



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

Quarterly report on consolidated results for the twelve months ended 31 December 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	PRECEDING YEAR CORRESPONDING QUARTER			CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD		
	31 December 2018 RM'000	31 December 2017 RM'000			31 December 2018 RM'000	31 December 2017 RM'000		
1	Revenue	87,296	93,948	(7.1%)	342,435	417,309	(17.9%)	
2	(Loss)/Profit before tax	(2,936)	(352)	734.1%	4,971	(36,970)	(113.4%)	
3	(Loss)/Profit for the period	(3,795)	(457)	730.4%	2,494	(33,192)	(107.5%)	
4	Loss attributable to ordinary equity holders of the Company	(7,051)	(2,275)	209.9%	(6,144)	(19,685)	(68.8%)	
5	Basic loss per share (sen)	(4.87)	(1.57)	210.3%	(4.24)	(13.60)	(68.8%)	
6	Proposed/Declared Dividend per share (sen)	8.00	4.00	100.0%	8.00	6.00	33.3%	
		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)	2.25			2.30			
7	Remarks :							

PART A3: ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER			Changes (Amount/ %)	CUMULATIVE QUARTER		Changes (Amount/ %)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER			CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD		
	31 December 2018 RM'000	31 December 2017 RM'000			31 December 2018 RM'000	31 December 2017 RM'000		
1	Gross interest income	629	850	(26.0%)	3,030	3,673	(17.5%)	
2	Gross interest expense	(2,865)	(1,922)	49.1%	(9,281)	(6,525)	42.2%	
	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 2018

	2018 Current Quarter Ended 31 December (RM '000)	2017 Comparative Quarter Ended 31 December (RM '000)	Changes (Amount / %)	2018 Cumulative Twelve months Ended 31 December (RM '000)	2017 Cumulative Twelve months Ended 31 December (RM '000)	Changes (Amount / %)
Revenue	87,296	93,948	(7.1%)	342,435	417,309	(17.9%)
Cost of sales	(83,027)	(83,449)	(0.5%)	(301,676)	(366,168)	(17.6%)
Gross profit	4,269	10,499	(59.3%)	40,759	51,141	(20.3%)
Other income	24,732	(2,359)	(1,148.4%)	31,750	6,070	423.1%
Distribution expenses	(2,382)	(1,477)	61.3%	(5,872)	(7,911)	(25.8%)
Administrative expenses	(9,823)	(7,750)	26.7%	(31,458)	(33,404)	(5.8%)
Other expenses	(16,440)	2,731	(702.0%)	(22,293)	(49,530)	(55.0%)
Results from operating activities	356	1,644	(78.3%)	12,886	(33,634)	(138.3%)
Finance income	629	850	(26.0%)	3,030	3,673	(17.5%)
Finance costs	(2,865)	(1,922)	49.1%	(9,281)	(6,525)	42.2%
Operating (loss)/profit	(1,880)	572	(428.7%)	6,635	(36,486)	(118.2%)
Share of loss of equity-accounted joint venture, net of tax	(1,056)	(924)	14.3%	(1,664)	(484)	243.8%
(Loss)/Profit before tax	(2,936)	(352)	734.1%	4,971	(36,970)	(113.4%)
Tax expense	(859)	(105)	718.1%	(2,477)	3,778	(165.6%)
(Loss)/Profit for the period	(3,795)	(457)	730.4%	2,494	(33,192)	(107.5%)
(Loss)/Profit for the period attributable to:						
Owners of the Company	(7,051)	(2,275)	209.9%	(6,144)	(19,685)	(68.8%)
Non-controlling interests	3,256	1,818	79.1%	8,638	(13,507)	(164.0%)
(Loss)/Profit for the period	(3,795)	(457)	730.4%	2,494	(33,192)	(107.5%)
Loss per ordinary share :						
-basic (sen)	(4.87)	(1.57)		(4.24)	(13.60)	

(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
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2018

