



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

Quarterly report on consolidated results for the nine months ended 30 September 2018
The figures have not been audited.

PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

| | INDIVIDUAL QUARTER | | | Changes (Amount/ %) | CUMULATIVE QUARTER | | Changes (Amount/ %) |
|---|--|---|----------|---------------------------|---|--|---------------------------|
| | CURRENT YEAR QUARTER 30 September 2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30 September 2017 RM'000 | | | CURRENT YEAR TO DATE 30 September 2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30 September 2017 RM'000 | |
| 1 | Revenue | 81,596 | 104,504 | (21.9%) | 255,139 | 323,361 | (21.1%) |
| 2 | Profit/(loss) before tax | 2,145 | (12,814) | (116.7%) | 7,907 | (36,618) | (121.6%) |
| 3 | Profit/(loss) for the period | 1,770 | (6,958) | (125.4%) | 6,289 | (32,735) | (119.2%) |
| 4 | (Loss)/profit attributable to ordinary equity holders of the Company | (479) | (7,089) | (93.2%) | 907 | (17,410) | (105.2%) |
| 5 | Basic (loss)/earning per share (sen) | (0.33) | (4.90) | (93.2%) | 0.63 | (12.03) | (105.2%) |
| 6 | Proposed / Declared Dividend per share (sen) | 0.00 | 0.00 | NA | 0.00 | 2.00 | (100.0%) |
| | | AS AT END OF CURRENT QUARTER | | | AS AT PRECEDING FINANCIAL YEAR END | | |
| | Net assets per share attributable to ordinary equity holders of the Company (RM) | 2.28 | | | 2.30 | | |
| 7 | Remarks : | | | | | | |

PART A3: ADDITIONAL INFORMATION

| | INDIVIDUAL QUARTER | | | Changes (Amount/ %) | CUMULATIVE QUARTER | | Changes (Amount/ %) |
|---|---|---|---------|---------------------------|---|--|---------------------------|
| | CURRENT YEAR QUARTER 30 September 2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30 September 2017 RM'000 | | | CURRENT YEAR TO DATE 30 September 2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30 September 2017 RM'000 | |
| 1 | Gross interest income | 800 | 897 | (10.8%) | 2,401 | 2,823 | (14.9%) |
| 2 | Gross interest expense | (2,577) | (1,768) | 45.8% | (6,416) | (4,603) | 39.4% |
| | 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 NINE MONTHS ENDED 30 SEPTEMBER 2018

| | 2018 Current Quarter Ended 30 September (RM '000) | 2017 Comparative Quarter Ended 30 September (RM '000) | Changes (Amount / %) | 2018 Cumulative Nine months Ended 30 September (RM '000) | 2017 Cumulative Nine months Ended 30 September (RM '000) | Changes (Amount / %) |
|--|---|---|----------------------------|---|---|----------------------------|
| Revenue | 81,596 | 104,504 | (21.9%) | 255,139 | 323,361 | (21.1%) |
| Cost of sales | (70,027) | (93,541) | (25.1%) | (218,649) | (282,719) | (22.7%) |
| Gross profit | 11,569 | 10,963 | 5.5% | 36,490 | 40,642 | (10.2%) |
| Other income | 3,097 | 2,762 | 12.1% | 7,018 | 8,429 | (16.7%) |
| Distribution expenses | (1,035) | (2,035) | (49.1%) | (3,490) | (6,434) | (45.8%) |
| Administrative expenses | (7,474) | (8,744) | (14.5%) | (21,635) | (25,654) | (15.7%) |
| Other expenses | (1,819) | (14,991) | (87.9%) | (5,853) | (52,261) | (88.8%) |
| Results from operating activities | 4,338 | (12,045) | (136.0%) | 12,530 | (35,278) | (135.5%) |
| Finance income | 800 | 897 | (10.8%) | 2,401 | 2,823 | (14.9%) |
| Finance costs | (2,577) | (1,768) | 45.8% | (6,416) | (4,603) | 39.4% |
| Operating profit/(loss) | 2,561 | (12,916) | (119.8%) | 8,515 | (37,058) | (123.0%) |
| Share of (loss)/profit of equity-accounted joint venture, net of tax | (416) | 102 | (507.8%) | (608) | 440 | (238.2%) |
| Profit/(Loss) before tax | 2,145 | (12,814) | (116.7%) | 7,907 | (36,618) | (121.6%) |
| Tax expense | (375) | 5,856 | (106.4%) | (1,618) | 3,883 | (141.7%) |
| Profit/(Loss) for the period | 1,770 | (6,958) | (125.4%) | 6,289 | (32,735) | (119.2%) |
| Profit/(loss) for the period attributable to: | | | | | | |
| Owners of the Company | (479) | (7,089) | (93.2%) | 907 | (17,410) | (105.2%) |
| Non-controlling interests | 2,249 | 131 | 1,616.8% | 5,382 | (15,325) | (135.1%) |
| Profit/(Loss) for the period | 1,770 | (6,958) | (125.4%) | 6,289 | (32,735) | (119.2%) |
| (Loss)/earnings per ordinary share : | | | | | | |
| -basic (sen) | (0.33) | (4.90) | | 0.63 | (12.03) | |

