

Tien Wah Press Holdings Berhad

Shaping Our Future

Annual Report **2013**

COVER RATIONALE



“SHAPING THE FUTURE”

“SHAPING THE FUTURE” is a statement that is indicative of TWPH in creating impact and making a change for the better in its respective business segment. With a substantial focus on greater technologies to deliver better performance and results, “SHAPING THE FUTURE” contains the directive of confidence and trust that can be conveyed to shareholders, investors and customers. We also believe our future lies in the passion, commitment and dedication of our people.

COLOUR SCHEME

To best relate to printing industries, the chosen color scheme can be similarly found in the CMYK colour scheme. Adorning it with a white background represents a message of clarity to convey confidence without compromise. These colourful beams represent the ‘essence’ of corporate momentum without interruption and distractions to achieve clear-cut expectations.

HIGHLIGHTS OF THE YEAR

	Year ended 31.12.13 RM million	Year ended 31.12.12 RM million	Increase / (Decrease) %	
Revenue	380.4	408.1	(6.79)	
Profit before tax	41.2	47.2	(12.71)	
Profit for the year	33.8	40.4	(16.34)	
Profit attributable to owners of the Company	24.5	27.2	(9.93)	
Total equity attributable to owners of the Company	229.1	217.0	5.58	
Return on shareholders' funds	(%)	10.70	12.52	(1.82)
Net earning per share	(sen)	25.42	28.15	(9.70)
Net dividend per share	(sen)	12.78	12.78	-

- 2013 was a year of further operational impact amidst a challenging operating landscape for the printing industry in general.
- Focused on reduction of customers' complaints, operational/cost efficiencies and effectiveness.
- Most of the quality initiatives commenced during 2012 came to fruition in 2013.
- Successfully implemented ERP software across multi-site operations, yielding ongoing benefits.

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FINANCIAL CALENDAR

Financial Year 2013

1 January to 31 December

ANNOUNCEMENT OF RESULTS

First Quarterly Report - Unaudited consolidated results for the quarter ended 31 March 2013	Thursday, 9 May 2013
Second Quarterly Report - Unaudited consolidated results for the quarter ended 30 June 2013	Thursday, 1 August 2013
Third Quarterly Report - Unaudited consolidated results for the quarter ended 30 September 2013	Thursday, 7 November 2013
Fourth Quarterly Report - Unaudited consolidated results for the quarter ended 31 December 2013	Tuesday, 25 February 2014

DIVIDEND

Interim Dividend (interim dividend of 5.40 sen per share less tax of 25% and interim tax exempt dividend of 2.34 sen per ordinary share) Date paid	Thursday, 31 October 2013
Proposed Final Dividend (final single-tier tax exempt dividend of 6.39 sen per ordinary share) Date of entitlement Date payable	Wednesday, 25 June 2014 Thursday, 10 July 2014

ANNUAL REPORT AND ANNUAL GENERAL MEETING

2013 Annual Report Date of issuance	Wednesday, 21 May 2014
19 th Annual General Meeting Date of notice Date of meeting	Wednesday, 21 May 2014 Thursday, 12 June 2014

CORPORATE VISION AND MISSION STATEMENT



T Total Quality Management through

W Working as a Team to achieve

P Profitability & Productivity

CORPORATE VISION

To be the Winning Company in the provision of Solutions and Services to our customers in the Image Transfer Industry

CORPORATE MISSION STATEMENT

To maximise Stakeholders Value through:-

- Focusing on the continuous improvement in the provision of solutions and operational excellence to help serve our customers' needs better and to grow together.
- Conducting our businesses in a healthy and safe environment and in compliance to the law.
- Cultivating a culture of achievements.
- Continuous innovation with creation of new products and new businesses.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Company will be held at Atlanta East, Level 3, Armada Hotel, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 12 June 2014 at 10.30 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To declare a final single-tier exempt dividend of 6.39 sen per ordinary share in respect of the financial year ended 31 December 2013. **Ordinary Resolution 1**
3. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-
 "That pursuant to Section 129(6) of the Companies Act, 1965, Mej Jen Datuk Abdul Kadir Bin Nordin (Bersara) be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 2**
4. To re-elect the following Director who retires by rotation in accordance with Article 86.1 of the Articles of Association of the Company:-
 (i) Mr Lee Chee Whye **Ordinary Resolution 3**
5. To re-elect the following Directors of the Company who retire in accordance with Article 93 of the Articles of Association of the Company:-
 (i) Datuk Toh Ah Wah **Ordinary Resolution 4**
 (ii) Mr Lee Cheow Fui **Ordinary Resolution 5**
 (iii) Ms Angela Heng Chor Kiang **Ordinary Resolution 6**
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

7. Directors' Fees

To approve the aggregate Directors' fees payable to the Directors of the Company of an amount not exceeding RM900,000 per annum. **Ordinary Resolution 8**

8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("TWPH Group") be and are hereby authorised to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 21 May 2014 with the related parties mentioned therein which are necessary for the TWPH Group's day-to-day operations, subject further to the following:

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by the Company in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they **Ordinary Resolution 9** may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Nineteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 54 of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 June 2014. Only a depositor whose name appears on the Record of Depositors as at 5 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Nineteenth Annual General Meeting, a final single-tier tax exempt dividend of 6.39 sen per ordinary share in respect of the financial year ended 31 December 2013 will be paid to the shareholders on 10 July 2014. The entitlement of the said dividend shall be on 25 June 2014.

A Depositor shall qualify for entitlement to the Dividend only in respect of :

- (a) Shares transferred to the Depositor’s securities account before 5.00 p.m. on 25 June 2014 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

CHOONG LEE WAH (MAICSA 7019418)

Secretaries

Date: 21 May 2014

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting and where a member appoints two proxies the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the form of proxy shall be executed under the corporation’s seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

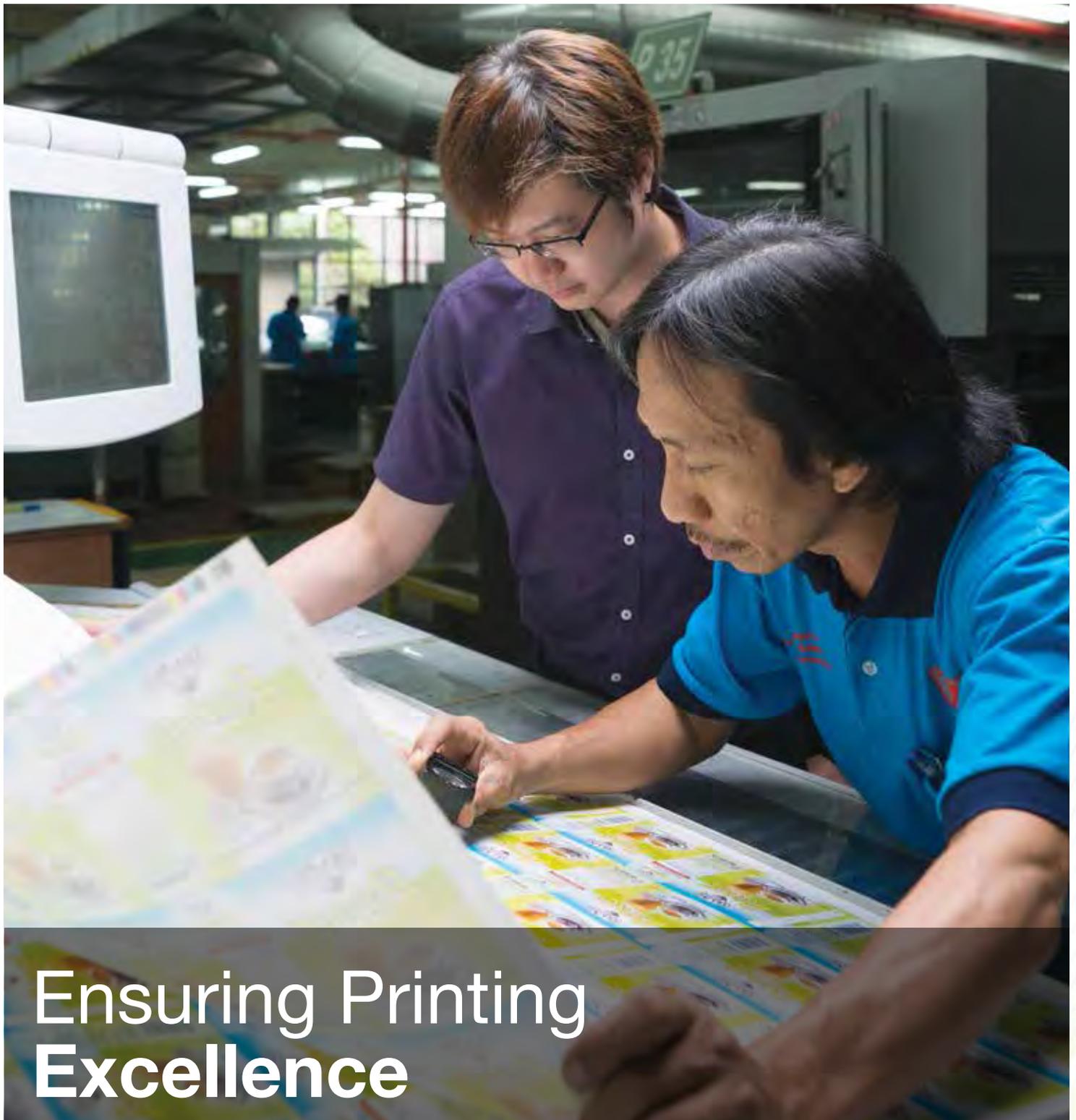
Explanatory Notes:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolution 9 on the Proposed Shareholders’ Mandate

The explanatory note on Ordinary Resolution 9 is set out in the Circular to the Shareholders dated 21 May 2014.



Ensuring Printing Excellence

Our growing operational capabilities have enabled us to effectively address any new requirements and rising standards in quality within the printing segment. In continuously emphasising on new product development and programme enhancement, we aim to effectively strengthen our partnerships with our customers and increase customers' satisfaction.

CORPORATE INFORMATION

BOARD OF DIRECTORS

*Non-Independent Non-Executive Director
Chairman*

TENGGU TAN SRI DR. MAHALEEL BIN TENGGU ARIFF

Executive Director
LEE CHEE WHY

Non-Independent Non-Executive Director
ANGELA HENG CHOR KIANG

Non-Independent Non-Executive Director

MEJ JEN DATUK ABDUL KADIR BIN NORDIN (Bersara)

Independent Non-Executive Director
LIM MENG KWONG

Independent Non-Executive Director
DATUK TOH AH WAH

Independent Non-Executive Director
LEE CHEOW FUI

COMPANY SECRETARIES

TAI YIT CHAN (MAICSA 7009143)

CHOONG LEE WAH (MAICSA 7019418)

Tel : +60 (3)7720 1188

Fax : +60 (3)7720 1111

E-mail : boardroom-kl@boardroomlimited.com

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower,

8 First Avenue, Bandar Utama,

47800 Petaling Jaya, Selangor Darul Ehsan

Tel : +60 (3)7720 1188 Fax : +60 (3)7720 1111

E-mail : boardroom-kl@boardroomlimited.com

Website : www.boardroomlimited.com

SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD (118401-V)

Level 17, The Gardens North Tower, Mid Valley City,

Lingkaran Syed Putra, 59200 Kuala Lumpur

Tel : +60 (3)2264 3883 Fax : +60 (3)2282 1886

E-mail : is.enquiry@my.tricorglobal.com

Website : www.tricorglobal.com

AUDITORS

KPMG (AF 0758)

Chartered Accountants

Level 10, KPMG Tower,

8 First Avenue, Bandar Utama,

47800 Petaling Jaya, Selangor Darul Ehsan

Tel : +60 (3)7721 3388 Fax : +60 (3)7721 3399

E-mail : info@kpmg.com.my

Website : www.kpmg.com.my

PRINCIPAL BANKERS

OCBC BANK (MALAYSIA) BERHAD (295400-W)

HSBC BANK MALAYSIA BERHAD (127776-V)

AFFIN BANK BERHAD (25046-T)

PUBLIC BANK BERHAD (6463-H)

PRINCIPAL OFFICES

HEAD OFFICE

TIEN WAH PRESS HOLDINGS BERHAD (340434-K)

9 & 11 Jalan Semangat, 46200 Petaling Jaya,

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7956 3866, 7955 6233 Fax : +60 (3)7956 1228

E-mail : lilianleong@tienwah.com

Website : www.tienwah.com

SUBSIDIARY COMPANIES

TIEN WAH PRESS (MALAYA) SDN BHD (3850-D)

TIEN WAH PROPERTIES SDN BHD (428504-A)

9 & 11 Jalan Semangat, 46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7956 3866, 7955 6233

Fax : +60 (3)7956 1228 (General) / 7956 6925 (Sales)

E-mail : sales@tienwah.com

ALLIANCE PRINT TECHNOLOGIES CO LTD (463043000165)

38, Huu Nghi Street, Vietnam - Singapore Industrial Park

Thuan An District, Binh Duong Province, Vietnam

Tel : +84 (650)376 7194, 376 7195

Fax : +84 (650)376 7089, 376 7459

E-mail : ken_apt@newtoyo.com

TOYO (VIET) PAPER PRODUCTS CO LTD (635N/GCND09/41/2)

A Street, Binh Chieu Industrial Park, Thu Duc District

Ho Chi Minh City, Vietnam

Tel : +84 (08)3897 1267

Fax : +84 (08)3729 4888

E-mail : ryan_apt@newtoyo.com

ANZPAC SERVICES (AUSTRALIA) PTY LTD (ABN25000032164)

32 Britton Street, Smithfield, New South Wales 2164, Australia

Tel : +61 (2)8787 1333

Fax : +61 (2)9757 1599

E-mail : glenn.brailey@newtoyo.com

Website : www.anzpac.com.au

ASSOCIATE COMPANY

BENKERT (MALAYSIA) SDN BHD (438453-M)

15, Jalan Industri PBP 3, Taman Industri, Pusat Bandar Puchong,

47100 Puchong, Selangor Darul Ehsan, Malaysia

Tel : +60 (3)5882 4010

Fax : +60 (3)5882 4020

E-mail : kelvin.tan@benkert.com.my

Website : www.benkert-group.com

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD (635998-W)

Main Market

Listed since : 2 August 1996

Stock Code : 7374

Stock Name : TIENWAH

GROUP CORPORATE STRUCTURE

as at 21 May 2014



Tien Wah Press Holdings Berhad
(Company No: 340434-K)

Investment holding company
Incorporated on 15 April 1995.

Tien Wah Press (Malaya) Sdn Bhd

(Company No: 3850-D)

Equity 100%

Rotogravure printing specialising in cigarette cartons and consumer goods packaging and photolithography printing specialising in cartons and labels packaging and advertising materials.

Incorporated on 20 July 1960.

Tien Wah Properties Sdn Bhd

(Company No: 428504-A)

Equity 100%

Investment property holding

Incorporated on 23 April 1997.

Toyo (Viet) Paper Product Co Ltd

(Investment Licence No: 635N/GCND9/41/2)

Equity 100%

Provision of printing services for tobacco packaging and packaging services in general.

Incorporated on 14 July 1993.

New Toyo Investments Pte Ltd

(Company No: 199600807W)

Equity 100%

Investment holding company

Incorporated on 1 February 1996.

Alliance Print Technologies Co Ltd

(Investment Licence No: 463043000165)

Equity 100%

Provision of printing services for tobacco packaging and packaging services in general.

