ended 31 December 2015 – single-tier dividend of 4.00 sen per share of RM1.00 each	-	3,860
Final paid on 25 June 2015 in respect of the financial year ended 31 December 2014 – single-tier dividend of 4.00 sen per share of RM1.00 each	-	3,860
	<hr/> 19,299	<hr/> 7,720

**A9. Operating Segments**

The Group takes the view that there is effectively only one segment as both the printing business and trading activities are inter-twined and all purchases for the trading activities are from companies within the Group.

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

	Twelve months ended 31 December	
	2016 RM'000	2015 RM'000
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	328,704	367,374
Segment profit	29,549	66,382
Segment assets	566,650	439,282



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	Twelve months ended	
	31 December	
	2016	2015
	RM'000	RM'000
<b>Reconciliation of reportable segment profit or loss</b>		
Total profit for reporting segments	29,549	66,382
Other non-reportable segments	97,883	32,381
Elimination of inter-segment profits	(52,587)	(29,847)
Depreciation and amortization	(28,005)	(35,724)
Finance costs	(2,168)	(2,657)
Finance income	1,945	991
Share of loss of joint venture not included in reportable segments	(525)	-
Share of profit of associate not included in reportable segments	5,102	6,096
Consolidated profit before tax	51,194	37,622

**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.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than as disclosed below:-

- (a) On 8 March 2016, the Company has incorporated a new wholly owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates, with a share capital of AED1,000,000 (equivalent to approximately RM1,120,000) which represents the entire share capital of APTF. The principal activity of APTF is in packing and packaging material manufacturing. APTF is currently a dormant company. The said incorporation is in line with the long term strategic plans of the Company and to gain footprint in the Middle East market.
- (b) On 16 May 2016, Tien Wah Properties Sdn Bhd ("TWPSB"), a wholly owned subsidiary of the Company has entered into a Shareholders' Agreement ("JVSA") with Kemensah Holdings Pte Ltd ("KHPL"), a wholly owned subsidiary of Lum Chang Holdings Limited ("LCH"), to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd (formerly known as Sterling Model Sdn Bhd ("SMSB" or "JV Co")) with a total issued and paid-up share capital of the JV Co of RM 10,000,000 comprising 10,000,000 ordinary shares of RM1 each held by the JVSA Parties in equal proportion as per the JVSA. The principal activity of SMSB is an investment holding.
- (c) On 24 October 2016, MEIL, a 51%-owned subsidiary of the Company had acquired 100% of the issued share capital of Max View Holdings Limited ("MVHL"), Hong Kong at a total cash consideration of Hong Kong Dollar One (HKD1.00) only (equivalent to approximately RM0.54) (the "Acquisition").



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The above Acquisition resulted in MVHL becoming a wholly-owned subsidiary of MEIL, which in turn is the 51%-owned subsidiary of the Company.

- (d) On 3 November 2016, Max Ease International Limited ("MEIL"), a 51%-owned subsidiary company of TWPH, and Max View Holdings Limited ("MVHL"), a wholly-owned subsidiary of MEIL (collectively "the Purchasers") had entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with PT Bentoel Prima ("PTBP") and PT Lestari Putra Wirasejati ("PTLW") (collectively "the Sellers") for the proposed acquisition of 100% of the issued and paid-up share capital in Bintang Pesona Jagat ("BPJ") ("Proposed Acquisition"). The Sellers and BPJ are subsidiary companies of PT Bentoel International Investama Tbk ("PTBINI"), a listed company in Bursa Efek Indonesia ("BEI") or Indonesian Stock Exchange.

The proposed acquisition of 100% of the issued and paid-up share capital in BPJ was completed on 15 December 2016, resulting in BPJ becoming a subsidiary of the Company.

- (e) On 23 December 2016, the Company received a Letter of Offer from Benkert UK indicating their offer to purchase ("Offer to Purchase") the Company's remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia ("Balance Shares"). The Company had on 23 December 2016 accepted the Offer to Purchase. The disposal is deemed to be completed as at 31 December 2016 and Benkert Malaysia had ceased to be an associate company of the Company.

#### **A12. Changes in Contingent Liabilities**

As at 31 December 2016, the Company had issued proportionate corporate guarantees of USD9.2 million (2015: nil) in favour of MEIL for its external borrowings in respect of USD18 million credit facilities granted to enable MEIL to undertake and complete the acquisition of BPJ.

Except for the above-mentioned, there were no other material changes to contingent liabilities disclosed in the last audited statement of financial position as at 31 December 2015.