	2018 Current Quarter Ended 31 December (RM '000)	2017 Comparative Quarter Ended 31 December (RM '000)	2018 Cumulative Twelve months Ended 31 December (RM '000)	2017 Cumulative Twelve months Ended 31 December (RM '000)
(Loss)/Profit for the period	(3,795)	(457)	2,494	(33,192)
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	7,256	(10,259)	4,188	(13,925)
Total comprehensive income/(loss) for the period, net of tax	<u>3,461</u>	<u>(10,716)</u>	<u>6,682</u>	<u>(47,117)</u>
Total comprehensive income/ (loss) attributable to:				
Owners of the Company	(3,458)	(10,760)	(2,801)	(33,684)
Non-controlling interests	6,919	44	9,483	(13,433)
Total comprehensive income/(loss) for the period, net of tax	<u>3,461</u>	<u>(10,716)</u>	<u>6,682</u>	<u>(47,117)</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
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	As at 31 December 2018 (RM '000)	As at 31 December 2017 (RM '000)
Assets		
Property, plant and equipment	261,847	249,008
Investment properties	377	43,451
Intangible assets	77,061	80,178
Investment in joint ventures	34,606	6,455
Deferred tax assets	1,492	2,314
Trade and other receivables	7,469	3,606
Total non-current assets	382,852	385,012
Contract assets	14,121	-
Trade and other receivables	84,751	149,418
Inventories	95,072	82,006
Current tax assets	1,501	1,478
Cash & cash equivalents	48,980	33,043
Assets classified as held for sale	-	442
Total current assets	244,425	266,387
Total assets	627,277	651,399
Equity		
Share capital	156,187	156,187
Reserves	169,762	176,974
Total equity attributable to owners of the Company	325,949	333,161
Non-controlling interests	41,259	34,237
Total equity	367,208	367,398
Liabilities		
Deferred tax liabilities	3,436	3,235
Employee benefits	1,199	662
Loans and borrowings	62,328	66,207
Trade and other payables	33,733	33,143
Total non-current liabilities	100,696	103,247
Loans and borrowings	75,829	67,804
Trade and other payables	83,544	112,578
Current tax liabilities	-	372
Total current liabilities	159,373	180,754
Total liabilities	260,069	284,001
Total equity and liabilities	627,277	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
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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 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, <i>as previously reported</i>	156,187	-	21,141	155,833	333,161	34,237	367,398
-Adjustment on initial application of MFRS 15, net of tax	-	-	-	1,379	1,379	-	1,379
At 1 January 2018, <i>restated</i>	156,187	-	21,141	157,212	334,540	34,237	368,777
Foreign currency translation differences for foreign operations	-	-	3,343	-	3,343	845	4,188
Total other comprehensive income for the period	-	-	3,343	-	3,343	845	4,188
(Loss)/Profit for the period	-	-	-	(6,144)	(6,144)	8,638	2,494
Total comprehensive income/(loss) for the period	-	-	3,343	(6,144)	(2,801)	9,483	6,682
Dividend to owners of the Company	-	-	-	(5,790)	(5,790)	-	(5,790)
Dividends to non-controlling interest	-	-	-	-	-	(2,461)	(2,461)
Total transactions with owners of the Company	-	-	-	(5,790)	(5,790)	(2,461)	(8,251)
At 31 December 2018	156,187	-	24,484	145,278	325,949	41,259	367,208
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	-	-	(13,999)	-	(13,999)	74	(13,925)
Total other comprehensive(loss)/ income for the period	-	-	(13,999)	-	(13,999)	74	(13,925)
Loss for the period	-	-	-	(19,685)	(19,685)	(13,507)	(33,192)
Total comprehensive loss for the period	-	-	(13,999)	(19,685)	(33,684)	(13,433)	(47,117)
Dividend to owners of the Company	-	-	-	(14,474)	(14,474)	-	(14,474)
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)	-	(14,474)	(14,474)	-	(14,474)
At 31 December 2017	156,187	-	21,141	155,833	333,161	34,237	367,398

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.