Incorporated on 24 November 2004.

Max Ease International Limited

(Company No: 1250981)

Equity 51%

Investment holding, sales, sub-contracting and licensing for the manufacturing, printing and selling of printed folding cartons and tobacco product packaging.

Incorporated on 1 February 1996.

Anzpac Services (Australia) Pty Ltd

(Company No: ABN 25000032164)

Equity 100%

Provision of printing services for tobacco packaging and packaging services in general.

Incorporated on 31 March 1936.

Benkert (Malaysia) Sdn Bhd

(Company No: 438453-M)

Equity 30%

Manufacture and sales of standard and perforated tipping papers.

Incorporated on 8 July 1997.



CORPORATE PROFILE

INCORPORATION AND PRINCIPAL ACTIVITIES

Tien Wah Press Holdings Berhad ("TWPH") was incorporated in Malaysia on 15 April 1995 as a private limited company and was converted into a public company on 13 June 1995. The Company was listed on the Second Board of the Kuala Lumpur Stock Exchange on 2 August 1996 and migrated to the Main Board of Bursa Malaysia Securities Berhad on 8 October 2007, now known as Main Market. Its principal activity is that of investment holding while the activities of its subsidiaries and associate company are those of rotogravure printing, photolithography printing, trading and printing of tipping paper.

BACKGROUND AND BUSINESS OVERVIEW

The TWPH Group's operation began with the establishment of Tien Wah Press (M) Sdn Bhd ("TWPM") on 20 July 1960 with a workforce of 78 involved initially in the operations of photolithography printing specialising in book printing and folding carton conversion. Spurred by the steady growth of its business, TWPM ventured into rotogravure printing technology in 1986 to meet the increasing demand in tobacco packaging.

CORPORATE PROFILE



Since its listing in 1996, the TWPH Group developed further by establishing joint venture companies; Benkert (M) Sdn Bhd (“Benkert”) in 1998 and Paper Base Converting Sdn Bhd (“PBC”) in 1999. Benkert operates as a member of the International Benkert Group who is a major supplier of gravure printed and perforated tipping materials to the global cigarette manufacturers. PBC manufactures aluminium foil laminated paper and paperboard for cigarette packaging and other applications such as liquor and cosmetics. PBC was disposed off to New Toyo Lamination (M) Pte Ltd, a deemed substantial shareholder of TWPH, on 4 December 2008.

In 2007, TWPH completed the acquisition of a wholly-owned subsidiary, New Toyo Investments Pte Ltd (“NTIV”) from New Toyo International Holdings Ltd (“NTIH”), the ultimate shareholder of TWPH. NTIV is an investment holding company which owns 100% of Alliance Print Technologies Co. Ltd in Vietnam. This acquisition enabled the TWPH Group to enter into Vietnam, a market in Southeast Asia with strong growth, an attractive tax regime and low production cost.

On 8 September 2008, TWPH acquired Max Ease International Limited (“MEIL”), a company incorporated and domiciled in Hong Kong Special Administrative Region of the People’s Republic of China, and converted it into a joint venture company with NTIH. Through MEIL, TWPH Group expanded its operations into the Australasia region by acquiring Anzpac Services (Australia) Pty Ltd (“Anzpac”), based in Sydney, Australia. The acquisition of Anzpac was completed on 31 October 2008.

Also in 2008, the Group, together with our substantial shareholder and ultimate holding company NTIH, successfully bid for a seven year exclusive supply agreement with a right to extend for additional three years to supply British American Tobacco’s printed carton requirements in Australasia, Vietnam, Singapore and Malaysia. Fulfilling the demands spelt out in this agreement now represents the Group’s core business.

In 2009, TWPH acquired Toyo (Viet) Paper Product Co. Ltd., a company incorporated and domiciled in Vietnam. This move represents one of the many strategies undertaken by the Group to expand operating capacity.

TWPH Group’s manufacturing operations are presently sited at factories located at Petaling Jaya and Puchong in Malaysia, Vietnam-Singapore Industrial Park and Binh Chieu Industrial Park in Ho Chi Minh City, Vietnam, and Smithfield Sydney, Australia. TWPH is reputed as a high quality print packaging company offering excellent quality materials using state-of-the-art printing technologies. In terms of market share, the TWPH Group is one of the top 5 printers in Malaysia, and a major player in South East Asia and Australasia. Supported by its staff of about 800, the TWPH Group will continue to focus on developing its core competencies and consolidating its strengths to enable us to maintain its leading edge in the industry both locally and globally.

The TWPH Group, established over five decades ago and built on a strong financial position, dedicated work force and extensive market coverage, remains firm in providing quality products and services to its customers.

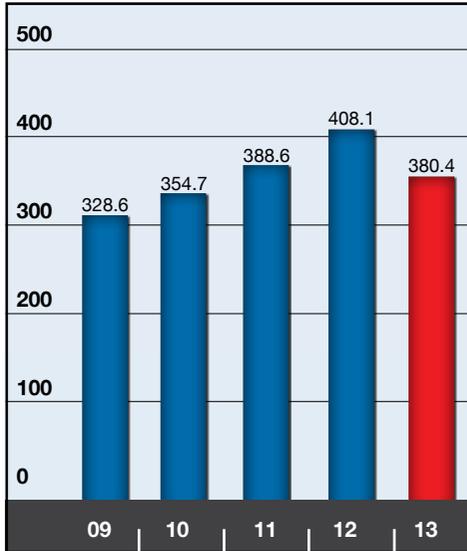
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
PROFITABILITY					
Revenue	380,371	408,081	388,575	354,666	328,610
Results from operating activities	39,479	46,813	47,626	26,686	34,164
Profit before tax	41,186	47,222	44,580	21,113	28,369
Profit for the year	33,823	40,375	38,374	18,901	21,256
Profit attributable to owners of the Company	24,526	27,168	26,421	13,821	15,450
KEY BALANCE SHEET DATA					
Share capital	96,495	96,495	96,495	96,495	68,925
Total equity attributable to owners of the Company	229,149	217,016	211,589	189,408	155,953
Intangible assets	32,697	36,636	41,708	44,004	53,022
Property, plant and equipment	221,075	229,090	249,466	228,583	241,927
Investment in an associate	16,393	13,349	11,074	9,079	7,821
Other non-current assets	3,711	4,180	4,033	3,606	3,934
Current assets	176,078	172,447	153,803	160,051	138,677
Total assets	449,954	455,702	460,084	445,323	445,381
Non-current liabilities	31,427	48,443	77,879	110,946	163,542
Current liabilities	118,041	118,582	107,575	121,709	107,887
Total liabilities	149,468	167,025	185,454	232,655	271,429
Loans and borrowings	72,901	92,246	111,887	128,997	175,745
Capital expenditure	13,998	8,933	31,344	21,119	22,551
Cash generated from operations	58,278	77,804	83,647	26,874	57,991
Net annual dividends	12,332	12,332	12,303	10,711	10,365
SHARE INFORMATION					
Gross earnings per share (sen)	42.68	48.94	46.20	21.88	41.16
Net earnings per share (sen)	25.42	28.15	27.38	14.32	22.42
Net assets per share (RM)	2.37	2.25	2.19	1.96	2.26
Net dividends per share (sen)	12.78	12.78	12.75	11.10	15.04
Share price as at 31 December (RM)	2.68	2.00	1.79	1.68	1.80
FINANCIAL RATIOS					
Return on revenue (%)	6.45	6.66	6.80	3.90	4.70
Return on paid-up capital (%)	25.42	28.15	27.38	14.32	22.42
Return on shareholders' funds (%)	10.70	12.52	12.49	7.30	9.91
Gearing (net borrowings to shareholders' funds) - times	0.32	0.43	0.53	0.68	1.13

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

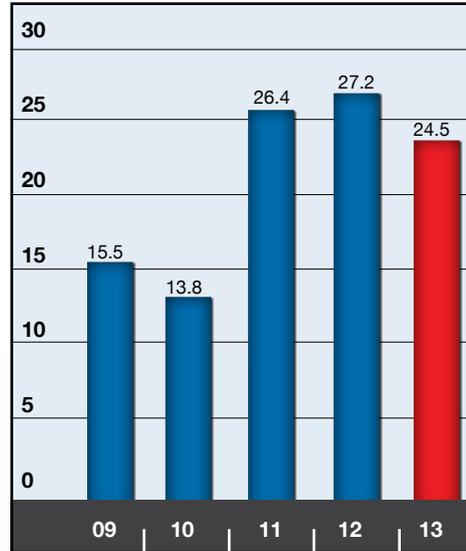
REVENUE

Profitability (RM'million)



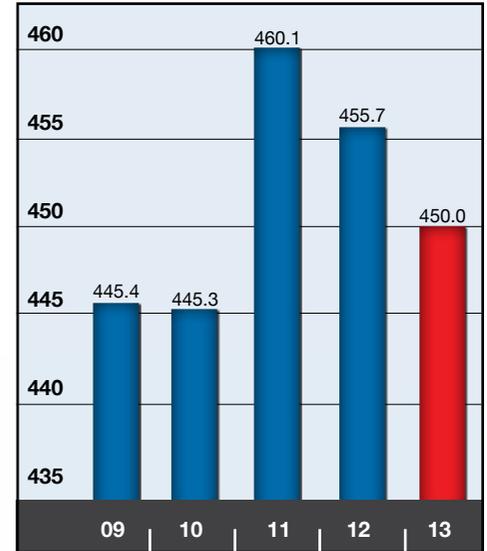
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profitability (RM'million)



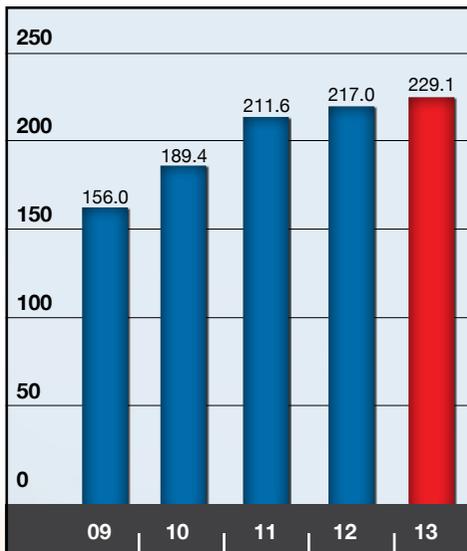
TOTAL ASSETS

Key Balance Sheet Data (RM'million)



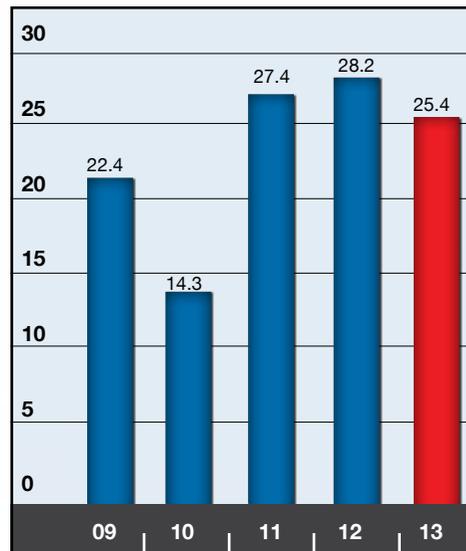
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Key Balance Sheet Data (RM'million)



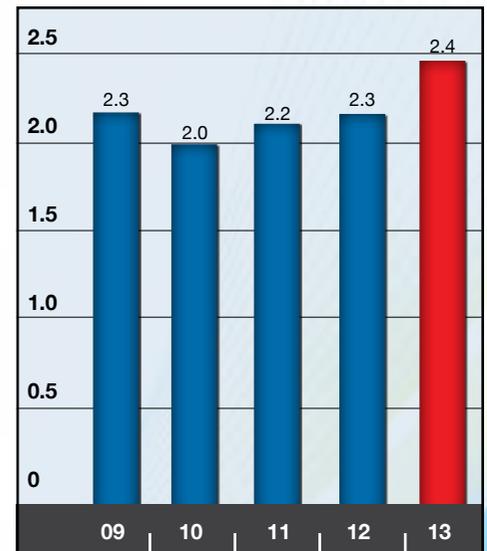
NET EARNINGS PER SHARE

Share Information (Sen)



NET ASSETS PER SHARE

Share Information (RM)



INVESTOR INFORMATION

STOCK MARKET PERFORMANCE IN 2013

FTSE Bursa Malaysia Composite Index ("FBM KLCI") started 2013 at 1,628 points. On 21 January, FBM KLCI fell sharply by 40.81 points or 2.43% amidst speculation that Parliament could be dissolved to pave the way for the 13th General Election. The announcement of Malaysia's fourth quarter 2012 Gross Domestic Product ("GDP") growth of 6.5% was insufficient to calm the concerns raised for the General Election.

On 6 May, FBM KLCI staged a breakout rally, sparked by the ruling coalition's win in the 13th General Election on 5 May and closed at 1,752 points.

During July 2014, FBM KLCI trended higher at the range of 1,763 point to 1,812 point, in tandem with regional markets, on the possibility that the stimulus measures in the US would be prolonged despite the stronger than expected US economic data. On the same month, Fitch Ratings revised Malaysia's credit rating outlook to negative from stable.

During August 2014, FBM KLCI trended lower on increased speculation that the US Federal Reserve could scale back its asset purchase programme as well as increased geopolitical concerns over a potential US-led military strike on Syria.

FBM KLCI continued to grow steadily in the range of 1,703 and 1,882 points from September to December and closed high at 1,867 as at 31 December 2013, recording a gain of 239 points or 14.7% compared to 2012.

TIEN WAH PRESS HOLDINGS ("TWPH") SHARE PRICE PERFORMANCE IN 2013

TWPH share price registered a healthy performance throughout 2013. Trading at an opening price of RM2.00 on 1 January 2013 and closed at RM2.68 at the end of 2013, the share price rose by RM0.68 or 34.0%. This had outperformed the FBM KLCI's return of 14.7%.

Generally, TWPH share prices were relatively stable and traded within a 70-sen range and then increased gradually until it reached its highest price of RM2.65 on May 2013 for 1st half of 2013 and RM2.69 on 31 December 2013 for 2nd half of 2013. TWPH shares were being traded robustly despite some market pressures affected by the revised Malaysia's credit rating outlook to negative from stable by Fitch Rating.

TWPH's value in terms of market capitalisation rose by 34.0% or RM65.6 million to RM258.6 million as at the end of 2013. The positive factors supporting TWPH's share price performance were attractive forward PE valuations, rewarding dividend yield and high asset-backing.