#### **A13. Capital Commitments**

	<b>Twelve months ended 31 December 2016 RM'000</b>
Property, plant and equipment	
- Authorised but not contracted for	7,969
- Contracted but not provided for	43,412

#### **A14. Related Party Transactions**

For the purposes of these interim financial statements, parties are considered to be related to the Group, if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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 and are transacted on negotiated and arm's length basis.



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	<b>Twelve months ended 31 December 2016 RM'000</b>
Ultimate holding company	
- Management fees expense	1,937
- Interest expense	595
Related companies	
- Sales	(7,161)
- Purchases	1,716
- Rental of warehouse expenses	699
Joint venture company	
- Management fees received	(73)
- Interest received	(644)
- Sales	(521)
- Purchases	444
- Rental expenses	658

**A15. 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.

The Group uses the following hierarchy in determining the fair value of all financial instruments at fair value:-

Level 1: Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3: Fair value is estimated using unobservable inputs for the financial assets and liabilities.

As at 31 December 2016, the Group held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position:-



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	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Fair value of financial instruments carried at fair value</b>				
Financial assets					
-Other receivables	-	-	8,662	8,662	8,662
	<b>Fair value of financial instruments not carried at fair value</b>				
Financial liabilities					
- Bank borrowings	-	-	(133,960)	(133,960)	(138,152)
- Finance lease liabilities	-	-	(8)	(8)	(9)
- Ultimate holding company	-	-	(38,039)	(38,039)	(39,558)
Total	-	-	(163,345)	(163,345)	(169,057)



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**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 2016 decreased by 15.4% or RM14.9 million to RM82.2 million from RM97.1 million in the preceding year corresponding quarter. The current quarter results were affected by sluggish demand in certain cigarette brand related packaging products, change of pricing of some products to a major customer and the impact of a Vietnam subsidiary that was deconsolidated from 31 December 2015 as a subsidiary to a jointly controlled entity.

Profit before tax

Profit before tax of RM34.3 million for the fourth quarter ended 31 December 2016 was higher by RM21.4 million as compared to the preceding year corresponding quarter of RM12.9 million.

The improvement was due to the gain from disposal of a property amounting to RM32.5 million by TWPSB, a wholly owned subsidiary of the Company. Excluding the aforesaid and the improvement and performance of the Vietnamese operations, the profit before tax was adversely affected by the reduction of revenue for the above said reasons, preliminary cost incurred for setting up of the Dubai operations, corporate cost incurred for the acquisition of BPJ in Indonesia and losses incurred by the Australian operations.

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

Revenue

Group's revenue for the twelve months ended 31 December 2016 of RM328.7 million was RM38.7 million or 10.5% lower than the previous corresponding period of RM367.4 million for the aforesaid reasons.

Profit before tax

Profit before tax for the twelve months ended 31 December 2016 increased by RM13.6 million or 36.2% to RM51.2 million as compared to the previous corresponding period of RM37.6 million and the main reasons are as explained above.

**B2. Variation of Results against Preceding Quarter**

Group's revenue for current quarter under review decreased marginally by RM0.7 million or 0.8% to RM82.2 million from RM82.9 million.

Profit before tax was at RM34.3million as compared to RM2.7 million for the preceding quarter, an increase of RM31.6 million or 1,170.4%, this improvement was mainly due to gain from disposal of TWPSB's property of RM32.5 million. The improvements from Vietnam operations in the quarter were mitigated by the preliminary cost incurred for setting up of the Dubai operations, corporate cost incurred for the acquisition of BPJ in Indonesia and losses incurred by the Australian operations.



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**B3. Prospects**

Outlook for 2017 continues to be challenging as the economy continues to remain volatile. Challenges in the tobacco industry remains as illicit trade continues to have an impact in Asia. The Group would continue to focus on growth opportunities in Indonesia and Dubai where our new operations are. The Group would also review our current production footprints and identify any further opportunities for growth in other geographical segments.

**B4. Profit Forecast**

None.

**B5. Tax Expense**

	Current quarter ended 31 December		Twelve months ended 31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current year	(266)	26	2,270	3,031
- Prior year	123	(1,451)	123	(1,391)
	<u>(143)</u>	<u>(1,425)</u>	<u>2,393</u>	<u>1,640</u>
Deferred tax				
- Origination and reversal of temporary differences	(3,735)	539	(3,795)	179
- Prior year	(7)	(28)	(7)	(28)
	<u>(3,885)</u>	<u>(914)</u>	<u>(1,409)</u>	<u>1,791</u>

The Group's effective tax rate for the twelve months ended 31 December 2016 was lower than the Malaysian statutory tax rate of 24% due to effects of lower tax rates and tax incentives in certain tax jurisdictions and effects of certain foreign sourced income which are not subject to tax in the current financial year.