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2017)



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

**INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018**

| | 2018 Current Quarter Ended 30 September (RM '000) | 2017 Comparative Quarter Ended 30 September (RM '000) | 2018 Cumulative Nine months Ended 30 September (RM '000) | 2017 Cumulative Nine months Ended 30 September (RM '000) |
|---|---|---|--|--|
| Profit/(Loss) for the period | 1,770 | (6,958) | 6,289 | (32,735) |
| Items that are or may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation differences for foreign operations | 3,200 | (2,595) | (3,068) | (3,666) |
| Total comprehensive income/(loss) for the period, net of tax | <u>4,970</u> | <u>(9,553)</u> | <u>3,221</u> | <u>(36,401)</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | 3,131 | (9,359) | 657 | (22,924) |
| Non-controlling interests | 1,839 | (194) | 2,564 | (13,477) |
| Total comprehensive income/(loss) for the period, net of tax | <u>4,970</u> | <u>(9,553)</u> | <u>3,221</u> | <u>(36,401)</u> |

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2017)



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

| | As at 30 September 2018 (RM '000) | As at 31 December 2017 (RM '000) |
|---|--|---|
| Assets | | |
| Property, plant and equipment | 253,869 | 249,008 |
| Investment properties | 379 | 43,451 |
| Intangible assets | 78,169 | 80,178 |
| Investment in joint ventures | 5,663 | 6,455 |
| Deferred tax assets | 1,504 | 2,314 |
| Trade and other receivables | 4,271 | 3,606 |
| Total non-current assets | 343,855 | 385,012 |
| Contract assets | 7,749 | - |
| Trade and other receivables | 168,697 | 149,418 |
| Inventories | 97,222 | 82,006 |
| Current tax assets | 3,420 | 1,478 |
| Cash & cash equivalents | 29,219 | 33,043 |
| Assets classified as held for sale | 41,779 | 442 |
| Total current assets | 348,086 | 266,387 |
| Total assets | 691,941 | 651,399 |
| Equity | | |
| Share capital | 156,187 | 156,187 |
| Reserves | 173,220 | 176,974 |
| Total equity attributable to owners of the Company | 329,407 | 333,161 |
| Non-controlling interests | 36,801 | 34,237 |
| Total equity | 366,208 | 367,398 |
| Liabilities | | |
| Deferred tax liabilities | 2,898 | 3,235 |
| Employee benefits | 1,042 | 662 |
| Loans and borrowings | 63,551 | 66,207 |
| Trade and other payables | 33,754 | 33,143 |
| Total non-current liabilities | 101,245 | 103,247 |
| Loans and borrowings | 89,960 | 67,804 |
| Trade and other payables | 134,267 | 112,578 |
| Current tax liabilities | 261 | 372 |
| Total current liabilities | 224,488 | 180,754 |
| Total liabilities | 325,733 | 284,001 |
| Total equity and liabilities | 691,941 | 651,399 |