SHARE PRICE



MARKET CAPITALISATION



NET RETURN ON EQUITY



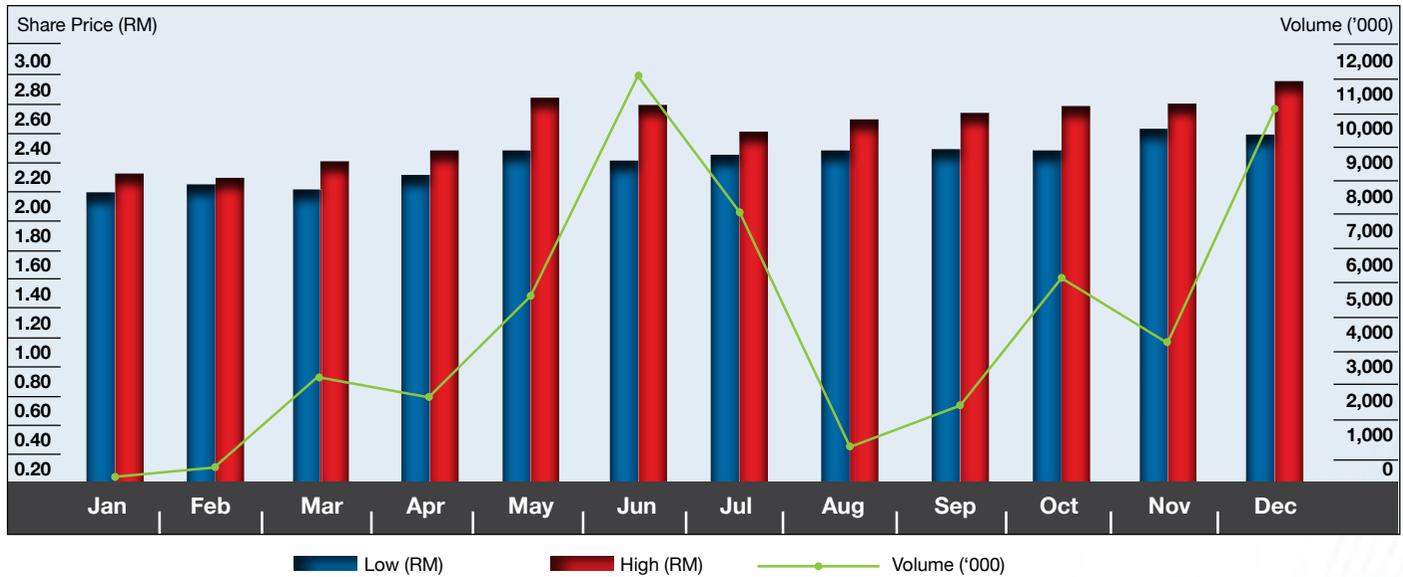
EARNINGS PER SHARE



INVESTOR INFORMATION

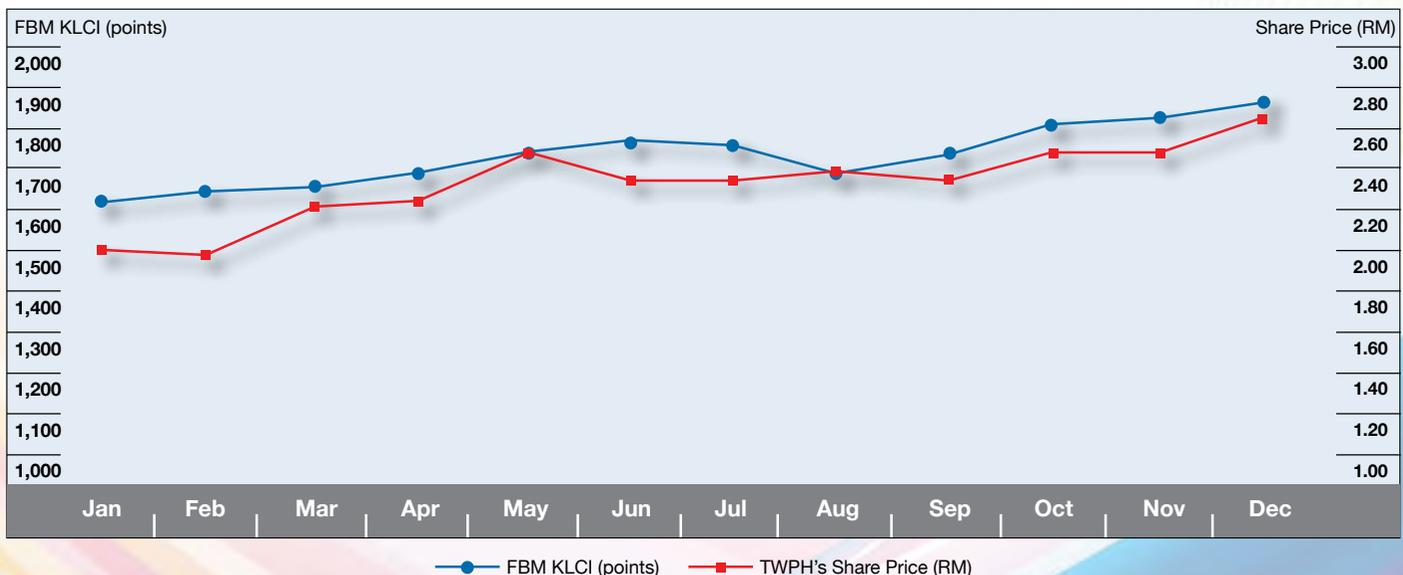
TWPH'S SHARE PERFORMANCE IN 2013

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low (RM)	2.00	2.02	2.01	2.17	2.29	2.26	2.31	2.33	2.34	2.34	2.45	2.40
High (RM)	2.12	2.07	2.27	2.35	2.65	2.60	2.49	2.56	2.50	2.59	2.61	2.69
Volume ('000)	406	663	2,304	1,989	4,872	11,154	7,379	835	1,708	5,701	3,754	10,034



MONTHLY CLOSING FOR TWPH'S SHARE PRICE VS KLCI IN 2013

2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
FBM KLCI (points)	1,628	1,638	1,672	1,718	1,769	1,774	1,773	1,728	1,769	1,807	1,813	1,867
TWPH's Share Price (RM)	2.04	2.03	2.27	2.29	2.57	2.38	2.38	2.42	2.41	2.55	2.50	2.68



PROFILE ON BOARD OF DIRECTORS



Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff

Non-Independent and Non-Executive Director
Chairman
Malaysian, Age 68 years

He was appointed to the Board of the Company and elected as Executive Chairman on 20 November 2006 and was re-designated as Non-Executive Chairman on 1 September 2010. He attended all the five board meetings held in the financial year.

He has a very diverse career background spanning a period of over 40 years. He first started his career in Nestlé in the Marketing and Sales Department, and then in 1974 he joined Shell Malaysia for 20 years before leaving to serve New Toyo, Mofaz, and Proton Holdings Berhad with his last position as the Group Chief Executive Officer. Over the years, he has gained experience in various industries, including fast moving consumer goods, food, paper packaging, cigarettes distribution, oil, marine, aviation and automotive.

He was one of the three Malaysia's representatives on Asia Pacific Economic Community (APEC) and ASEAN Business Advisory Council (ABAC). He was awarded Malaysia's CEO of the Year by Business Times and American Express Corporate Services in 2001 and two Honorary Doctorates in Engineering by University Teknologi Malaysia (UTM) and University Malaysia Pahang for his contributions to Malaysia's engineering capacity. He was voted Malaysia's Automotive Man of the Year at the New Straits Times-Mastercard Card of the Year awards 2004. He was appointed as a Trustee of Perdana Global Peace Foundation (PGPF) in March 2011.

He is currently holding the position of a President of the Badminton Association of Malaysia. He is also the distinguished advisor of the Graduate School of Business Advisory Board, University Sains Malaysia and in the office of London Business School's Distinguished Friends.

He graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours) and received training from Harvard University, London School of Economics and Manchester Business School on Strategy, Strategic Management and Marketing.

Tengku Tan Sri Dr. Mahaleel sits on the board of New Toyo International Holdings Ltd ("NTIH"), a substantial shareholder and ultimate holding company of Tien Wah Press Holdings Berhad ("TWPH") and is listed on the Main Board of the Singapore Stock Exchange and a few other non-listed companies. He was previously a Director of Nestle Malaysia and has since retired.

He is deemed interested in the recurrent related party transactions by virtue of him being a person connected with NTIH, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd.

PROFILE ON BOARD OF DIRECTORS


Ms. Angela Heng Chor Kiang

Non-Independent and Non-Executive Director
Singaporean, Age 56 years

She was appointed to the Board of the Company on 25 April 2014.

Ms. Heng was appointed to the Board of New Toyo International Holdings Ltd (“NTIH”) on 27 March 2014 and Executive Chairman on 25 April 2014. NTIH is a substantial shareholder and ultimate holding company of Tien Wah Press Holdings Berhad (“TWPH”). She joined NTIH in the 1970s and was one of the pioneers of NTIH. She was instrumental in setting up the administration and accounts departments and later responsible for the sales and marketing activities of the NTIH Group.

In 1990, she assumed the position of General Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd and brought this unit to ISO 9002 certification in 1996; paving the way for many other NTIH units to follow likewise. She started New Toyo International Co (Pte) Ltd in 1992 and served as its director till 1995. She was one of the key personnel involved in the listing of the NTIH Group on the main board of the Singapore Exchange Securities Trading Limited in 1997. She was appointed the Deputy Chairperson of NTIH from 1997 to 1999 and the President for Asia Pacific from 2002 to 2006.

Ms. Heng has accumulated more than 20 years of experience in the lamination industry, more than 10 years of experience in the printing business and more than 25 years in senior management and operations.

She served on the Management Committee of Care Community Services Society of Singapore from 2000 to 2003.

She is deemed interested in the recurrent related party transactions by virtue of her being a person connected with NTIH, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd.


Mr. Lee Chee Whye

Executive Director
Singaporean, Age 48 years

He was appointed to the Board of the Company on 21 February 2012 and re-designated as an Executive Director effective 1 April 2013. He serves as a member of the Remuneration Committee and Risk and Finance Committee. He has attended all the five board meetings held in the financial year.

He holds a Bachelor of Science in Computer Science with Business. He is currently the Chief Executive Officer of New Toyo International Holdings Ltd (“NTIH”), a substantial shareholder and ultimate holding company of Tien Wah Press Holdings Berhad (“TWPH”). Prior to this appointment, he was the General Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd, a subsidiary of NTIH from 2005 to 2006 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006.

In his current role as the Executive Director, Mr Lee is responsible for implementing the Board’s policies and decisions as well as developing and implementing the business and corporate strategies of the Group together with Mr Kornelis Jan Dijke, Group General Manager. Currently, he holds directorships for several subsidiaries in the TWPH Group and other non-listed companies.

He is deemed interested in the recurrent related party transactions by virtue of him being a person connected with NTIH, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd.

PROFILE ON BOARD OF DIRECTORS



Mej. Jen. Datuk Abdul Kadir bin Nordin (*Bersara*)

Non-Independent and Non-Executive Director
Malaysian, Age 72 years

He was appointed to the Board of the Company on 2 September 1999. He also serves as the Chairman of the Remuneration Committee and a member of the Audit Committee and Risk and Finance Committee. He attended all the five board meetings held in the financial year.

He served in the Malaysian Armed Forces for 34 years and had served as a Director of Armed Forces Cooperative for 6 years. He has also served as the Director of Human Resources in SUKOM Ninety-Eight Berhad on his retirement from the Armed Forces.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. He has had no convictions for any offences within the past ten years other than traffic offences, if any.



Mr Lim Meng Kwong

Independent and Non-Executive Director
Malaysian, Age 61 years

He was appointed to the Board of the Company on 1 August 2012. He serves as the Chairman of the Audit Committee and a member of Nomination Committee. He has attended all the five board meetings held in the financial year.

He is a member of Malaysian Institute of Accountants and holds a Master's degree in Business Administration from the Cranfield University, United Kingdom.

Mr Lim is currently the Special Projects Director of a listed conglomerate and previously was the head of the Group Investment Division of the conglomerate holding the position as Senior General Manager. Prior to joining the listed conglomerate, he was working in the Corporate Finance Division in a leading local merchant bank and has various financial and audit experience both in Malaysia and the United Kingdom.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. He has had no convictions for any offences within the past ten years other than traffic offences, if any.

PROFILE ON BOARD OF DIRECTORS

**Datuk Toh Ah Wah**

Independent and Non-Executive Director
Malaysian, Age 57 years

He was appointed to the Board of the Company on 23 July 2013. He serves as the Chairman of the Risk and Finance Committee and a member of Audit Committee. He has attended all the three board meetings held in the financial year after his appointment.

He holds a Bachelor of Commerce from the Concordia University, Montreal, Canada. He joined Rothmans of Pall Mall (Malaysia) Berhad in 1981 as a management trainee, now known as British American Tobacco (Malaysia) Berhad ("BATM") and held various marketing roles including Area Manager and Marketing Manager. He was seconded to China in 1991 and during his 19 years tenure overseas had held various positions including General Manager for Shandong Rothmans Tobacco Company Limited, China a JV company (1991-1994), Sales and Marketing Director China/Hong Kong for Rothmans (Far East) Limited (1994-1996), General Manager Taiwan of Rothmans (Far East) Taiwan Limited (1996-1997), General Manager China/Hong Kong of Rothmans (Far East) Limited (1997-1998) and Managing Director Greater China of Rothmans (Far East) Limited (1998-1999).

He re-joined BATM in 1999 post the merger between Rothmans and BAT and thereafter held various positions including Business Development Director China for BAT Asia Pacific North (1999-2003), Managing Director of BAT New Zealand Limited (2003-2005), Managing Director of Pakistan Tobacco Company Limited (2005-2008), the Area Director of BAT South Asia Area (2007-2008), the Area Director of the Indonesia Cluster (2008-2009) and the Regional Project Manager of BAT Asia Pacific Region Ltd (2008-2009) and as Managing Director of BATM in Oct 2009, a position he held until his retirement in June 2013. During this period, he also served as the Audit Committee Chairman for BAT Vietnam Area and BAT Greater China Area.

He is currently a Director of CTBAT International Co Ltd, a company incorporated in Hong Kong.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. He has had no convictions for any offences within the past ten years other than traffic offences, if any.

**Mr. Lee Chew Fui**

Independent and Non-Executive Director
Malaysian, Age 58 years

He was appointed to the Board of the Company on 23 July 2013. He serves as the Chairman of the Nomination Committee and a member of Audit Committee, Remuneration Committee and Risk and Finance Committee. He has attended all the three board meetings held in the financial year after his appointment.

He holds a Bachelor of Commerce degree majoring in Accounting, Finance and Systems from the University of New South Wales, Australia. He started his career with Touche Ross & Co in Sydney, Australia soon after graduation in 1979 until his return to Malaysia. From 1982 to 1992, he was employed by the ACI International Group as their Finance Manager in Malaysia. ACI was an Australian conglomerate with glass container and building products businesses in Malaysia then. ACI International was subsequently acquired by BTR-Nylex Ltd and he was appointed as the Regional Finance Manager for its Asia buildings products division based in Singapore. In 1992, he left to join the corporate office of Fraser and Neave Limited ("F&N") as their Deputy Corporate Finance Manager. In 1996, he returned to Malaysia once again, as the Chief Financial Officer of the newly formed F&N Holdings Berhad, which he had helped to setup. In 2007, he initiated a major acquisition for the F&N Group and from thereon was appointed the Chief Operating Officer for the dairies product division, the position he held until his retirement in May 2012.

Mr. Lee also serves on the Boards of Apex Equity Holdings Berhad and Esthetics International Group Berhad.

Professionally, he is a fellow of the Institute of Chartered Accountants in Australia, member of CPA Australia, the ISCA Singapore and the Malaysian Institute of Accountants. He is also a member of the Malaysian Association of Corporate Directors.

A professional manager all his life and in recognition for his efforts during his career, he was selected as one of the winners in the Asia Pacific Entrepreneurial Awards for 2011.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. He has had no convictions for any offences within the past ten years other than traffic offences, if any.

PROFILE ON TOP MANAGEMENT



Mr. Kornelis Jan Dijke (“Jacco Dijke”)

Group General Manager
Tien Wah Press Holdings Berhad (“TWPH”)
Dutch, Age 45 years

Mr. Jacco Dijke holds a Bachelor of Engineering degree from University of Newcastle, Australia.