**B6. Status of corporate proposals announced**

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

- (a) On 24 August 2015 the Company, had entered into a Memorandum of Understanding ("MOU") with Lum Chang Holdings Limited to jointly negotiate the terms of the proposed development of a mixed-use commercial development at No 9 & 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan under title no: 3674 and 3967, Lot 30 & 4, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan, on land which is currently held by TWPSB (the "Land"), a wholly owned subsidiary of the Company on a 99-year lease from the State Government of Selangor, Malaysia with a residue of approximately forty-four (44) years as of the date of this MOU



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(the "Proposed Development"). The rationale for the MOU is to maximise the usage of the land and deliver additional income stream for the Group.

On 16 May 2016, TWPSB, had entered into a Shareholders' Agreement ("JVSA") with KHPL, a wholly owned subsidiary of LCH, to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd (formerly known as SMSB) with a total issued and paid-up share capital of the JV Co of RM 10,000,000 comprising 10,000,000 ordinary shares of RM1 each held by the JVSA Parties in equal proportion as per the JVSA.

On the same date, TWPSB had also entered into a Sale and Purchase Agreement in respect of the sale of the Land with SMSB for a total sale consideration of RM 63,750,000. The Memorandum of Transfer was submitted to the authorities and the titles to the Land have been issued under the name of the JV Co on 6 October 2016. The transaction is deemed completed as at 6 October 2016 based on the accounting concept of "substance over form" as beneficial ownership has been transferred and a gain on disposal amounting to RM32,526,346 was recognised. The balance sum of 95% remained outstanding as stipulated in the Sale and Purchase Agreement and interest is payable on the outstanding sum.

- (b) We refer to the announcement dated 5 October 2016 and 24 October 2016, wherein the Company ("TWPH") had on 4 October 2016, been awarded the tender by PT Bentoel Internasional Investama Tbk ("Bentoel Group"), a member of British American Tobacco Group ("BAT Group") in Indonesia. The acquisition price for the tender is circa IDR304 billion (equivalent to approximately RM96.9 million).

On 3 November 2016 Max Ease International Limited ("MEIL"), a 51%-owned subsidiary company of TWPH, and Max View Holdings Limited ("MVHL"), a wholly-owned subsidiary of MEIL (collectively "the Purchasers") had entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with PT Bentoel Prima ("PTBP") and PT Lestari Putra Wirasejati ("PTLW") (collectively "the Sellers") for the proposed acquisition of 100% of the issued and paid-up share capital in Bintang Pesona Jagat ("BPJ") ("Proposed Acquisition"). The Sellers and BPJ are subsidiary companies of PT Bentoel Internasional Investama Tbk ("PTBINI"), a listed company in Bursa Efek Indonesia ("BEI") or Indonesian Stock Exchange.

The Proposed Acquisition comes with a Manufacturing and Supply of Packaging Materials Agreement ("MSPM") whereby PTBINI and its affiliates will appoint BPJ as the exclusive supplier to supply the Goods (hereinafter defined) to British American Tobacco group of companies ("BAT Group") for a fixed period of six (6) years until 31 December 2022 when it shall expire.

To fund the Proposed Acquisition, MEIL secured external borrowings and proportionate funds from its shareholders namely TWPH and New Toyo International Holdings Limited ("NTIH"). As TWPH's effective interest in the Purchasers is 51%, the portion of the Purchase Price that TWPH has to contribute for the Proposed Acquisition was satisfied by partly by cash proceeds raised from the rights issue exercise completed by the Company on 9 August 2016 in accordance with the approved utilisation of proceeds of the Rights Issue exercise, internally generated funds and loan from financial institution.

The proposed acquisition of 100% of the issued and paid-up share capital in BPJ was completed on 15 December 2016, resulting in BPJ becoming a subsidiary of the Company.

- (c) On 23 December 2016, the Company received a Letter of Offer from Benkert UK indicating their offer to purchase ("Offer to Purchase") the Company's remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia ("Balance Shares"). The Company had on 23 December 2016 accepted the Offer to Purchase. The disposal is deemed to be completed as at 31 December 2016 and Benkert Malaysia ceased to be an associated company. The balance consideration remains outstanding and will be settled within 7 days of the issuance of Benkert Malaysia's 31 December 2016 Audited Financial Statements.