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2017)



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

| | Attributable to Equity Holders of the Company | | | | Total (RM '000) | Non-controlling Interest (RM '000) | Total Equity (RM '000) |
|--|---|-------------------------------|-------------------------------------|-----------------------------------|--------------------|--|------------------------------|
| | Share Capital (RM '000) | Share Premium (RM '000) | Translation Reserve (RM '000) | Retained Earnings (RM '000) | | | |
| At 1 January 2018 | 156,187 | - | 21,141 | 155,833 | 333,161 | 34,237 | 367,398 |
| -Impact arising from adoption of MFRS 15 | - | - | - | 1,379 | 1,379 | - | 1,379 |
| Restated opening balance as at 1 January 2018 | 156,187 | - | 21,141 | 157,212 | 334,540 | 34,237 | 368,777 |
| Foreign currency translation differences for foreign operations | - | - | (250) | - | (250) | (2,818) | (3,068) |
| Total other comprehensive loss for the period | - | - | (250) | - | (250) | (2,818) | (3,068) |
| Profit for the period | - | - | - | 907 | 907 | 5,382 | 6,289 |
| Total comprehensive (loss)/income for the period | - | - | (250) | 907 | 657 | 2,564 | 3,221 |
| Dividend to owners of the Company | - | - | - | (5,790) | (5,790) | - | (5,790) |
| Total transactions with owners of the Company | - | - | - | (5,790) | (5,790) | - | (5,790) |
| At 30 September 2018 | 156,187 | - | 20,891 | 152,329 | 329,407 | 36,801 | 366,208 |
| At 1 January 2017 | 144,743 | 11,444 | 35,140 | 189,992 | 381,319 | 47,670 | 428,989 |
| Foreign currency translation differences for foreign operations | - | - | (5,514) | - | (5,514) | 1,848 | (3,666) |
| Total other comprehensive (loss)/ income for the period | - | - | (5,514) | - | (5,514) | 1,848 | (3,666) |
| Loss for the period | - | - | - | (17,410) | (17,410) | (15,325) | (32,735) |
| Total comprehensive loss for the period | - | - | (5,514) | (17,410) | (22,924) | (13,477) | (36,401) |
| Dividend to owners of the Company | - | - | - | (11,579) | (11,579) | - | (11,579) |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | 11,444 | (11,444) | - | - | - | - | - |
| Total transactions with owners of the Company | 11,444 | (11,444) | - | (11,579) | (11,579) | - | (11,579) |
| At 30 September 2017 | 156,187 | - | 29,626 | 161,003 | 346,816 | 34,193 | 381,009 |

Note

Note: With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM11,444,000 becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. Pursuant to Section 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2017)