Mr. Dijke has been with the ultimate holding company, New Toyo International Holdings Ltd working in a sales management position from 2010 to 2011. He has over 16 years of experience as a sales management professional and his experience includes sales and business development through close collaboration with large MNC customers. Prior to joining TWPH Group, he worked with international packaging companies throughout Australasia.

Mr. Dijke was appointed to this position on 1 August 2011 and is responsible for providing leadership, strategic direction, business development and service efficiencies, quality and cost effective management for TWPH Group. He has assumed all the duties and responsibilities of the Chief Executive Officer since 31 December 2011.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. He has had no convictions for any offences within the past ten years other than traffic offences, if any.

PROFILE ON TOP MANAGEMENT



Mr. Ong Liang Win is a qualified Chartered Accountant from the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Arts (majoring in Accounts and Finance) from University of Lancaster, England.

Prior to his appointment with TWPH, he served as a Director/Group General Manager for Eksons Corporation Berhad from 1999 to 2004. He presently sits on the board of Selangor Properties Berhad as an Independent Non-Executive Director. He has a wide spectrum of invaluable experiences, starting his career in 1985 as an Auditor at Robson Rhodes, Manchester, England and has held various senior positions in the property development, construction, manufacturing and investment companies.

Mr. Ong joined in April 2004 as Group General Manager and later in 2006 he was made responsible for the New Business Development Unit of the Group. Due to the business evolution in 2010, he was re-designated to his current role and is responsible in the new business investment/divestment, profit optimisation and cost efficiencies for TWPH Group.

Mr. Ong was also appointed by the Risk and Finance Committee to handle the role of a Group Risk Manager of TWPH Group.

Mr. Ong Liang Win

General Manager, Corporate and Commercial
Tien Wah Press Holdings Berhad
Malaysian, Age 51 years



Ms. Lilian Leong is a holder of Bachelor of Commerce majoring in Accountancy and Information Systems from University of New South Wales, Australia. She is a member of the Malaysian Institute of Accountants, fellow member of CPA Australia and provisional member of New Zealand Institute of Chartered Accountants.

She started her career with Powell Kwok Baker, Australia as a Graduate Accountant where she was involved in accounting and taxation matters. Subsequently, she proceeded on to work with Nelson Parkhill BDO, Australia as an auditor and thereafter, joined Halwood Corporation Ltd, Australia as a Corporate Management Accountant.

Ms Leong joined in December 1990 and was promoted as the Finance Manager prior to her present position as the Financial Controller. She is responsible for the overall financial matters for TWPH Group.

Ms. Lilian Leong Lai Yoong

Financial Controller
Tien Wah Press Holdings Berhad
Malaysian, Age 49 years

PROFILE ON TOP MANAGEMENT



Mr. Allan Laceda holds a Bachelor of Science in Mechanical Engineering from De La Salle University, Philippines.

He has been associated with the tobacco printing industry for more than 20 years, with vast experience in operational management. He started his career as a Material Planner and Inventory Controller in Amcor Tobacco Packaging Rizal Corp in 1990 and has progressed up the rank of a Plant General Manager.

He has wide exposure in the area of Supply Chain Management, Lean Manufacturing and Six Sigma. He is recognised throughout his career for being an exceptional leader and a coach leveraging in-depth knowledge of the marketplace and the manufacturing landscape to significantly increase revenue and operational efficiency.

Mr. Laceda joined on 29 April 2013 as General Manager of TWPM with the responsibility of revenue growth, profitability, total cost reduction and long term business sustainability.

Mr. Allan John Sarte Laceda
General Manager
Tien Wah Press (M) Sdn Bhd ("TWPM")
Print Division - Malaysia
Filipino, Age 48 years



Mr. Ong Kiok Teng is a holder of Bachelor of Civil Engineering degree from Swinburne University of Technology, Melbourne, Australia.

He started his career in 1985 with Crooks Michell Peacock Stewart (CMPS) Pty Ltd, an engineering consulting and project management Company in Australia. Prior to his appointment with TWPH Group, he was with Mega First Corporation Berhad and throughout his vast experience, he was involved in various property developments and building industry. He has more than 20 years of experience and has completed a diverse range of mixed commercial and residential property developments.

He joined in August 2008 as General Manager of TWPP and is responsible for the management and development of the existing and potential new properties for TWPH Group.

Mr. Ong Kiok Teng
General Manager
Tien Wah Properties Sdn Bhd ("TWPP")
Property Division - Malaysia
Malaysian, Age 50 years

PROFILE ON TOP MANAGEMENT



Mr. Errol Tan holds a Bachelor of Engineering degree majoring in Mechanical and Production Engineering from the National University of Singapore.

He has more than 20 years of experience with various manufacturing industries in Singapore, Indonesia, Vietnam, and Thailand where he had assisted in the setting up and running of a new plant. Immediately prior to joining TWPH Group, he was the factory manager in a company producing corrugated boxes.

Mr. Tan joined in December 2009 as Operations Manager of APT and was promoted to be General Manager of APT in July 2011. As part of the restructuring and rationalisation of operations in Vietnam, he was promoted to his present position as General Manager of Vietnam for two entities namely APT and TVP with effect from 30 November 2011. He is responsible for the revenue growth, profitability, total cost reduction and long term sustainability for the business units in Vietnam.

Mr. Errol Tan Poh Hin

General Manager of Vietnam
Alliance Print Technologies Co., Ltd. ("APT")
Toyo (Viet) Paper Product Co., Ltd. ("TVP")
Print Division - Vietnam
Singaporean, Age 52 years



Mr. Frank Federico holds a Bachelor of Applied Science (Hons) degree from University of Technology, New South Wales, Australia. He has been awarded numerous cartons packaging design registrations in Australia and was an executive on the NSW Board of the Packaging Council of Australia.

He has worked in the flexibles and corrugated cartons fields, the glass bottle industry and folding cartons packaging. He has held various key management positions in Anzpac and was instrumental in constructing Anzpac's quality assurance system to obtain ISO9001 and HACCP accreditation in mid 1990's. He has considerable experience in tobacco packaging having been involved in the supply to Rothmans and BAT in Australia and South East Asia region since 1992.

Mr. Federico joined TWPH Group when TWPH acquired Anzpac in September 2008 through Max Ease International Limited, a joint venture company with the ultimate holding company, New Toyo International Holdings Ltd. He is responsible for revenue growth, profitability and long term sustainability in Anzpac.

MR. FRANK FEDERICO

General Manager
Anzpac Services (Australia) Pty Ltd ("Anzpac")
Print Division - Australia
Australian, Age 47 years

CHAIRMAN'S REVIEW STATEMENT

Dear Shareholders,

It's my pleasure once again to present our report on behalf of the Tien Wah Press Holdings Berhad ("TWPH") Board of Directors to you, the Company's performance ending 31 December 2013.

Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
Chairman



CHAIRMAN'S REVIEW STATEMENT

On reflection, 2013 was a year in which the main industry which we are operating in continued to have significant dynamic changes, which had an indirect impact on our overall business.

Amongst one of the more significant event which we had highlighted earlier was the change in pack design regulations which impacted the speed required to respond to the regulatory requirements of design changes of our customers' products. It is difficult to state whether or not these regulatory changes would have had an adverse and sustainable impact on volumes of tobacco packaging requirements in the markets where these regulations apply.

The second significant event was the drastic increase in duties in certain markets which impacted all industry players in market volumes and had the reverse impact of increasing more illicit products.

The third significant event was the new challenge our major customer set us, which was to reduce quality issues by 50% within a year, in order that our key customer could supply to more quality demanding overseas markets. This demanded a new set of process and resources of the Group.

These combined events did contribute to the decline in the demand for packaging materials thus affecting our revenue, which declined by 6.8% or RM27.7 million as compared to 2012. The Company is still strongly profitable at RM24.5 million but this net profit represented a reduction from the previous year of RM27.2 million, a decline of 9.9% due to reasons explained above.

Our balance sheet remains favourable with the Group's net assets (excluding non-controlling interests) increasing by 5.6% to RM229.1 million from RM217.0 million. The debt levels have reduced from RM92.2 million to RM72.9 million, an improvement to the interest effectiveness of the borrowing. The business also continued to cash generate positively in the year under review amounted to RM58.3 million (2012: RM77.8 million).

DIVIDENDS

Our shareholders have always been supportive of the initiatives and performance of the Company for which we place on records our appreciation. With the positive cash generation the Board has recommended a final single-tier exempt dividend of 6.39 sen per share making the total dividend payout for the year at 12.78 sen per share (2012: 12.78 sen per share) when combined with the interim dividend of 6.39 sen paid on 31 October 2013. This represents the Group's commitment to sustain a high payout in line with the expectation of the shareholders despite a reduction in our profits.

OUTLOOK FOR 2014

The global economy is reported to strengthen moderately in 2014. There is an expected growth in the US and Europe by the easing of fiscal consolidation and a continued highly accommodative monetary policy. However, the emerging market and developing economies like Asia, face both the challenge of slowing economy and tighter global financial conditions as a result of the adjustments in the advanced economies, particularly the US. Notwithstanding this, there is still positive business growth in these economies compared to other regions thus attracting many new competitors who are moving their footprint into Asia. We also expect increased competition at the market level thus demanding higher printing expectations from our major customers to us.

The industry segments serviced by our business are more resilient to changing macro-economic conditions and we anticipate this to continue to be able to withstand the various effects mentioned. At the same time we shall be vigilant of the possible impact of the plain packaging rules in Australia and the risk that this legislation may migrate to other countries and regions of the world. We will monitor closely on the aforementioned and do not expect any material financial or operational impact.

Illicit trade which has taken a large portion of the industry share will continue to be a challenging problem. We believe it will continue to have large negative impact on the industry at a time when customers are also switching to cheaper alternatives, given the continuous hike in taxes as part of the regulatory method to reduce smoking.

Strategically we will focus on being a business partner to all our customers in order to assist with their efforts to capture and retain their respective market shares through our constant innovation, efficiencies and cost reductions.

CHAIRMAN'S REVIEW STATEMENT



BOARD MEMBERS

With the coming on board two new members, Datuk Toh Ah Wah, the former Managing Director of British American Tobacco Malaysia and Mr. Lee Cheow Fui, formerly Chief Operating Officer of Fraser and Neave Group, the Board's overall strength was greatly enhanced with their combined experience and capabilities and strategic insights. They will be very helpful given that the challenge to create value to our customers will continue to increase as the market evolves.

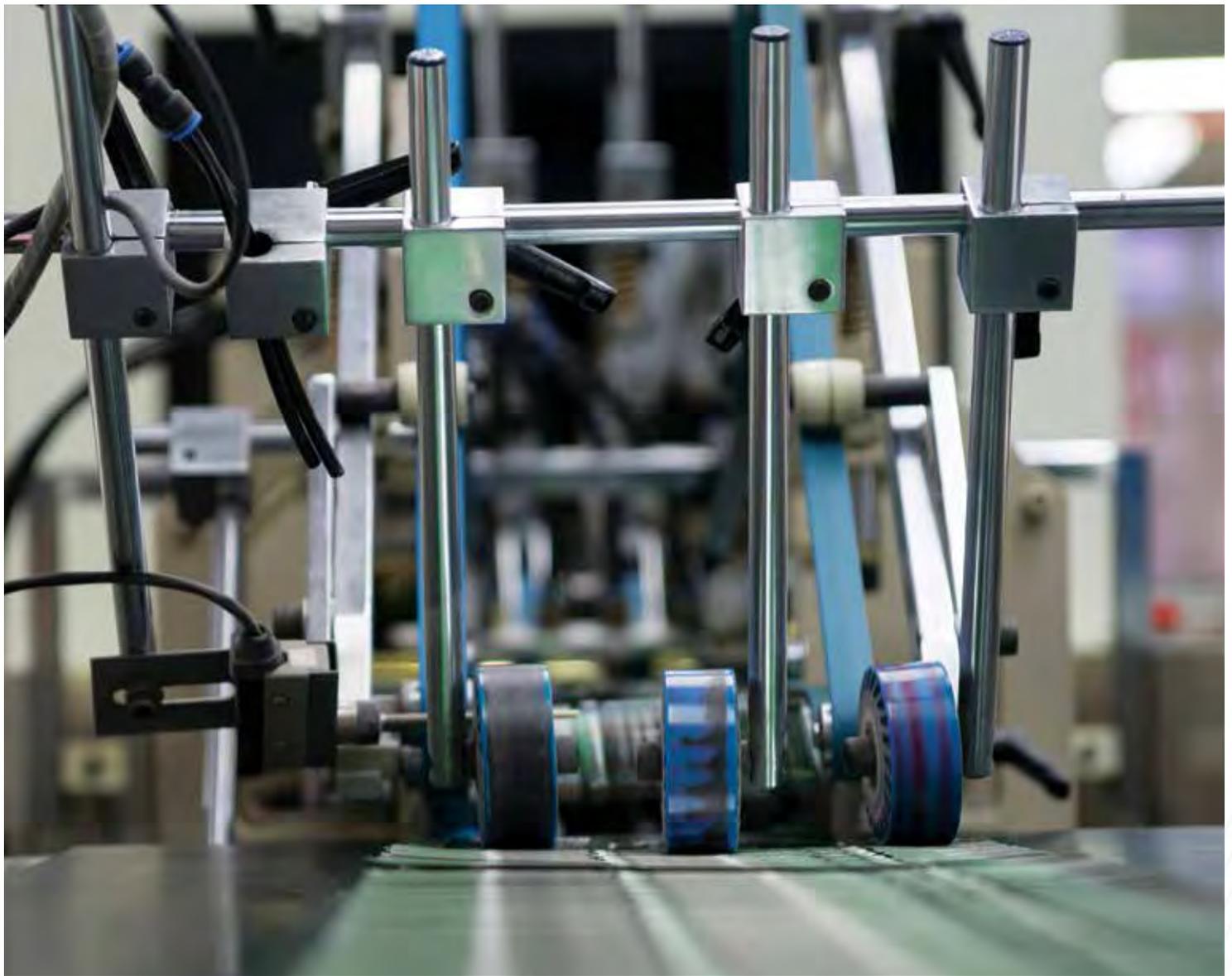
Mr Gary Yen, the Non-Executive Deputy Chairman of the Company has resigned with effect from 25 April 2014. He has also retired as Non-Executive Chairman of New Toyo International Holdings Ltd ("NTIH"), a major shareholder of TWPH. On behalf of the Group, I would like to thank Mr Yen for his invaluable contributions during his term in office and wish him well in his future endeavours. We are pleased to announce the appointment of Ms Angela Heng Chor Kiang as Non-Independent Non-Executive Director with effect from 25 April 2014. Ms Angela has been appointed as the new Chairman of NTIH replacing Mr Gary Yen.

APPRECIATION

The Board as is customary wish to place on records our deep appreciation to our stakeholders especially all our customers who have worked and helped us to operate in these changing conditions. Secondly our deep thank you to the staff who responded well to the challenge and lastly to our shareholders who have always been solidly supporting us over the years.

Thank you very much.

Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
Chairman



Uncompromising Quality Assurance

Tien Wah Press Holdings Berhad prioritises on maintaining a high commitment of confidence and trust among new and existing customers. The continuous focus on new product development and end consumer-focused printing solutions assures long-term business growth in the future.