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



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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2018

	2018 Twelve months ended 31 December RM '000	2017 Twelve months ended 31 December RM '000
Cash flows from operating activities		
Profit/(Loss) before tax	4,971	(36,970)
Adjustments for :		
- Amortisation of intangible assets	4,175	4,334
- Depreciation of property, plant and equipment	41,579	36,400
- Gain on disposal of property, plant and equipment	(23,525)	(34)
- Impairment loss on property, plant and equipment	-	7,280
- Allowance for doubtful debts	6,770	
- Net interest expense	6,251	2,852
- Share of loss of equity-accounted joint venture, net of tax	1,664	484
- Employee benefits, included employee redundancy	1,040	32,011
- Other non-cash items	8,221	8,991
Operating profit before changes in working capital	51,146	55,348
-Changes in inventories	(24,383)	(4,275)
-Changes in trade and other receivables	53,095	(10,758)
-Changes in trade and other payables	(9,444)	27,573
Cash generated from operations	70,414	67,888
- Interest received	3,030	3,673
- Employee benefits used, included employee redundancy	(467)	(36,460)
- Income tax paid	(1,837)	(2,413)
Net cash from operating activities	71,140	32,688
Cash flows from investing activities		
- Acquisition of property, plant and equipment	(55,118)	(103,790)
- Proceeds from disposal of property, plant and equipment	67,278	11,633
- Proceeds from disposal of an associate	-	15,267
- Investment in joint venture	(30,000)	(1,000)
- Change in pledged deposits	(3)	(3)
Net cash used in investing activities	(17,843)	(77,893)
Cash flows from financing activities		
- Proceeds from loans and borrowings	226,637	312,563
- Dividend paid to owners of the Company	(5,790)	(14,474)
- Dividend paid to non-controlling interests	(2,461)	-
- Interest paid	(9,281)	(6,525)
- Repayment of loans and borrowings	(223,854)	(304,176)
- (Repayment to)/Advance from ultimate holding company	(22,802)	21,235
Net cash (used in)/from financing activities	(37,551)	8,623
Net increase/(decrease) in cash & cash equivalents	15,746	(36,582)
Effect of exchange rate fluctuations on cash held	188	(2,445)
Cash & cash equivalents at 1 January	32,931	71,958
Cash & cash equivalents at 31 December	48,865	32,931

Cash & cash equivalents

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

	As at 31 December 2018 RM '000	As at 31 December 2017 RM '000
Cash and bank balances	20,843	32,725
Deposits with licensed banks	28,137	318
	48,980	33,043
Less: Deposit pledged	(115)	(112)
	48,865	32,931

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



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



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

Statement of financial position:

1 January 2018 In RM'000	Impact of change in accounting policies		
	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*



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

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.*

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 annual periods beginning on or after 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 MFRS 16, *Leases*.

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.

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.

A6. Changes in Debt and Equity Securities

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



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A7. Dividends Paid

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

	Twelve months ended	
	31 December	
	2018	2017
	RM'000	RM'000
Final paid on 29 June 2018 In respect of the financial year ended 31 December 2017 – single-tier dividend of 4.00 sen per share	5,790	
Interim paid on 27 October 2017 in respect of the financial year ended 31 December 2017 – single-tier dividend of 2.00 sen per share		2,895
Final paid on 30 June 2017 In respect of the financial year ended 31 December 2016 – single-tier dividend of 8.00 sen per share		11,579
	<hr/>	<hr/>
	5,790	14,474
	<hr/>	<hr/>

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.

	Twelve months ended	
	31 December	
	2018	2017
	RM'000	RM'000
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	341,498	416,674
Segment profit	34,813	11,341
Segment assets	481,031	567,904
Segment liabilities	(395,763)	(382,358)



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	Twelve months ended	
	31 December	
	2018	2017
	RM'000	RM'000
Reconciliation of reportable segment profit or loss		
Total profit for reporting segments	34,813	11,341
Other non-reportable segments	36,981	2,114
Elimination of inter-segment profits	(13,154)	(6,355)
Depreciation and amortization	(45,754)	(40,734)
Finance costs	(9,281)	(6,525)
Finance income	3,030	3,673
Share of loss of joint venture not included in reportable segments	(1,664)	(484)
Consolidated profit/(loss) before tax	<u>4,971</u>	<u>(36,970)</u>

A9. Material Events Subsequent to the End of Quarterly Period

There were no material events not reflected in the interim financial statements subsequent to the balance sheet date.