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

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

| | 2018 Nine months ended 30 September RM '000 | 2017 Nine months ended 30 September RM '000 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit/(Loss) before tax | 7,907 | (36,618) |
| Adjustments for : | | |
| - Amortisation of intangible assets | 3,097 | 3,289 |
| - Depreciation of property, plant and equipment | 30,482 | 26,093 |
| - Gain on disposal of property, plant and equipment | (469) | (4,124) |
| - Impairment loss on property, plant and equipment | - | 11,515 |
| - Net interest expense | 4,015 | 1,780 |
| - Share of loss/(profit) of equity-accounted joint venture, net of tax | 608 | (440) |
| - Employee benefits, included employee redundancy | 542 | 32,057 |
| - Other non-cash items | 908 | 7,454 |
| Operating profit before changes in working capital | 47,090 | 41,006 |
| -Changes in inventories | (24,913) | 2,790 |
| -Changes in trade and other receivables | (13,361) | (18,750) |
| -Changes in trade and other payables | (6,184) | 19,143 |
| Cash from operations | 2,632 | 44,189 |
| - Interest received | 2,401 | 2,823 |
| - Employee benefits used, included employee redundancy | (409) | (37,459) |
| - Income tax paid | (3,454) | (1,707) |
| Net cash from operating activities | 1,170 | 7,846 |
| Cash flows from investing activities | | |
| - Acquisition of property, plant and equipment | (37,395) | (86,618) |
| - Proceeds from disposal of property, plant and equipment | 2,043 | 11,228 |
| - Investment in joint venture | - | (1,000) |
| - Change in pledged deposits | (3) | (4) |
| Net cash used in investing activities | (35,355) | (76,394) |
| Cash flows from financing activities | | |
| - Proceeds from loans and borrowings | 171,732 | 246,500 |
| - Dividend paid to owners of the Company | (5,790) | (11,579) |
| - Interest paid | (6,416) | (4,603) |
| - Repayment of loans and borrowings | (153,271) | (241,768) |
| - Advance from ultimate holding company | 23,694 | 22,763 |
| Net cash generated from in financing activities | 29,949 | 11,313 |
| Net decrease in cash & cash equivalents | (4,236) | (57,235) |
| Effect of exchange rate fluctuations on cash held | 412 | 6,201 |
| Cash & cash equivalents at 1 January | 32,931 | 71,958 |
| Cash & cash equivalents at 30 September | 29,107 | 20,924 |

Cash & cash equivalents

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

| | As at 30 September 2018 RM '000 | As at 30 September 2017 RM '000 |
|------------------------------|--|--|
| Cash and bank balances | 29,032 | 20,122 |
| Deposits with licensed banks | 187 | 911 |
| | 29,219 | 21,033 |
| Less: Deposit pledged | (112) | (109) |
| | 29,107 | 20,924 |

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2017)



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

Notes to the Interim Financial Statements for the quarter and nine months ended 30 September 2018

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 2017.

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 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2018. The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2018. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements, other than as disclosed below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group manufactures and sells certain printing products for its customers under non-cancellable exclusive rights to supply contract. In the prior period, the Group recognised revenue from contracts with customers after the significant risk and rewards of ownership transferred to the customers. With the adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when the performance obligations are satisfied over time. In adopting MFRS 15, the Group has adopted the standard using the modified retrospective approach. This means that the Group will take advantage of the exemptions allowing it not to restate comparative information for prior period from date of initial application. The cumulative effect of initially applying this Standard will be an adjustment to the opening retained earnings as at 1 January 2018.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 and has elected not to restate comparatives. The Group has assessed that the adoption of MFRS 9 did not have any significant effects on the interim financial report upon their initial application.



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

In summary, the impacts of adopting MFRS 15 to opening balances are as follows:

Statement of financial position:

| 1 January 2018 | Impact of change in accounting policies | | |
|--------------------------|---|--------------------------------------|-------------------|
| In RM'000 | As previously reported | Retrospective adjustment for MFRS 15 | After adjustments |
| Assets | | | |
| Contract assets | - | 9,609 | 9,609 |
| Inventories | 82,006 | (8,007) | 73,999 |
| Impact to assets | <u>82,006</u> | <u>1,602</u> | <u>83,608</u> |
| Liabilities | | | |
| Deferred tax liabilities | <u>(3,235)</u> | <u>(223)</u> | <u>(3,458)</u> |
| Equity | | | |
| Retained earnings | <u>155,833</u> | <u>1,379</u> | <u>157,212</u> |

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 2019

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments-Prepayment features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefit (Plan Amendments, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-based payment*
- Amendments to MFRS 3, *Business combination*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendments to IC Interpretation 12, *Service Concession Arrangements*



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

- Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance contracts*

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 16.

The Group is currently assessing the financial impact that may arise from the adoption of amendments to MFRS 16.