BUSINESS OPERATIONS REVIEW BY GROUP GENERAL MANAGER

2013 was a year of further operational improvement for Tien Wah Press Holdings Berhad (“TWPH”) amidst ongoing challenges for the tobacco segment in our region. The printed packaging industry in general continues to consolidate and among the changing competitor footprint our Group provided stability to our customer base and members of our team. During 2013, our Group remained focused on its drive in reducing our number of customers’ complaints and expanding our technology offer to our customers. Further development in tobacco regulation measures were implemented during 2013 and this will be ongoing for the foreseeable future. Our Group is well positioned to meet all the current and future regulatory requirements as related to printed packaging for all end markets. Further development in ensuring compliance to regulatory requirements was also undertaken on our equipment footprint during 2013 to ensure all individual end market requirements could be met efficiently and effectively.



Kornelis Jan Dijke (Jacco Dijke)
Group General Manager

BUSINESS OPERATIONS REVIEW BY GROUP GENERAL MANAGER



QUALITY

The year 2013 saw most of the quality initiatives commenced during 2012 came to fruition. All capital expenditure programmes were executed and the equipment will continue to provide a solid base for further sustainable improvement. In combination with our operational capability programmes which include training and benchmarking, we are most pleased to report that these initiatives have yielded a further reduction in customers' complaints by 48% as compared to 2012. Further capital expenditure programmes will be required to put our Group above industry standard and this expenditure will be carefully targeted and controlled during 2014. During 2013, our Group's sites spent an average of 23% of production time on product development, an increase over 2012. With a quality programme now in place to specifically manage product development, we are in a very good position to help our customers get it right first time at ever increasing speed to market.

REVENUE

TWPH Group recorded sales during 2013 of RM380.4 million, a decrease of 6.8% over 2012. The decrease was attributable to revenue decreases under the long term supply agreement held with our key customer which was awarded to the Group at end of 2008. The changing legislative environment as well as excise duty changes in some of the markets produced, contributed to a change in product mix. In addition to securing our printed carton volumes for Malaysia, Singapore, Vietnam and Australia, supply to other end markets as a part of this agreement also increased during 2013. Considering the above, product development and having consumer-focused printing technology across our footprint has become more important than ever to help our customers meet their objectives. For our Group, this will enable an increase in supply of value-added products to an increased customer footprint.

BUSINESS OPERATIONS REVIEW BY GROUP GENERAL MANAGER



In 2013, the TWPH Group achieved a profit before taxation of RM41.2 million, representing a 12.8% decrease as compared to 2012. In the same manner, the net profit attributable to shareholders decreased by 9.7% to RM24.5 million. On the other hand the Group's year end net tangible assets increased marginally by 5.6% to RM229.1 million. Cash generated from operations reduced to RM58.3 million from RM77.8 million because of lower profits and higher outflow from higher trade and other payables.

SHAPING OUR FUTURE FOR 2014 AND BEYOND

The year 2013 was a challenging year for our Group. Looking forward and considering the ongoing development in our equipment footprint, we will continue to position ourselves to service the changing demand of the tobacco segment. The tobacco printed packaging segment will further increase in all aspects of competition, so as such 2014 and beyond will require ongoing focus on customers' complaints reduction, operational/cost efficiencies and effectiveness, and business development across all customer segments. Our Group remains in a good position to seize new business opportunities for both the tobacco segment and the general print segment for certain locations.

Our customers' intensity in retaining and growing market-share resulted in further investment into our technical capabilities during 2013. Most of this capability will be in place during 2014 and this will put our Group in a unique position in relation to product offer for this region. Our efforts in this area have, resulted in us being awarded additional contracts from new customers. Our integrated Enterprise Resources Planning and Production ("ERP") software system has now been implemented across three of our sites, and we expect this system to continue to yield ongoing benefit for ourselves and our customers.

With the Australian Tobacco Plain Packaging Act now in place for the first full year during 2013, our Group noted a reduction in tobacco packaging demand for this market during this period. Considering a number of other factors affecting the consumer tobacco producers within this market, we cannot definitively state the reduction in demand was due to the Plain Packaging Act being in effect. Our Group is monitoring market demand developments for 2014 accordingly. A number of dispute cases against Australia are still being reviewed by the WTO, with no panel proceedings commenced as at the 26th of March 2014. In the meantime our Group's deliveries of printed packaging to specified plain packaging format through its existing equipment footprint are ongoing.

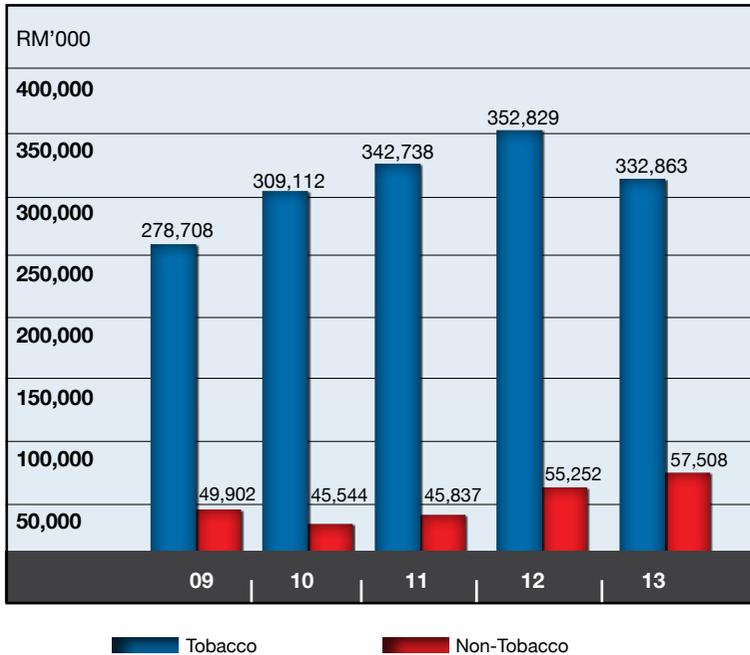
TWPH remains exposed to the impact of foreign currency fluctuations from operations. The impact is largely mitigated by transacting in the operating units local currency and a mechanism to mitigate the foreign currency fluctuations.

Considering all of above, we expect TWPH to continue to deliver ongoing shareholders' value.

Kornelis Jan Dijke (Jacco Dijke)
Group General Manager

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue Composition from 2009 to 2013

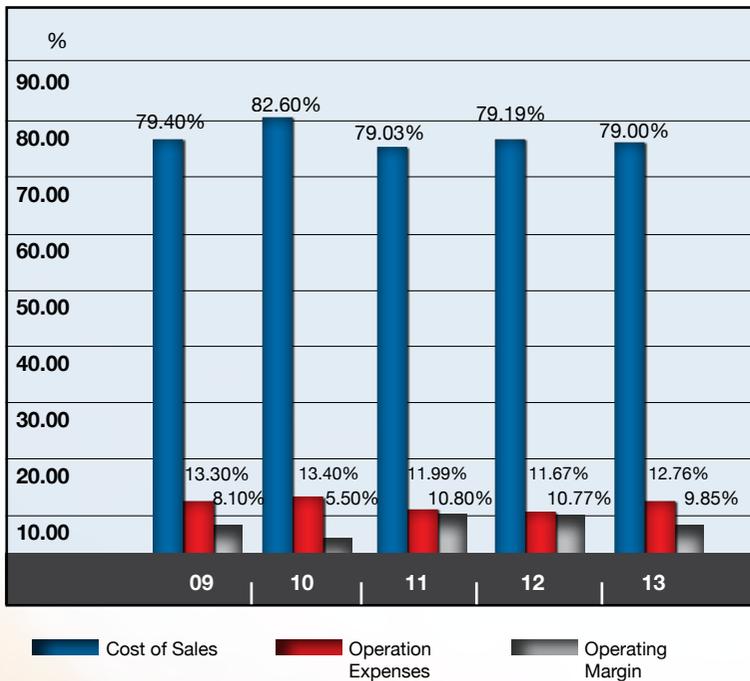


REVENUE PERFORMANCE

Total revenue amounted to RM380.4 million in 2013, down by 6.8% (2012: RM408.1 million). The decrease mainly in the tobacco segment was attributable to a more difficult market conditions and lower demand in some countries primarily caused by tougher government legislation and weakening of the Australian dollar.

TWPH has two main types of customers comprising of tobacco and non-tobacco customers. We print cigarette packaging for tobacco customers which includes hinge lid blanks, display outer cartons and limited edition cigarette packaging for promotions. General packaging is meant for non-tobacco customers include beer and milk labels, health and pharmaceutical product and food and beverage packaging. The revenue composition for the tobacco segment in 2013 has dropped from RM352.8 million to RM322.9 million whilst the non-tobacco registered a growth from RM55.3 million to RM57.5 million as compared to 2012.

Cost Composition and Operating Profit Margin from 2009 to 2013



COST AND MARGIN

Operating profit margin dropped to RM37.5 million or 9.9% of revenue in 2013 (2012: RM43.9 million or 10.8%).

In 2013, the total cost base decreased by 5.9% to RM349.0 million (2012: RM370.8 million) whilst revenue decreased by 6.8% as highlighted above. The decrease in cost base was principally driven by lower Cost of Sales ("COS") in 2013 by 7.0% to RM300.5 million (2012: RM323.1 million) in line with the decreased in revenue. On the other hand, operating expenses increased by 1.9% to RM48.5 million (2012: RM47.6 million) a result of the redundancy provision of RM2.9 million following the Group's business restructuring expected to take place in 2014. Excluding this non-recurring cost, TWPH managed its costs effectively and in 2013 a reduction of 4.1% in operating expenses was achieved.

NET PROFIT

TWPH reported a reduction in net profit of 16.2% from RM40.4 million to RM33.8 million versus same period last year. This was attributable to lower revenue, redundancy provision and foreign exchange loss. As a result, the net profit after minority interests stood at RM24.5 million, decrease of 9.7% compared to 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSOLIDATED INCOME STATEMENT

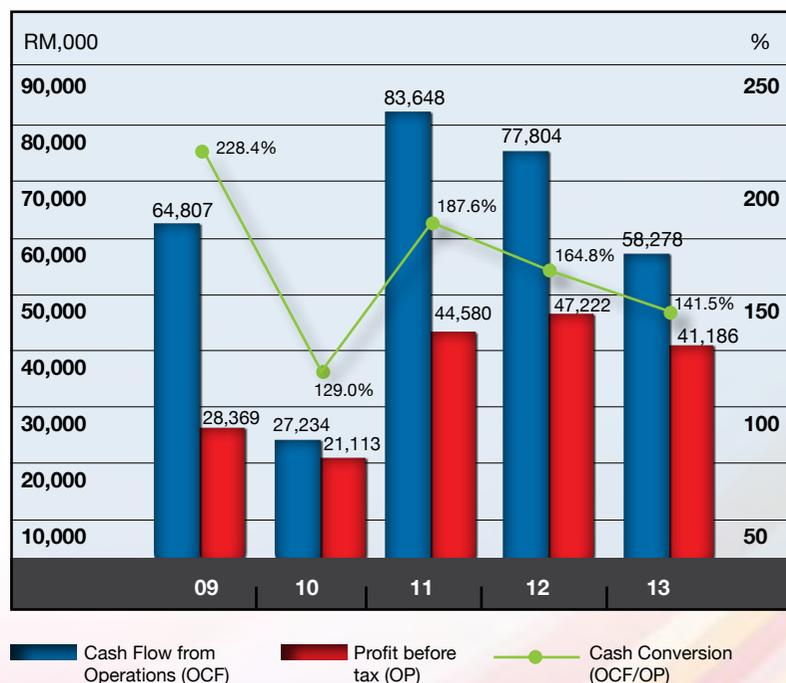
	12 months 2013 RM'000	12 months 2012 RM'000	Increase / (Decrease) %
Revenue	380,371	408,081	(6.8)
Cost of sales	(300,511)	(323,143)	(7.0)
Gross profit	79,860	84,938	(6.0)
Operating expenses	(48,543)	(47,631)	1.9
Other operating income	6,146	6,637	(7.4)
Operating profit	37,463	43,944	(14.7)
Share of profit after tax for associate	3,723	3,278	13.6
Profit before tax	41,186	47,222	(12.8)
Tax expense	(7,363)	(6,847)	7.5
Profit after tax	33,823	40,375	(16.2)
Attributable to :-			
Owners of the Company	24,526	27,168	(9.7)
Minority Interest	9,297	13,207	(29.6)
	33,823	40,375	(16.2)
Net earning per share - basic and diluted	25.41	28.15	(9.7)
Operating profit margin	9.85%	10.77%	(0.92)
Profit before tax / Revenue	10.09%	11.57%	(1.48)
Profit after tax / Revenue	8.29%	9.89%	(1.60)

OPERATING CASH FLOW

The closing cash and cash equivalents amounted to RM44.1 million, a decrease of RM4.7 million from 2012. The decrease arose from higher capital expenditure and working capital.

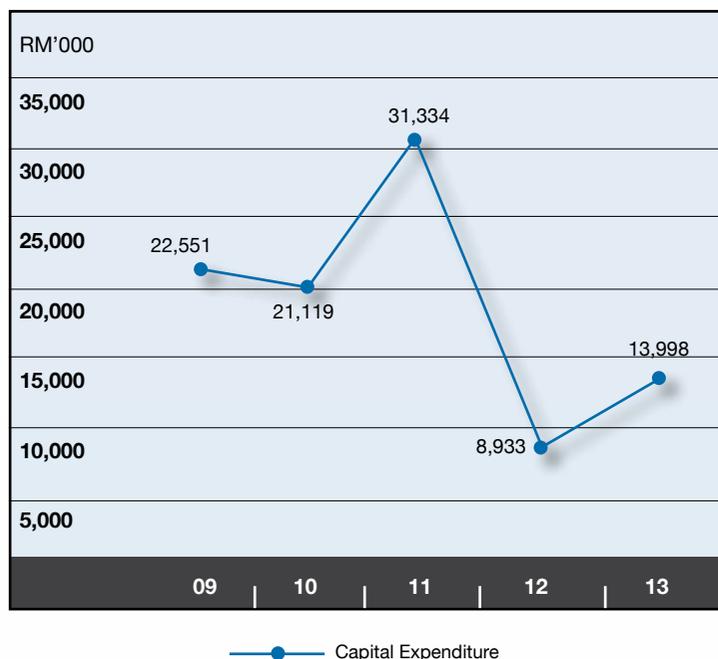
The Group's cash flow from operations stood at RM58.3 million, representing 141.5% of profit from operations, down from 164.8% in 2012 comparatively.

Cash flow management from 2009 to 2013



MANAGEMENT DISCUSSION AND ANALYSIS

Capital expenditure from 2009 to 2013



In terms of capital expenditure, TWPH spent RM14.0 million (2012: RM8.9 million) in 2013 offset by a disposal of toolings of RM485,000 (2012: RM1.4 million). The acquisition in 2013 was mainly on the enhancement of existing printing machine, quality inspection system and toolings to increase our capabilities for complex tobacco packaging.