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
	31 December 2018
	RM'000
Property, plant and equipment	
- Contracted but not provided for	3,777



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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.

	Twelve months ended 31 December 2018 RM'000
Ultimate holding company	
- Management fees expense	3,374
- Interest expense	1,601
Related companies	
- Sales	(5,177)
- Purchases	12,327
- Rental of warehouse	563
- Sales of scrap paper	(5,103)
- Commission income	(13)
- Interest expense	32
Joint venture company	
- Management fees received	(29)
- Interest received	(2,494)
- Rental expenses	2,697



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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.

As at 31 December 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	-	-	8,801	8,801	8,801
Financial liabilities					
- Bank borrowings	-	-	(137,906)	(137,906)	(137,906)
Fair value of financial instruments not carried at fair value					
Financial liabilities					
- Finance lease liabilities	-	-	(240)	(240)	(252)
- Ultimate holding corporation	-	-	(32,806)	(32,806)	(37,484)
Total	-	-	(162,151)	(162,151)	(166,841)



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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 2018 of RM87.3 million was 7.0% lower than the corresponding quarter last year of RM93.9 million. The revenue in the corresponding quarter last year was higher due to the RM8.8 million sales of inventory from Anzpac Services (Australia) Pty Ltd ("Anzpac") and non-tobacco revenue from Tien Wah Press (Malaya) Sdn Bhd ("TWPM") of RM3.0 million.

Loss before tax

Fourth quarter ended 31 December 2018 loss before tax of RM2.9 million, increased by RM2.5 million from a loss before tax of RM0.4 million in the corresponding quarter last year. In the fourth quarter, the Group recognized a gain from disposal of the Anzpac property of RM23.1m together with the effect of the foreign currency translation loss in Anzpac of RM9.1 million and one-off provision of doubtful debts of RM6.7 million in Anzpac. The fourth quarter 2018 loss before tax, excluding the impact from Anzpac, was higher than the corresponding quarter last year due to relocation of printing business within the Group and higher interest expenses.

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

Revenue

Group's revenue for the year ended 31 December 2018 of RM342.4 million was RM74.9 million, 17.9% lower than the previous year of RM417.3 million. The decrease was mainly due to the loss of non-tobacco revenue as a result of closure of Anzpac and TWPM.

Profit/(Loss) before tax

Profit before tax for the year ended 31 December 2018 of RM5.0 million, increased by RM42.0 million compared to a loss before tax of RM37.0 million in 2017. This increase was mainly due to the gain from disposal of Anzpac property and offset by closure cost of Anzpac (RM26.4 million) and TWPM (RM11.9 million) in 2017.

Earnings before Interest, Tax and Depreciation ("EBITDA") for the year ended 31 December 2018 increased from RM6.6 million in 2017 to RM57.0 million which included the gain on the sale of Anzpac property.

B2. Variation of Results against Preceding Quarter

Revenue

Group's revenue for the fourth quarter ended 31 December 2018 increased by 7.0% from RM81.6 million to RM87.3 million due to higher volume requirements from our tobacco customers.

(Loss)/Profit before tax

Fourth quarter ended 31 December 2018 loss before tax was at RM2.9 million as compared to a profit before tax of RM2.1 million for the preceding quarter. The reduction was mainly due to one-off provision of doubtful debts of RM6.7 million and higher cost associated with the relocation of printing business.



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B3. Prospects

The outlook for 2019 continues to be challenging for the tobacco industry. The Board is confident that the stabilization of the new production footprint will provide the Group with greater efficiencies.

B4. Profit Forecast

None.