A3. Seasonal or Cyclical Nature of Operations

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

A4. Items of Unusual Nature

There were no other 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.

A6. Changes in Debt and Equity Securities

For the current financial year-to-date, there were no issuances, cancellations, repurchases, resale and repayments of debt, treasury shares and equity securities.

A7. Dividends Paid

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

| | Nine months ended | |
|---|--------------------------|---------------|
| | 30 September | |
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Final paid on 29 June 2018 | | |
| In respect of the financial year ended 31 December 2017 | 5,790 | |
| – single-tier dividend of 4.00 sen per share | | |
| Final paid on 30 June 2017 | | |
| In respect of the financial year ended 31 December 2016 | | 11,579 |
| – single-tier dividend of 8.00 sen per share | | |
| | <hr/> | <hr/> |
| | 5,790 | 11,579 |
| | <hr/> | <hr/> |



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

A8. 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.

| | Nine months ended | |
|--|--------------------------|---------------|
| | 30 September | |
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| <i>Included in the measure of segment profit/(loss) are:</i> | | |
| Revenue from external customers | 254,094 | 323,361 |
| Segment profit/(loss) | 46,691 | (653) |
| Segment assets | 568,571 | 595,540 |
| Segment liabilities | (449,838) | (399,679) |

| | Nine months ended | |
|---|--------------------------|-----------------|
| | 30 September | |
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Reconciliation of reportable segment profit or loss | | |
| Total profit/(loss) for reporting segments | 46,691 | (653) |
| Other non-reportable segments | 22,705 | 14,320 |
| Elimination of inter-segment profits | (23,287) | (19,563) |
| Depreciation and amortization | (33,579) | (29,382) |
| Finance costs | (6,416) | (4,603) |
| Finance income | 2,401 | 2,823 |
| Share of (loss)/profit of joint venture not included in reportable segments | (608) | 440 |
| Consolidated profit/(loss) before tax | <u>7,907</u> | <u>(36,618)</u> |



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

A9. 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 other than as disclosed below:-.

On 5 October 2018, Anzpac Services (Australia) Pty Limited (“Anzpac”), a wholly-owned subsidiary of Max Ease International Limited (“MEIL”), and is a 51%-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement (the “Agreement”) with CEA Property Pty Ltd (“CEA”) to dispose of a piece of freehold land identified as Lot 117, DP 811450 known as No. 32, Britton Street, Smithfield, NSW 2164 measuring approximately 33,260 square metres (the “Land”) together with an office/factory building erected thereon measuring approximately 14,088 square metres (the “Building”) (the Land and Building shall collectively be referred to as the “Property”) on an “as is where is” basis at a total cash consideration of AUD22,018,888 (equivalent to approximately RM65,176,000) (the “Sale Consideration”), subject to the terms and conditions as stipulated in the Agreement (the “Proposed Disposal”).

Completion of the Agreement shall take place on a date on which the full payment of the Sale Consideration is received by Anzpac which shall not be later than 42 days from the date of the Agreement.

A10. Changes in the Composition of the Group

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

A11. Changes in Contingent Liabilities

There were no material changes to contingent liabilities disclosed in the last audited statement of financial position as at 31 December 2017.

A12. Capital Commitments

| | As at 30 September 2018 RM'000 |
|-----------------------------------|---|
| Property, plant and equipment | |
| - Contracted but not provided for | 14,132 |



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

A13. 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.

| | Nine months ended 30 September 2018 RM'000 |
|----------------------------|---|
| Ultimate holding company | |
| - Management fees expense | 2,017 |
| - Interest expense | 1,097 |
| Related companies | |
| - Sales | (4,393) |
| - Purchases | 9,667 |
| - Rental of warehouse | 430 |
| - Sales of scrap paper | (3,737) |
| - Commission income | (13) |
| - Interest expense | 10 |
| Joint venture company | |
| - Management fees received | (29) |
| - Interest received | (2,038) |
| - Rental expenses | 2,166 |

A14. 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.