CONSOLIDATED CASH FLOW STATEMENT

	12 months 2013 RM'000	12 months 2012 RM'000	Increase / (Decrease) %
Profit from operations	41,186	47,222	(12.8)
Adjustment for:-			
Net interest expense	2,016	2,869	(29.7)
Property, plant and equipment			
- Depreciation and amortisation	22,090	23,236	(4.9)
- Gain on disposal	(273)	(238)	14.7
Inventories written off	517	665	(22.3)
Retirement benefits provided	6,474	3,555	82.1
Share of profit after tax for associate	(3,723)	(3,278)	13.6
Amortisation of intangible assets	5,291	4,113	28.6
Unrealised foreign exchange loss	196	783	(75.0)
Changes in working capital	(15,496)	(1,123)	1,279.9
Cash generated from operations	58,278	77,804	(25.1)
Net interest paid	(2,016)	(2,869)	(29.7)
Employee benefits used	(3,076)	(3,211)	(4.2)
Taxes paid	(5,590)	(8,133)	(31.3)
Net capital expenditure	(13,513)	(7,523)	79.6
Net financing activities	(21,626)	(26,708)	(19.0)
Dividend paid	(12,332)	(18,469)	(33.2)
Increase in cash and cash equivalents	125	10,891	(98.9)
Exchange differences on translation of opening balance	(4,846)	(2,309)	109.9
Cash and cash equivalents at 1 January	48,864	40,282	21.3
Cash and cash equivalents at 31 December	44,143	48,864	(9.7)

MANAGEMENT DISCUSSION AND ANALYSIS

HIGH DIVIDEND PAYOUT

TWPH continued its strong commitment to pay dividends at a level of 50.3% (2012: 45.4%) of its earnings for the year. With the aim to accelerate dividend payment to shareholders, the Group again declared and paid one interim dividend in October 2013 and a final dividend payable in July 2014. Total dividend proposed for 2013 amounted to a net of 6.39 sen per share or RM12.3 million which is the same quantum in 2012 despite a lower net profit achieved.

This equates to a total return of 4.8% (2012: 6.4%) to shareholders based on the closing price of RM2.68 at the end of 2013 (2012: RM2.00). In 2013, the Group's share price escalated to another level of record, hitting the highest share price of RM2.69 per share as at 31 December 2013.

PERFORMANCE OF AN ASSOCIATE COMPANY

The principal activity of Benkert (Malaysia) Sdn Bhd is the manufacture of tipping paper for use in the production of tobacco products. The Company is a part of the Benkert Group based in Germany, a major supplier of these products to multinational tobacco companies globally.

Turnover in 2013 increased to RM87.4 million from RM86.8million in the preceding year. Profit after tax increased to RM12.4 million from RM11.3 million in the preceding year.

The Company obtained approval to convert to a Licensed Manufacturing Warehouse from 1 March 2013. The Company will make significant investment in property, plant and equipment in 2014 to improve efficiency.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“the Board”) remains fully committed to achieve and maintain high standards of corporate governance within the Tien Wah Press Holdings Berhad (“TWPH”) Group. The Board views corporate governance as synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance. The Board believes that a high standard of corporate governance will create and deliver long-term sustainable shareholder value.

The Board is guided by the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the “MCCG 2012”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Listing Requirements”).

This Statement sets out the key aspects of how the Company has applied the Principles and Recommendations of the MCCG 2012 during the financial year following the release of this framework by the Securities Commission in late March 2012 which includes commitment to excellence in governance standards. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance, including the reasons thereof, is included in this Statement.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear functions of the Board and Management

The TWPH Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders’ value. To fulfill this role, the Board is responsible for the overall corporate governance of the TWPH Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Beyond the matters reserved for the Board’s decision, the Board has delegated the authority to achieve the corporate objectives to the Group General Manager (“Group GM”) who has assumed all the responsibilities of the Chief Executive Officer (“CEO”). The Group GM remains accountable to the Board for the authority that was delegated to him, and for the performance of the Group.

The Board monitors the decisions and actions of the Group GM and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

1.2 Clear roles and responsibilities

The roles and functions of the Board, as well as the differing roles of the Executive Director and Non-Executive Directors, are clearly set out in the Board Charter. The Board has assumed the following principal responsibilities in discharging their stewardship responsibilities pursuant to the MCCG 2012:-

- reviewing and adopting a strategic plan and ensuring that the strategies promote sustainability;
- monitoring the Company’s performance and build sustainable value for Shareholders;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- set, review and ensure compliance with the Company’s principles, values and ethos of the Company;
- succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- developing and implementing a Corporate Disclosure Policy (including investor relations) for the Group;
- reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems;
- determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company’s financial statements are true and fair and conform with the accounting standards;
- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Board has a formal schedule of matters reserved for decision-making which includes the TWPH Group’s overall strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects, consideration of significant financial matters and it reviews the financial and operating performance of the TWPH Group. This schedule ensures that good governance is in place for the TWPH Group.

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegates certain responsibilities to the Board Committees which have been set up that is Audit Committee, Nomination Committee, Remuneration Committee and Risk and Finance Committee.

CORPORATE GOVERNANCE STATEMENT

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective written Terms of References and operating procedures and the Board receives reports of their proceedings and deliberations. The chairman of the respective committees will report to the Board the outcome of these meetings and such reports are incorporated into the Board papers. These committees were formed in order to enhance business and operational efficiency as well as efficacy. The Board remains fully responsible for the direction and control of the Company and the TWPH Group.

1.3 Formalised ethical standards through Code of Ethics

Code of Ethics

The Board has adopted a Code of Ethics for the Board. The Code of Ethics is intended to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of integrity, honesty and accountability.

A copy of the Code of Ethics is available in the Company's website at www.tienwah.com.

The Group has in place a Code of Conduct for Directors, management and employees of the Group. The Code of Conduct is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The principle of the Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. The Code of Conduct is reviewed annually by the Senior Management and the Board to meet TWPH's needs and to address the changing conditions where it works.

A copy of the Code of Conduct is available in the Company's website at www.tienwah.com.

Whistle Blower Policy

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Company has an established Whistle Blower Policy to provide a clear line of communication and reporting of concerns for employees at all levels.

Managers, officers and employees in supervisory roles shall report directly to the Senior Independent Director any allegations of suspected improper activities whether received as a protected disclosure or discovered in the course of performing their own duties and such disclosures including those relating to financial reporting, unethical or illegal conduct. Disclosures can be verbal or in writing and forwarded in a sealed envelope, reported by their subordinates in the ordinary course of performing their duties, or discovered in the course of performing their own duties.

A summary of the Whistle Blower Policy is available in the Company's website at www.tienwah.com.

Insider Dealing Policy

TWPH's Directors and employees who possess price sensitive information which is not generally available to the public are not allowed to trade in securities consistent with the Capital Markets and Services Act 2007 which prohibits insider trading.

Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers and the relevant employees on a quarterly basis. In 2013, none of the Directors dealt in securities of the Company during the closed period.

1.4 Strategies promoting sustainability

The Group recognises the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. The Board has adopted a Sustainability Policy for the Group.

The Company's activities on sustainability agenda for the year under review are set out in the Corporate Social Responsibility and Human Capital Development of the annual report.

1.5 Access to information and advice

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings.

CORPORATE GOVERNANCE STATEMENT

Prior to each meeting of the Board or a Board Committee, Board or Committee papers, as the case may be, which include the agenda and reports relevant to the issues of the meeting covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the Board or Committee members. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Audit Committee and Risk and Finance Committee play a pivotal role in channeling pertinent operational and assurance related issues to the Board. There are procedures sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the TWPH Group’s expense.

Detailed periodic briefings on the industry outlook, Company’s performance and forward previews are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends.

1.6 Qualified and competent Company Secretaries

The Company Secretaries ensure the flow of information to the Board and its Committees. They ensure that Board procedures are complied with and advise the Board on governance matters.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

The removal of Company Secretaries, if any, is a matter for the Board, as a whole, to decide. Every Director has also unhindered access to the advice and services of the Company Secretary.

1.7 Board Charter

The Board is guided by the Board Charter which set out the roles and responsibilities of the Board, the Chairman, Group General Manager and the Board Committees including the process and procedures for convening of Board Meeting.

The Board Charter is reviewed annually by the Board.

The Board Charter is available in the Company’s website at www.tienwah.com.

STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

The Nomination Committee (“NC”) shall comprise exclusively of Non-Executive Directors, a majority of whom are independent and number at least three (3) in total. The NC is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors, CEO/Group GM and senior management reporting directly to CEO/Group GM. The NC also keeps under review the Board’s structure, its size and composition, as well as the succession planning. The NC further assesses the effectiveness of the Board, its Board Committees, the CEO/Group GM and the contribution of each individual Director on an annual basis.

The NC meets as and when required, and at least once a year. The NC comprises of the following members and met twice during the financial year and the meeting attendance was as follows:-

		No. of Meetings Attended
Lee Cheow Fui <i>(Appointed with effect from 1 August 2013)</i>	Chairman, Independent Non-Executive Director	Not applicable
Lim Meng Kwong	Independent Non-Executive Director	2/2
Mej Jen Datuk Abdul Kadir Bin Nordin <i>(Bersara)</i> <i>(Appointed with effect from 1 August 2013)</i>	Non-Independent Non-Executive Director	Not applicable
Dato’ Gan Nyap Liou <i>(Retired on 12 June 2013)</i>	Chairman, Independent Non-Executive Director	2/2
Goh Seng Chuan <i>(Retired on 12 June 2013)</i>	Independent Non-Executive Director	2/2

CORPORATE GOVERNANCE STATEMENT

The Board is of the opinion that Mr Lee Cheow Fui, an Independent Non-Executive Director, is suitable to act as Chairman of the NC, given his experience, background and commitment. He replaces Dato' Gan Nyap Liou who retired as a Director on 12 June 2013.

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointment process

The Board, through the NC's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies for the Board to discharge its duties effectively.

The Board appoints its members through a formal and transparent selection process. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The NC is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The NC shall assess and consider the skills, knowledge, expertise and experience, professionalism, commitment (including time commitment) to effectively discharge his/her roles as a Director as well as contribution and performance, background, character, integrity and competence of a candidate when making the recommendations to the Board.

In the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

The NC also makes recommendations to the Board for the appointment of the Chairman, CEO/Group GM and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises.

In 2013, the NC assessed and recommended the appointment of Datuk Toh Ah Wah and Mr Lee Cheow Fui as new Independent Non-Executive Directors to the Board. On 18 April 2014, the NC also assessed and recommended to the Board the new appointment of Ms Angela Heng Chor Kiang as Non-Independent Non-Executive Director of the Company following the resignation of Mr Gary Yen.

Re-election of Directors

The Articles of Association provide that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Any new Director appointed by the Board during the year is required to stand for election at the next Annual General Meeting ("AGM"). The Directors to retire in each year are the Directors who have been longest in office since their last election. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in TWPH Group of each Director standing for re-election are furnished in the Profile on Board of Directors contained in the annual report.

Directors over seventy (70) years of age are required to subject themselves for re-appointment annually at general meeting for shareholders' approval in accordance with Section 129(6) of the Companies Act, 1965.

Pursuant to Articles of Association of the Company, Datuk Toh Ah Wah, Mr Lee Cheow Fui and Ms Angela Heng Chor Kiang will retire at the forthcoming AGM following their appointment. Mej Jen Datuk Abdul Kadir Bin Nordin has reached the age of 70 and will retire and has expressed his intention to seek re-appointment at the forthcoming AGM under Section 129(6) of the Companies Act, 1965. Mr Lee Chee Whye who will retire at the forthcoming AGM has offered himself for re-election pursuant to Article 86.1 of the Articles of Association of the Company.

Board Evaluation

The Board regularly evaluates its performance and the governance processes that support the Board's works with the aim of improving individual contributions, effectiveness of the Board and its committees and TWPH's performance.

The NC uses the criteria and procedures set out in the Directors' Assessment Policy in assessing the performance of the Directors and CEO/Group GM of TWPH.

During the financial year under review, the NC had reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees and also reviewed the retirement of Directors by rotation eligible for re-election. The NC also reviewed the appointment and succession planning for key senior managers and Board members.

CORPORATE GOVERNANCE STATEMENT

The NC, through the annual appraisal, was of the view that all the Directors, the Group GM and key senior managers have the necessary character, experience, integrity, competence and sufficient time to discharge their respective roles effectively during the financial year 2013.

Gender Diversity

TWPH has no specific policy on setting targets on female candidates. The Board as a policy will select candidate as a Director who will best serve the Company regardless of gender, race, culture and nationality. The Board has one female Director, who was appointed as a Non-Independent Non-Executive Director of TWPH on 25 April 2014.

2.3 Remuneration policies and procedures

Remuneration Committee

The Remuneration Committee ("RC") consists wholly or mainly of Non-Executive Directors and number at least three (3) in total. The RC is responsible for recommending the remuneration framework for non-executive Directors as well as the remuneration packages of Executive Directors and senior management reporting directly/indirectly to the CEO/Group GM to attract, retain and motivate Directors and Senior Management based on the criteria set out in the Directors' Remuneration Policy. None of the Executive Directors may participate in any way in determining their individual remuneration.

The RC meets as and when required, and at least once a year. The RC comprising the following members met twice during the financial year and the meeting attendance was as follows:-

		No. of Meetings Attended
Mej Jen Datuk Abdul Kadir Bin Nordin (<i>Bersara</i>)	Chairman, Non-Independent Non-Executive Director	2/2
Lee Chee Whye	Non-Independent Executive Director	2/2
Lee Cheow Fui (<i>Appointed with effect from 1 August 2013</i>)	Independent Non-Executive Director	Not applicable
Goh Seng Chuan (<i>Retired on 12 June 2013</i>)	Independent Non-Executive Director	2/2

The Board as a whole determines the remuneration of Non-Executive Directors with each individual Director abstaining from any decision in respect of his/her own remuneration. In determining an appropriate level of fees for each Non-Executive Director, the Board considers the responsibility and time commitments of the Director concerned, apart from the number of Board meetings and special meetings attended as well as the membership and chairmanship of Board Committees. Such remuneration (in the form of Directors' fees) is subject to shareholders' approval at the AGM.

During the year 2013, the RC deliberated on matters such as guidelines on increment and industry standards, remuneration for expatriates, bonus payments and compensation for Directors and key Senior Management.

Directors' Remuneration

The RC has established a Directors' Remuneration Policy in order to ensure TWPH Group provides remuneration packages which will attract, retain and motivate Directors of the quality required to oversee the management of the TWPH Group.

Information gathered based on remuneration of comparable companies are taken into consideration in determining the remuneration packages. The RC is authorised by the Board to seek appropriate professional advice within and outside the TWPH Group as and when it considers necessary.

CORPORATE GOVERNANCE STATEMENT

Details of the Directors' Remuneration

Further details of Directors' remuneration are set out below and in Note 20 to the financial statements.

The aggregate remuneration of the Directors categorised into the appropriate components is as follows:

	Salaries RM	Fees and Allowances RM	Benefits-in-kind RM	Total RM
Executive Director	-	-	-	-
Non-Executive Directors	-	582,872	35,743	618,615
TOTAL	-	582,872	35,743	618,615

Breakdown of Directors' remuneration for the financial year ended 31 December 2013, by category and in each successive band of RM10,000, is as follows:-

Range of Remuneration (RM)	No. of Directors	
	Executive Directors	Non-Executive Directors
40,000 and below	1	4
60,001 – 70,000	-	2
80,001 – 90,000	-	1
280,000 – 290,000	-	1
TOTAL	1	8

Remuneration of each individual Director is not disclosed, as such information is considered highly sensitive and confidential in nature.

REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Directors bring their respective knowledge and experience to the Board. The Board is committed in ensuring that Independent Directors are capable and willing to make decisions in the best interests of the Company and the shareholders free from interest or influence and are independent of the Management.

The Independent Directors namely, Mr Lim Meng Kwong, Datuk Toh Ah Wah and Mr Lee Cheow Fui fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. The key criteria for the appointment of an independent Director is one who is not a member of the management (a non-executive Director) and who is free of any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board composition complies with the Listing Requirements which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be independent Directors.