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**B7. Status of corporate proposals and utilisation of proceeds raised from Rights Issue**

The Company has increased its share capital by 48,247,500 new ordinary shares of RM1.00 each at an issue price of RM1.00 each per share, amounting to RM48,247,500 from the Rights Issue. The status of the utilisation of proceeds from the rights issue as at 31 December 2016 are summarised as follows:

Purposes	Proposed utilisation	Actual utilisation	Amount unutilised
	RM'000	RM'000	RM'000
1 Business expansion	30,000	23,906	6,094
2 Repayments of bank borrowings	17,448	17,448	-
3 Rights issue expenses	800	800	-
Total	48,248	42,154	6,094

**B8. Borrowings and Debt Securities**

	31 December 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short-term borrowings</b>			
Borrowings – Revolving Credits	-	5,204	5,204
Borrowings – Finance lease liabilities	8	-	8
Borrowings – Term loan	-	349	349
Borrowings – Trade facilities	-	45,391	45,391
Sub-totals	8	50,944	50,952



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	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Long-term borrowings</b>			
Borrowings – Revolving Credits	-	6,460	6,460
Borrowings – Finance lease liabilities	1	-	1
Borrowings – Term loan	80,748	-	80,748
Sub-totals	80,749	6,460	87,209
Grand total	80,757	57,404	138,161

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

	<b>31 December 2016</b>	
	<b>Long- term borrowings RM'000</b>	<b>Short-term borrowings RM'000</b>
Ringgit Malaysia	1	5,008
United States Dollar	87,208	45,944
Total	87,209	50,952

**B9. Derivative Financial instruments**

As at 31 December 2016, there were no forward foreign exchange contracts for purchases or sales.

**B10. Changes in Material Litigation**

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

**B11. Dividends**

Total dividend declared and paid for the twelve months ended 31 December 2016 comprising:

- The Directors have recommended the payment of a final single-tier dividend of 8.00 sen per share of RM1.00 each in respect of the financial year ended 31 December 2016. The proposed final dividend will be subject to the shareholders' approval at the forthcoming Annual General Meeting.
- On 28 October 2016, the Company had paid an interim single-tier dividend of 4.00 sen per ordinary share of RM1.00 each totaling RM5,789,700 in respect of the financial year ending 31 December 2016.



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- (c) On 30 June 2016, the Company had paid a final single-tier dividend of 14.00 sen per ordinary share of RM 1.00 each totaling RM13,509,300 in respect of the financial year ended 31 December 2015.

**B12. 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.

	<b>Twelve months ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
Profit attributable to equity holders of the Company (RM'000)	64,188	33,975
Weighted average number of ordinary shares in issue ('000)	143,365	115,561
Basic earnings per share (sen)	44.77	29.40

(b) *Diluted earnings per share*

Not applicable for the Group.

**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 2015 was unqualified.

**B14. Profit for the period**

	<b>Current quarter ended 31 December 2016 RM'000</b>	<b>Twelve months ended 31 December 2016 RM'000</b>
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	607	1,401
Depreciation of property, plant and equipment	7,724	26,604
Property, plant and equipment written off	412	412
Inventories written off	93	645



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Allowance for inventories obsolescence	653	653
Expenses related to employee benefits	158	2,216
Retrenchment expenses	7,365	12,436
Net foreign exchange gain	3,798	2,450
Gain on disposal of property, plant and equipment	34,528	37,533
Gain on disposal of an associate	936	936

Other than the above, there were no allowance for doubtful debts, bad debts written off, impairment of assets, gain or loss on disposal of quoted or unquoted securities or investments or properties, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial year ended 31 December 2016.

#### **B15. Retained Earnings**

The Group's breakdown of realised and unrealised retained profits pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, are disclosed as follows:-

	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Total retained earnings of the Company and its subsidiaries :		
Realised	278,007	259,340
Unrealised	(32,493)	(35,548)
	<hr/>	<hr/>
	245,514	223,792
Total share of retained earnings of an associate:		
Realised	-	24,514
Unrealised	-	(554)
	<hr/>	<hr/>
	-	23,960
Total share of retained earnings of joint venture:		
Realised	(556)	-
Unrealised	65	-
	<hr/>	<hr/>
	(491)	-
Consolidated adjustments	(55,031)	(102,649)
Total Group retained earnings as per consolidated interim financial statements	<hr/>	<hr/>
	189,992	145,103

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1: *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.