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

As at 30 September 2018, 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:-

| | Level 1 | Level 2 | Level 3 | Total fair value | Carrying amount |
|--|----------------|----------------|----------------|-------------------------|------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Fair value of financial instruments carried at fair value | | | | | |
| Financial assets | | | | | |
| - Other receivables | - | - | 8,787 | 8,787 | 8,787 |
| Fair value of financial instruments not carried at fair value | | | | | |
| Financial liabilities | | | | | |
| - Bank borrowings | | | (153,244) | (153,244) | (153,244) |
| - Finance lease liabilities | - | - | (255) | (255) | (267) |
| - Ultimate holding company and subsidiaries | - | - | (80,287) | (80,287) | (85,388) |
| Total | - | - | (224,999) | (224,999) | (230,112) |



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

**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 third quarter ended 30 September 2018 decreased by 21.9% or RM22.9 million to RM81.6 million as compared to RM104.5 million revenue in the preceding year corresponding quarter. The current quarter results were affected by lower demand in certain cigarette brand related packaging products due to increase in the illegal trade volume, reduction of non-tobacco revenue as a result of closure of the Australian and Malaysian operation. The weaker United States dollar during the quarter as compared to the preceding year's corresponding quarter also contributed to the reduced revenue.

Profit/ (loss) before tax

Third quarter ended 30 September 2018 reported profit before tax of RM2.1 million, increased by RM14.9 million or 116.4% as compared to the preceding year corresponding quarter loss before tax of RM12.8 million.

The third quarter ended 30 September 2017 results have been mainly impacted by the cessation of its Malaysia's printing operations where the Group has recorded a one-off closure cost of RM13.6 million.

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

Revenue

Group's revenue for the nine months ended 30 September 2018 of RM255.1 million was RM68.3 million or 21.1% lower than the previous year's corresponding period of RM323.4 million for reason stated above.

Profit/ (loss) before tax

Profit before tax for the nine months ended 30 September 2018 increased by RM44.6 million or 121.5% to RM7.9 million as compared to the previous year's corresponding period loss before tax of RM36.7 million. The higher loss in previous corresponding period was mainly due to the closure of the Australian and Malaysian operations at a total cost of RM43.8million.

B2. Variation of Results against Preceding Quarter

Revenue

Group's revenue for the third quarter ended 30 September 2018 decreased by 11.3% or RM10.4 million to RM81.6 million from RM92.0 million in the preceding quarter. Lower revenue for the quarter was mainly due to the impact of adopting MFRS 15 that resulted in lower revenue recognition of RM11.9 million.



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

Profit before tax

Third quarter ended 30 September 2018 reported profit before tax of RM2.1 million on the back of lower revenue as explained above and weaker Ringgit Malaysia against United States dollar as compared to the preceding quarter profit before tax of RM6.0 million.

B3. Prospects

The outlook of the final quarter 2018 continues to be challenging within the tobacco industry.

With the completion of the expansion of the production footprint in Vietnam and the finalization of the business in Indonesia, the Group expects its operations to improve while its Dubai operation continues to develop and pursue new markets

B4. Profit Forecast

None.

B5. Tax Expense

| | Current Quarter ended 30 September | | Nine months ended 30 September | |
|--|---------------------------------------|----------------|-----------------------------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Income tax expense | | | | |
| - Current year | 345 | (170) | 1,343 | 2,210 |
| - Prior year | 14 | 15 | 14 | 15 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 359 | (155) | 1,357 | 2,225 |
| Deferred tax | | | | |
| - Origination and reversal of temporary differences | (207) | (5,705) | 38 | (5,726) |
| - Prior year | 223 | 4 | 223 | (382) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 375 | (5,856) | 1,618 | (3,883) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The Group's effective tax rate for the nine months ended 30 September 2018 was lower than the Malaysian statutory tax rate of 24% due to effects of lower tax rates in certain tax jurisdictions and effects of certain foreign sourced income which are not subject to tax.