3.2 Tenure of Independent Directors

In line with the MCGG 2012, the tenure of an independent Director should not exceed a cumulative term of nine years. However, an independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. In exceptional cases and subject to assessment by the NC, the Board may recommend for an independent Director who has served a consecutive or cumulative term of nine years to remain as an independent Director subject to shareholders' approval.

All three Independent Directors have only been appointed in years 2012 and 2013.

CORPORATE GOVERNANCE STATEMENT

3.3 Separation of positions of the Chairman and CEO/Group GM

The Board recognises the importance of having a clearly accepted division of power and responsibilities. It is the policy of the Board to keep the roles of the Chairman and the CEO/Group GM separate. There is a clear division of responsibilities to ensure a balance of authority and power. The Chairman is responsible for leading the Board in the oversight of the management and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Group GM is responsible for implementing the Board's policies and decisions as well as developing, coordinating and implementing business and corporate strategies apart from its day-to-day management of the business.

3.4 Board Composition and Balance

The Board's composition consists of seven (7) members; comprising one (1) non-independent non-executive Chairman, one (1) executive Director, two (2) non-independent non-executive Directors and three (3) independent non-executive Directors. A brief profile of each Director is presented in the Profile on Board of Directors contained in this annual report.

The Board recognises the need for the composition to reflect a range of skill mix, expertise and diversity. High level of professional skills and appropriate personal qualities are pre-requisite for directorships. The qualifications for Board membership are the ability to make informed business decisions and recommendations, as entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals.

The Directors, with their different backgrounds and specialisations, collectively bring with them not only the industry knowledge but also a wide range of experience and expertise in areas such as finance, corporate affairs, marketing, tobacco industry, and manufacturing. The independent non-executive Directors bring to bear objective and independent judgement to the decision-making process of the Board and provide the check and balance. The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Executive Director together with the Group GM who have intimate knowledge of the business are responsible for the day-to-day management of the Group. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

The Board is led by Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff ("Tengku Mahaleel") as the Non-Independent Non-Executive Chairman and the executive management of the Company is led by Mr. Lee Chee Whye as the Executive Director and Mr. Kornelis Jan Dijke as the Group GM. Mr. Kornelis Jan Dijke has assumed all the duties and responsibilities of the CEO.

The Non-Executive Chairman, Tengku Mahaleel provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. The Board is of the view that Tengku Mahaleel has and continues to play an effective role as Chairman and Director of the Company. The Board also takes into consideration the effectiveness and contribution of Tengku Mahaleel as the Chairman of the Board who is able to lead the Board to demonstrate strong commitment and greater judgement in its oversight of management function and acts as a facilitator at Board meetings to ensure that contributions by all Directors are forthcoming on matters being deliberated and that no particular Board member dominates discussion. Notwithstanding that the Board does not comprise majority Independent Directors where the Chairman is not an Independent Director as recommended in the MCCG 2012, the Independent Directors who are professionals of high caliber and credibility, are able to exercise independent judgement thus ensuring balance of power and authority whilst taking cognisance of the interests of minority shareholders and other stakeholders.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

FOSTER COMMITMENT

4.1 Time Commitment

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2013, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the TWPH Group's financial results, major investments, strategic decisions, the business plan and direction of the TWPH Group and corporate governance matters.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings at the Board meetings are minuted and signed by the Chairman of the meeting.

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and have access to the Company Secretary in order to fulfill their duties and specific responsibilities as enumerated in the Board Charter.

CORPORATE GOVERNANCE STATEMENT

The Board members are required to notify the Board's Chairman prior to their acceptance of new directorships in other companies.

Details of each Director's attendance at the Board Meetings held during the financial year under review are as follows:-

		No. of Meetings Attended
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	Chairman, Non-Independent Non-Executive Director	5/5
Gary Yen <i>(Resigned with effect from 25 April 2014)</i>	Deputy Chairman, Non-Independent Non-Executive Director	3/5
Lee Chee Whye	Executive Director	5/5
Lim Meng Kwong	Independent Non-Executive Director	5/5
Datuk Toh Ah Wah <i>(Appointed with effect from 23 July 2013)</i>	Independent Non-Executive Director	3/3
Lee Cheow Fui <i>(Appointed with effect from 23 July 2013)</i>	Independent Non-Executive Director	3/3
Mej. Jen Datuk Abdul Kadir bin Nordin <i>(Bersara)</i>	Non-Independent Non-Executive Director	5/5
Dato' Gan Nyap Liou <i>(Retired on 12 June 2013)</i>	Independent Non-Executive Director	1/2
Goh Seng Chuan <i>(Retired on 12 June 2013)</i>	Independent Non-Executive Director	2/2

Note: Ms Angela Heng Chor Kiang was appointed as Non-Independent Non-Executive Director of the Company on 25 April 2014

4.2 Directors' training

The Board through the NC ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. An induction programme has been arranged for newly appointed Directors to facilitate their understanding of the operations of the TWPH Group as well as the products and services offered by the TWPH Group. All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") pursuant to the requirement by Bursa Securities except Ms Angela Heng Chor Kiang. Ms Angela Heng Chor Kiang who was appointed as a Director of TWPH on 25 April 2014 is expected to complete the MAP within four (4) months from her appointment. Given the varying training needs of each Director, all the Directors except Ms Angela Heng Chor Kiang have continuously undergone training programmes to enhance their skills and knowledge.

The Directors are mindful that they continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on TWPH's business and the regulatory and industry environment.

CORPORATE GOVERNANCE STATEMENT

The trainings or conferences/seminars attended by the Directors are in the areas of Corporate Governance, Finance and regulatory development details as follows:-

Name of Director	Training Programme/Conference Seminar
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	<ol style="list-style-type: none"> 1. Asian Strategy and Leadership Institute - 4th Kuala Lumpur International Automotive Conference 2013 (one of the speakers) 2. Chartered Secretaries Malaysia - MAICSA Annual Conference 2013 (one of the speakers)
Gary Yen	<ol style="list-style-type: none"> 1. Annual Conference on marketing, franchising and people's development.
Lee Chee Whye (<i>Resigned with effect from 25 April 2014</i>)	<ol style="list-style-type: none"> 1. HAY Group - Job Evaluation and Banding Methodology 2. Corporate Sustainability: CFO Function Workshop
Lim Meng Kwong	<ol style="list-style-type: none"> 1. Malaysian Institute of Corporate Governance – Corporate Fraud Control Conference 2. Bursa Malaysia Berhad - Advocacy Session on Corporate Disclosure for Directors
Mej. Jen Datuk Abdul Kadir bin Nordin (<i>Bersara</i>)	<ol style="list-style-type: none"> 1. The Iclif Leadership and Government Centre – Nominating Committee Programme 2. Malaysian Institute of Accountants – Audit Committee Conference
Datuk Toh Ah Wah (<i>Appointed with effect from 23 July 2013</i>)	<ol style="list-style-type: none"> 1. Malaysian Institute of Accountants – Audit Committee Conference
Lee Cheow Fui (<i>Appointed with effect from 23 July 2013</i>)	<ol style="list-style-type: none"> 1. Institute of Chartered Accountants Australia - Malaysian Financial Reporting Standards 2013: A technical brief 2. Bursa Malaysia Berhad - Advocacy Sessions on Corporate Disclosure for Directors 3. Bursatra Sdn Bhd - Managing in Uncertainty: Surviving the Turbulence 4. The Iclif Leadership and Government Centre – Nominating Committee Programme 5. Bursa Malaysia Berhad - Risk Management and Internal Control Workshops for Audit Committee members

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

Financial Reporting

The Board strives to provide and present a balanced and meaningful assessment of the TWPH Group's financial performance and prospects for every financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders, as well as the Chairman's Review Statement and Business Operations Review in the annual report. The Board is assisted by the Audit Committee ("AC") to oversee the TWPH Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the TWPH Group give a true and fair view of the state of affairs of the TWPH Group and of the Company as at the end of the accounting period and of their profit or loss and cash flow for the period then ended. In preparing the financial statements, the Directors have ensured that accounting standards approved by the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1965 in Malaysia have been complied with and reasonable and prudent judgments and estimates have been made.

STATEMENT ON CORPORATE GOVERNANCE

In preparing the financial statements, the Directors have selected and consistently applied suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the TWPH Group and to prevent and detect fraud and other irregularities. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board, through its AC, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting and at any general meeting convened to consider such matters.

There are procedures and guidelines established to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the TWPH Group's usual business practices and policies, which are generally not more favourable than those generally available to third parties or the public and are not to the detriment of the minority shareholders.

The internal framework pertaining to the governance of related party transactions is summarised as follows:-

- (i) A list of the related parties is circulated within the TWPH Group and all Directors and Management are notified that all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms and not more favourable than those generally available to third parties or the public and are not to the detriment of the minority shareholders;
- (ii) Where the new related party transactions is equal to or below RM100,000, it will be reviewed and approved by the Senior Management and where the value is above RM100,000, it will be reviewed by the Senior Management and approved by the AC before they are entered into to ensure that the terms are not more favourable than those generally available to the public;
- (iii) The AC, through the Internal Audit will review all aspects of the recurrent related party transactions entered into to ensure that the relevant approvals have been obtained and the transactions are conducted at arm's length basis;
- (iv) All related party transactions which are entered into will be recorded by the Company in a register maintained by the Company;
- (v) The AC updates the Board on a quarterly basis on all related party transactions and the Internal Audit Department is directed to look into any discrepancies or queries raised.

Further details of these transactions are set out in the Circular to Shareholders dated 21 May 2014 with regard to the Recurrent Related Party Transactions.

5.2 Assessment of sustainability and independence of external auditors

Key features underlying the relationship of the AC with the internal audit function and external auditors are detailed in the AC Report of the annual report. A summary of the activities of the AC during the year are also set out therein.

TWPH has in place the policies covering the provision of non-audit services, which are designed to ensure that such services do not impair the external auditors' independence or objectivity. The external auditors provide mainly audit-related services to TWPH. Due to the strong knowledge of TWPH, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The Board upholds the integrity of financial reporting by the Company and as such, the external auditors have confirmed to the Board their independence in providing both audit and non-audit services.

The AC works closely with the audit partner assigned by KPMG to the Company, to act as the key representative for overseeing the relationship of the Company with the external auditors. In compliance with the Malaysian Institute of Accountants, KPMG rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit.

The external auditors attended two out of four of the AC meetings held to review the Quarterly Results and the financial statements.

STATEMENT ON CORPORATE GOVERNANCE

RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through the Risk and Finance Committee ("RFC") reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

Risk and Finance Committee

The RFC consists majority of Non-Executive Directors and number at least three (3) in total. The RFC is responsible for the review and assessment of the performance of business units, its business plans, proposal on major acquisition or disposal, capital expenditure, substantial investment/projects/divestments and to ensure that they are aligned with the Group's strategic business objectives and Risk Management Policy as well as to communicate risk issues and strategies to all relevant employees across the Group and update the risk profiles of the Group.

The RFC meets as and when required, and at least four times a year. During the financial year, the Committee met four times and comprised of the following members:-

Datuk Toh Ah Wah (Chairman) (Appointed with effect from 1 August 2013)

Lee Chee Whye

Mej Jen Datuk Abdul Kadir Bin Nordin (Bersara)

Lee Cheow Fui (Appointed with effect from 1 August 2013)

Lim Meng Kwong (Resigned as a member of RFC with effect from 1 August 2013)

Dato' Gan Nyap Liou (Retired on 12 June 2013)

Goh Seng Chuan (Retired on 12 June 2013)

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control of the Company of this Annual Report.

6.2 Internal audit function

The Board has established an internal audit function within the Company, which is led by the Head of Internal Audit who reports directly to the AC.

Details of the Company's internal control system and framework as set out in the Statement on Risk Management and Internal Control together with Audit Committee Report of this annual report.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

Information Disclosure

The Board has in place a policy to ensure disclosure of information is in accordance with the disclosure requirements under the Listing Requirements and other applicable laws.

7.2 Leverage on information technology for effective dissemination of information

Investor Relations

The Investor Relations Policy was reviewed and revised by the Board regularly and is designed to be both proactive and interactive and is driven by the following principles:-

- To report its financial results and material developments to Bursa Securities, its shareholders and other stakeholders;
- Communicate only through its designated spokespersons;
- Use its website as an additional primary communication channel;

CORPORATE GOVERNANCE STATEMENT

- Address reports and rumours (as queried by Bursa Securities) so as to avoid unnecessary speculations in its securities;
- Reasonable access to analysts and the media to help them have informed opinions of the Company, but will not seek to influence those opinions;
- Endeavour to meet with its major shareholders at least once in each fiscal year as part of its on-going programme to inform and obtain feedback on the Company.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is also be wary of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

Shareholders and other interested parties may contact Ms Lilian Leong, Financial Controller, to address any concerns by writing or via telephone or facsimile as follows:-

Tel: +60 (3) 79563866

Fax: +60 (3) 79576743

Email: lilianleong@tienwah.com

Postal Address: No. 9 Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy.

All resolutions put forth for shareholders' approval at the 18th AGM held on 12 June 2013 were voted by a show of hands. The shareholders were informed of their right to demand for poll at the onset of the AGM provided they met the prescribed requirements.

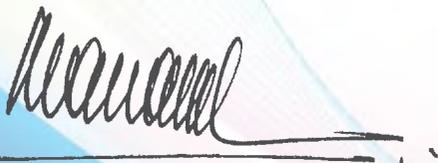
8.2 Effective Communication and Proactive Engagement

The Company recognises the importance of communicating with its shareholders and does this through annual reports, AGMs and the Company's website. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Company's performance and position as possible.

During the AGM, the Chairman also provides shareholders with a brief review of the Group's operations for the financial year and overview of the current year performance.

The key element of the Company's dialogue with its shareholders at the AGM is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the TWPH Group's operations in general. Additionally, a press conference is held immediately after the AGM where the Chairman and Group General Manager advise the press of the resolutions passed, and answers questions on the TWPH Group's performance.

The Company's website, www.tienwah.com, provides an avenue for information, such as dedicated sections on corporate information, including financial information, share price history, announcements and press releases. The website is continuously updated to ensure that the information contained within is current.



Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
Chairman

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) affirms its overall responsibility for the adequacy and effectiveness of the Tien Wah Press Holdings Berhad (“Group”)’s risk management and internal control system. The Board ensures that the system manages the Group’s key areas of risk within an acceptable risk profile and thus the likelihood that the policies and business objectives will be achieved. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board and is guided by the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.

RESPONSIBILITY

The Board establishes a sound framework to manage the risks in the following manner:-

- Affirms its overall responsibility for the adequacy and effectiveness of the Group’s risk management and internal control system.
- Establish an appropriate control environment and framework as well as reviewing its adequacy and effectiveness, thus providing reasonable assurance that key risks are managed within the Group’s defined risk appetite and tolerance.
- Establish an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.
- Maintain a sound risk management and internal control system to safeguard shareholders’ investment and the Group’s assets as well as other stakeholder interests.
- Assist by Management in the implementation of the Board’s policies and procedures on the system of risk management and internal controls in respect of:-
 - Implement the process for identifying, evaluating, monitoring, and reporting of risks and internal control.
 - Design, implement and monitor the risk management framework in line with Group’s business objectives and risk appetite.
 - Identify changes to risks and take appropriate actions to mitigate and control these risks.
 - Provide assurance to the Board that risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.
- Provide reasonable and not absolute assurance against material misstatement, losses or fraud.