B5. Tax Expense

	Current Quarter ended 31 December		Twelve months ended 31 December	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax expense				
- Current year	207	251	1,550	2,461
- Prior year	118	(135)	132	(120)
	<u>325</u>	<u>116</u>	<u>1,682</u>	<u>2,341</u>
Deferred tax				
- Origination and reversal of temporary differences	1,012	947	1,050	(4,779)
- Prior year	-	(958)	-	(1340)
- Change in accounting policy	(478)	-	(255)	-
	<u>859</u>	<u>105</u>	<u>2,477</u>	<u>(3,778)</u>

The Group's effective tax rate for the twelve months ended 31 December 2018 was higher than the Malaysian statutory tax rate of 24%; due to effects of certain expenses not being allowable for tax purposes.

B6. Status of corporate proposals announced

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

On 20 March 2018, the Company and had announced that the Parties (the Company, Dong Nai Food Industrial Corporation ("DOFICO") and Toyo (Viet) - DOFICO Print Packaging Co. Ltd. ("TVDP") are collectively referred to as "the Parties") entered into a termination agreement ("Termination Agreement") to mutually agreed to terminate the strategic joint venture agreement ("JVA") dated 24 May 2015. 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").



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The completion of the 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.

B7. Utilisation of proceeds from disposal of a piece of freehold land together with a building

As announced on 5 and 9 October 2018, Anzpac Services (Australia) Pty Limited, a 51% subsidiary of Tien Wah Press Holdings Berhad, has disposed a piece of freehold land together with a building in Australia. The status of utilisation of the proceeds from as at 31 December 2018 is as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Amount unutilised RM'000
Property development	7,200	7,200	-
Working capital	12,240	12,240	-
Repayment of bank borrowings	13,800	13,800	-
Total	33,240	33,240	-

B8. Borrowings and Debt Securities

	As at 31 December 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short-term borrowings			
Borrowings – Revolving Credits	-	10,737	10,737
Borrowings – Finance lease liabilities	-	63	63
Borrowings – Term loan	9,112	129	9,241
Borrowings – Trade facilities	-	55,788	55,788
Sub-totals	9,112	66,717	75,829

	As at 31 December 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000
Long-term borrowings			
Borrowings – Revolving Credits	-	21,227	21,227
Borrowings – Finance lease liabilities	-	189	189
Borrowings – Term loan	38,849	2,063	40,912
Sub-totals	38,849	23,479	62,328
Grand total	47,961	90,196	138,157



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

	as at 31 December 2018		
	Long-term borrowings	Short-term borrowings	
	RM'000	RM'000	
Ringgit Malaysia	189	10,763	
United States Dollar	44,854	49,091	Equivalent to USD22.7 million
Indonesian Rupiah	15,853	15,886	Equivalent to IDR110.9 million
Vietnamese Dong	1,432	89	Equivalent to VND8.6 million
Total	<u>62,328</u>	<u>75,829</u>	

B9. Derivative Financial instruments

As at 31 December 2018, 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 2018 comprising:

- a) The Directors have recommended the payment of a final single-tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2018. The proposed final dividend will be subject to the shareholders' approval at the forthcoming Annual General Meeting.

The payment date for the final dividend in respect of the financial year ended 31 December 2018 is on 1 July 2019. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 7 June 2019.

- b) 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.



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B12. Earnings per share

(a) *Basic loss per share*

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

	Twelve months ended 31 December	
	2018	2017
Loss attributable to equity holders of the Company (RM'000)	(6,144)	(19,685)
Weighted average number of ordinary shares in issue ('000)	144,743	144,743
Basic loss per share (sen)	(4.24)	(13.60)

(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 2017 was unqualified.

B14. Loss for the period

	Current quarter ended 31 December 2018 RM'000	Twelve months ended 31 December 2018 RM'000
Loss for the period is arrived at after charging:-		
Amortisation of intangible assets	1,078	4,175
Depreciation of property, plant and equipment	11,097	41,579
Allowance for/(Reversal of) impairment loss on inventories	1,716	(265)
Allowance for doubtful debts	6,770	6,770
Net foreign exchange loss	3,068	3,977
Gain on disposal of property, plant and equipment	(23,056)	(23,525)

Other than the above, there were no 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 31 December 2018.