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

B6. Status of corporate proposals announced

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

1. On 20 March 2018, the Company had announced that the Parties (TWPH, DOFICO and TVDP are collectively referred to as "the Parties") entered into a termination agreement ("Termination Agreement") to mutually agreed to terminate the joint venture agreement ("JVA") dated 24 May 2015 with effect from the date of the execution of the Termination Agreement and Transfer Contract whereby DOFICO shall transfer the 50% of the total charter capital of TVDP ("Capital Contribution") and all rights and interests thereof to TWPH and TWPH agreed to acquire the 50% of the total charter capital of TVDP from DOFICO at the cash consideration of USD1,629,762 (equivalent to RM6,372,369 based on exchange rate of USD1.00 to RM3.91 as at 20 March 2018) ("Termination and Acquisition of Capital Contribution").

The completion of the proposed termination of Joint Venture agreement with DOFICO and acquisition of the remaining 50% shares held by Dofico in TVDP is pending the issuance of an amended investment certificate by the State Authority of Vietnam. Upon completion of the above, TVDP shall becomes a wholly-owned subsidiary of the Company.

2. Following the Company's announcements dated 03 April 2018, 26 July 2018, 31 July 2018, 25 September 2018, 27 September 2018 and 28 September 2018, the Company has convened an Extraordinary General Meeting on 7 November 2018 for the following:
 - (i) Proposed subscription of ordinary shares, redeemable non-convertible non-cumulative preference shares and/or redeemable non-convertible cumulative preference shares of Lum Chang Tien Wah Property Sdn. Bhd. ("LCTWP") not exceeding 50% of the development cost of the proposed development of a mixed-use commercial development of the land (as defined herein) ("Proposed Development") or RM250.0 million, whichever is lower, by Tien Wah Properties Sdn. Bhd. ("TWPSB") to meet the capital expenditure and working capital requirements of LCTWP in the event LCTWP is not able to procure any financing facility(ies) from bank(s) or financial Institution(s), as may be required pursuant to the terms of the Shareholders' Agreement dated 16 May 2016 entered into between TWPSB and Kemensah Holdings Pte.Ltd. to incorporate, own and operate LCTWP for the proposed development ("Proposed Subscription");
 - (ii) Proposed provision of financial assistance through Tien Wah Press Holdings Berhad and its subsidiaries ("TWPH Group") to LCTWP by provision of guarantees, indemnities and/or collaterals for banking facility(ies) to be obtained by LCTWP from bank(s) or financial institution(s) of up to RM150.0 million which is in proportion to its current shareholding in LCTWP held via its subsidiary, TWPSB; and
 - (iii) Proposed diversification of the existing core business of TWPH Group to include property development and property investment, after taking into consideration TWPH Group's proposed investment in LCTWP via the proposed subscription which may potentially result in the diversion of 25% or more of the TWPH Group's net assets or contribution from such an operation of 25% or more to the net profits of TWPH Group in the future.
3. On 13 September 2018, the Company announced that Tien Wah Press (Malaya) Sdn. Bhd. ("TWPM") had entered into an Asset Sale Agreement (the "Agreement") with Paper Base Converting Sdn. Bhd. ("PBC"), an indirect wholly-owned subsidiary of New Toyo International Holdings Ltd ("NTIH"), which is a major shareholder of TWPH to dispose a Litho Printing Machine (the "Asset") held by TWPM to PBC at a cash consideration of RM1,448,750.00 ("Sale Consideration"). The Asset is sold as at a date to be agreed by the Parties which shall not be later than thirty (30) days from the date of the Agreement, whereby the Balance Sale Consideration shall be paid by PBC to TWPM ("Completion Date").



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

4. On 5 October 2018, Anzpac Services (Australia) Pty Limited (“Anzpac”), a wholly-owned subsidiary of Max Ease International Limited (“MEIL”), and is a 51%-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement (the “Agreement”) with CEA Property Pty Ltd (“CEA”) to dispose of a piece of freehold land identified as Lot 117, DP 811450 known as No. 32, Britton Street, Smithfield, NSW 2164 measuring approximately 33,260 square metres (the “Land”) together with an office/factory building erected thereon measuring approximately 14,088 square metres (the “Building”) (the Land and Building shall collectively be referred to as the “Property”) on an “as is where is” basis at a total cash consideration of AUD22,018,888 (equivalent to approximately RM65,176,000) (the “Sale Consideration”), subject to the terms and conditions as stipulated in the Agreement (the “Proposed Disposal”).

Completion of the Agreement shall take place on a date on which the full payment of the Sale Consideration is received by Anzpac which shall not be later than 42 days from the date of the Agreement.

B7. Borrowings and Debt Securities

30 September 2018

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|--|---------------------------|-----------------------------|-------------------------|
| Short-term borrowings | | | |
| Borrowings – Revolving Credits | - | 11,944 | 11,944 |
| Borrowings – Finance lease liabilities | - | 62 | 62 |
| Borrowings – Term loan | 8,610 | - | 8,610 |
| Borrowings – Trade facilities | - | 69,344 | 69,344 |
| Sub-totals | 8,610 | 81,350 | 89,960 |
| Long-term borrowings | | | |
| Borrowings – Revolving Credits | - | 23,636 | 23,636 |
| Borrowings – Finance lease liabilities | - | 205 | 205 |
| Borrowings – Term loan | 39,710 | - | 39,710 |
| Sub-totals | 39,710 | 23,841 | 63,551 |
| Grand total | 48,320 | 105,191 | 153,511 |



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

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

| 30 September 2018 | | | |
|--------------------------|------------------------------|------------------------------|--------------------------------|
| | Long- term borrowings | Short-term borrowings | |
| | RM'000 | RM'000 | |
| Ringgit Malaysia | 205 | 14,562 | |
| United States Dollar | 47,391 | 62,231 | Equivalent to USD26.5 million |
| Indonesian Rupiah | 15,955 | 13,167 | Equivalent to IDR104.9 million |
| Total | <u>63,551</u> | <u>89,960</u> | |

B8. Derivative Financial instruments

As at 30 September 2018, 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

Total dividend declared and paid for the nine months ended 30 September 2018 comprising:

- a) The Company had on 29 June 2018 paid a final single-tier dividend of 4.00 sen per ordinary share totaling RM5,789,700 in respect of the financial year ended 31 December 2017
- b) The directors do not recommend any interim dividend for the period ended 30 September 2018.



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

B11. Earnings per share

(a) *Basic earnings/(loss) per share*

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

| | Nine months ended 30 September | |
|--|---|-------------|
| | 2018 | 2017 |
| Earnings/(loss) attributable to equity holders of the Company (RM'000) | 907 | (17,410) |
| Weighted average number of ordinary shares in issue ('000) | 144,743 | 144,743 |
| Basic earnings/(loss) per share (sen) | 0.63 | (12.03) |

(b) *Diluted earnings per share*

Not applicable for the Group.

B12. 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 2017 was unqualified.

B13. Profit for the period

| | Current quarter ended 30 September 2018 RM'000 | Nine months ended 30 September 2018 RM'000 |
|--|---|---|
| Profit for the period is arrived at after charging:- | | |
| Amortisation of intangible assets | 1,061 | 3,097 |
| Depreciation of property, plant and equipment | 10,853 | 30,482 |
| Allowance/(reversal) for impairment loss on inventories | 98 | (1,981) |
| Net foreign exchange (gain)/loss | (115) | 909 |
| Loss/(Gain) on disposal of property, plant and equipment | 16 | (469) |

Other than the above, there were no allowance for doubtful debts, bad debts written off, 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 period ended 30 September 2018.