ENTERPRISE RISK MANAGEMENT

The Group’s risk management is firmly embedded in the Group’s management system and operates under an effective Enterprise Risk Management (“ERM”) framework to manage the diverse risks faced by the Group in accordance with the Company’s strategic vision and overall risk appetite. The Risk and Finance Committee (“RFC”) comprised of directors and senior managers were set up by the Board to proactively manage the risks of the Group. It meets formally at least four times a year to review the updated risk register and assess the status of the risk mitigation action plans. RFC reviews the effectiveness of the Risk Management Framework and Internal Control System of the Group on an annual basis and briefs the Audit Committee (“AC”) of its assessment.

Business risks are certainty and affect the Group by various factors, not all of which are within the Group’s control. The strategic risks driven by external challenges and operational risks faced internally are constantly reviewed and assessed as part of ERM activity. The major risks exposed by the Group are corporate reputation, safety, health and environment, key customer reliance, operational, quality issues, cost management, regulatory, volatility of foreign exchange rates affecting finance, competitive pricing and information technology which are adequately managed by the Group.

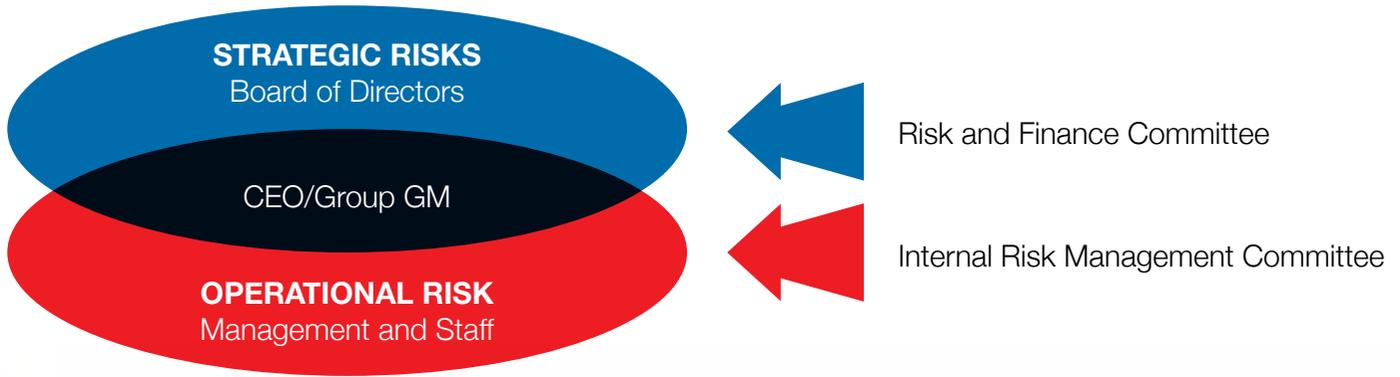
ERM CORE ELEMENTS

ERM requires a holistic approach which is integrated, future focused and process orientated to manage all key business risks and opportunities to maximise shareholder value after taking into consideration all affected stakeholders. The core element of ERM involves:-

- Identification of business risks
- Measurement of identified business risks
- Control or manage business risks in line with Group policies and strategies
- Constant monitoring and communicating the risks to minimise losses and optimise opportunities

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT ACCOUNTABILITY



Strategic risks are primarily caused by external events, which may not be predictable or monitored through systematic operational procedures but may have a significant impact on the Group's strategic decisions and activities. The accountability of managing strategic risks rests with the Board and CEO/Group General Manager. The custody of this critical function is carried out by the RFC, which also monitors the key operational risks affecting the Group and reports to the Board on a regular basis.

Operational risks are inherent within the on-going activities within each operating unit and are managed by the General Managers, Head of Departments and staff. The Group General Manager, as Chairman of the Internal Risk Management Committee ("IRMC") oversees and monitors the Group and operating units' risks.

ERM PROCESS

The Group's ERM process basically encompasses five phases continually, namely:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The identified business risks are then evaluated based on the risk matrix below:-

		RISK MATRIX					
Likelihood of Occurrence	Almost Certain	M	MH	MH	H	H	H
	Very Likely	L	M	MH	H	H	H
	Likely	L	M	M	MH	H	H
	Moderate	L	L	M	M	MH	H
	Unlikely	L	L	L	M	M	MH
	Rare	L	L	L	L	M	MH
			Insignificant	Minor	Moderate	Moderate High	Major
		Magnitude of Impact					
KEY		L = low	M = Moderate	MH = Moderate High	H = High		

The outcome from on-going identification and mapping of the business risk is the Risk Register which records the risks identified, action plans and net risk rating. The risks identified are deliberated at the respective operating units and also by the IRMC. For the risks identified, actions plans have or are being taken to remedy or mitigate any significant failings or weaknesses. Key risks are cascaded to the RFC, which reports to the Board.

The ERM process has not been applied to an associate company within the Group.

INTERNAL CONTROL

The Board, whilst focusing on effective risk oversight and setting the tone and culture towards effective risk management and internal control, it has entrusted to Management the implementation of the system of internal control encompassing the types of control including strategic, financial, operations and compliance issues.

The key features and roles of Management on the system of internal control are described as follows:-

- Prepare annual business plans and budgets by the major business units and obtain approval from the Board. The performance of the business unit is assessed against the approved budgets on a quarterly basis. Explanations are provided for significant variances and remedial action, if required. In addition, the performance of the Company and its subsidiaries are monitored by the senior management through the management reports on a monthly basis and regular discussions.
- Assisted by Senior Management to ensure that the effectiveness of the Group's daily operations is in accordance with the corporate objectives, strategies and business directions.
- Review monthly financial and manufacturing operational performance of business units including key performance indicators, productivity, efficiency and effectiveness. This includes evaluation of factors such as key business, operational and issues impacting on their performance.
- Review the reports from the Management on a quarterly basis covering, but not restricted to strategy, key performance, resources and risk indicators.
- Identify and review the risk elements that impact on the financial performances of the Group and establish mechanism to manage risks of business operations.
- Define clearly an organisation structure inclusive of delegation of authority and responsibility of the management and reporting mechanism within the Group.
- Establish proper guidelines within the Group for recruitment and termination, formal training programme and annual performance appraisals for staff to enhance the level of staff competency in carrying out their duties and responsibilities.
- Establish a process of hierarchical reporting which provides a documented and auditable trail of accountability. The procedures include the establishment of limits of authority coupled with the publication of Group Policies, Executive Handbook, Employees Conditions of Employment Agreement and Environment, and Health and Safety Handbook.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER ASSURANCE MECHANISM

The AC is responsible to review and monitor the effectiveness of the Group's risk management and system of internal controls in respect of the followings:-

- Reviews and approves annual internal audit plans
- Reviews the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources.
- Quarterly reviews key internal control issues identified by the Internal Audit Department ("IAD"), the Management and external auditors and action plans taken by the Management to manage the risks of operations.
- Evaluates adequacy and effectiveness of their risk management and internal control systems. The system of internal control and risk management framework are designed to manage rather than eliminate the risk of failure to achieve business objectives and as such, can only provide reasonable but not absolute assurance against material misstatement or financial losses or fraud.
- Discuss significant audit issues arise during the AC meetings that requires immediate attention and the minutes of AC Meeting are tabled to the Board and discussed at the Board level, if necessary.

The Group's IAD reports directly to and assists AC in discharging its duties to ensure that:-

- Independent reviews of key business processes to identify and evaluate significant operational, financial and compliance risks.
- Identify significant risks and adequacy and integrity of the Group's risk management and internal controls are functioning as intended.
- Follow up review on the action plans taken by the management on the recommendations being proposed by IAD.
- Highlight internal control weaknesses that will result in any material misstatement or loss that would require additional adjustment or disclosure to the Group's annual report. The management continues to take prompt measures to continuously improve the internal control environment.

The Board received assurance from Group General Manager and Financial Controller that the risk management policy and internal control system adopted by the Group is operating adequately and effectively and has been in place for the year under review and up to the date of annual report.

In addition, as part of the requirement of the ISO 9001 certification, scheduled audits are being conducted internally as well as by external auditor from accredited certification bodies. Results of these audits are reported to the management.

The review of the adequacy and effectiveness of the risk management and internal control process has been undertaken by the management and internal audit function respectively, and necessary actions have been taken to remedy significant failing or weaknesses identified for the financial year 2013 and up to date of this statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2013, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- has not been prepared in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- is factually inaccurate

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The auditors are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”):-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company (“TWPH”) has not raised any funds from any corporate proposals during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia.

2. SHARE BUY-BACKS

The Company has not purchased any of its own shares during the financial year ended 31 December 2013.

Disclosed in accordance with Paragraph 12.23, Appendix 12D of the Listing Requirements of Bursa Malaysia.

3. OPTIONS OR CONVERTIBLE SECURITIES

The Company has not issued any options or convertible securities during the financial year ended 31 December 2013 and there are no options or convertible securities outstanding and exercisable at the end of the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 15 of the Listing Requirements of Bursa Malaysia.

4. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 16 of the Listing Requirements of Bursa Malaysia.

5. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalty imposed on TWPH and its subsidiary companies, directors or management by the relevant regulatory bodies which were made public during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 17 of the Listing Requirements of Bursa Malaysia.

6. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors and its affiliated companies by the Group for the financial year ended 31 December 2013 was as follows:-

	RM	
a) KPMG, Malaysia	2,000	
b) KPMG, Vietnam	132,000	
	134,000	

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Malaysia.

7. VARIATION IN RESULTS

There was no profit estimate, forecast or projection issued by TWPH and its subsidiary companies during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 19 of the Listing Requirements of Bursa Malaysia.

8. PROFIT GUARANTEE

There was no profit guarantee given by TWPH and its subsidiary companies during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 20 of the Listing Requirements of Bursa Malaysia.

9. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by TWPH and/or its subsidiary companies which involve Directors’ and major shareholders’ interests during the financial year ended 31 December 2013.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Malaysia.

BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

10. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

At an Annual General Meeting held on 12 June 2013, TWPH had obtained shareholders’ mandate to allow the TWPH Group to enter into RRPT with related parties that are necessary for the day-to-day operations. The RRPT mandate is valid until the conclusion of the forthcoming 19th AGM of the Company to be held on 12 June 2014.

The details of the RRPT conducted during the financial year ended 31 December 2013 (“FYE 2013”) pursuant to the said shareholders’ mandate are as follows:-

Name of Company	Name of Company transacting with	Nature of transactions	Value of transactions for FYE 2013 RM '000	Related party	Nature of Relationship of Related Party with Tien Wah Press Holdings Berhad (“TWPH”) Group
1. Tien Wah Press (M) Sdn Bhd (“TWPM”)	Paper Base Converting Sdn Bhd (“PBC”)	(i) Purchases of paperboard	3,363	<p>Directors</p> <p>(i) Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff (“Tengku Mahaleel”)</p> <p>(ii) Gary Yen</p> <p>(iii) Lee Chee Whye</p> <p>Major Shareholders</p> <p>(i) New Toyo International Holdings Ltd (“NTIH”)</p> <p>(ii) Tien Wah Holdings (1990) Sdn Bhd (“TWH1990”)</p> <p>(iii) Singapore Pacific Investments Pte Ltd (“SPI”)</p>	<p>(i) Tengku Mahaleel is the Chairman of TWPH and also a director of NTIH, TWH1990, PBC and TNCP.</p> <p>(ii) Gary Yen is the Deputy Chairman of TWPH and also the non-executive Chairman of NTIH and a director of NTIH, NTA, SPI, New Toyo Corrugated Products Pte Ltd (“NTCP”), New Toyo Lamination (M) Pte Ltd (“NT Lam”), TWH1990, AIS, VinaToyo Company Ltd (“VT”), MEIL, NTPHK and New Toyo Pulppy (Vietnam) Co. Limited (“NTPV”). Gary Yen is deemed a major shareholder of NTPHK and NTPV by virtue of his interest in Greeting Tomt Limited.</p> <p>(iii) Lee Chee Whye is an Executive Director of TWPH and also the Chief Executive Officer of NTIH. He is also a director of NTIH, VT, NTCP, MEIL, NT Lam, NTIT, NTVN, TNCP, NTA, SPI, TWH1990, AIS and PBC.</p> <p>NTIH is a major shareholder of TWPH via its shareholding in TWH1990 and SPI. NT Lam is a major shareholder of TWPH via its shareholding in TWH1990. PBC is a wholly-owned subsidiary of NTLam, which, in turn, is a wholly-owned subsidiary of NTIH. TWH1990 is a major shareholder of TWPH with a 24.2% direct equity interest as at 15 April 2014. SPI is a major shareholder of TWPH with a 29.9% direct equity interest as at 15 April 2014.</p>
2. TWPM, APT, Anzpac Services (Australia) Pte Ltd (“Anzpac”) and Toyo (Viet) Paper Product Co. Ltd (“TVP”)	New Toyo International Holdings Ltd (“NTIH”)	(i) Management fees paid/ payable	2,456	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1
3. TVP	New Toyo International Co (Pte) Ltd (“NTIT”)	(i) Sales of printed cartons (ii) Purchases of raw materials	13,163 9,114	Directors and Major Shareholders as per the above disclosure transaction no: 1	<p>Nature of relationship of related parties as per the above disclosure transaction no: 1.</p> <p>NTIT is a wholly-owned subsidiary of NTIH, substantial and ultimate holding company of TWPH.</p>
4. TWPM	Toyoma Non-Carbon Paper Manufacturer Sdn Bhd (“TNCP”)	(i) Rental of warehouse	680	Directors and Major Shareholders as per the above disclosure transaction no: 1	<p>Nature of relationship of related parties as per the above disclosure transaction no: 1.</p> <p>TNCP is a wholly-owned subsidiary of NTIH, substantial and ultimate holding company of TWPH.</p>

BURSA MALAYSIA LISTING REQUIREMENTS COMPLIANCE INFORMATION

Name of Company	Name of Company transacting with	Nature of transactions	Value of transactions for FYE 2013 RM '000	Related party	Nature of Relationship of Related Party with Tien Wah Press Holdings Berhad ("TWPH") Group
5. Anzpac	TWPH	(i) Administrative fee received	259	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1. Anzpac is wholly-owned subsidiary of MEIL, who in turn is a 51% owned company of TWPH and 49% owned by NTIH, substantial and ultimate holding company of TWPH.
6. TWPM	Alliance Innovative Solutions Pte Ltd ("AIS")	(i) Purchase of ink and related items	396	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1. AIS is a 50%-owned subsidiary of NT Lam, which in turn is a wholly-owned subsidiary of NTIH, substantial and ultimate holding company of TWPH.
7. TWPM	Anzpac	(i) Purchase of solvents	12	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1. Anzpac is wholly-owned subsidiary of MEIL, who in turn is a 51% owned company of TWPH and 49% owned by NTIH, substantial and ultimate holding company of TWPH.
8. APT	NTIH	(i) Interest paid on loan	245	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1.
9. TWPM	New Toyo Aluminium Paper Product Co (Pte) Ltd ("NTA")	(i) Sales of paperboard	10	Directors and Major Shareholders as per the above disclosure transaction no: 1	Nature of relationship of related parties as per the above disclosure transaction no: 1.
10. MEIL	New Toyo Pulppy (Hong Kong) Ltd ("NTPHK")	(i) Outsourcing of sales administrative and accounting work	280	Directors and Major Shareholders as per the above disclosure transaction no: 1	NTPHK is a company in which Gary Yen is also a director, and deemed a major shareholder by virtue of his interest in Greeting Tomt Limited.
TOTAL			29,978		

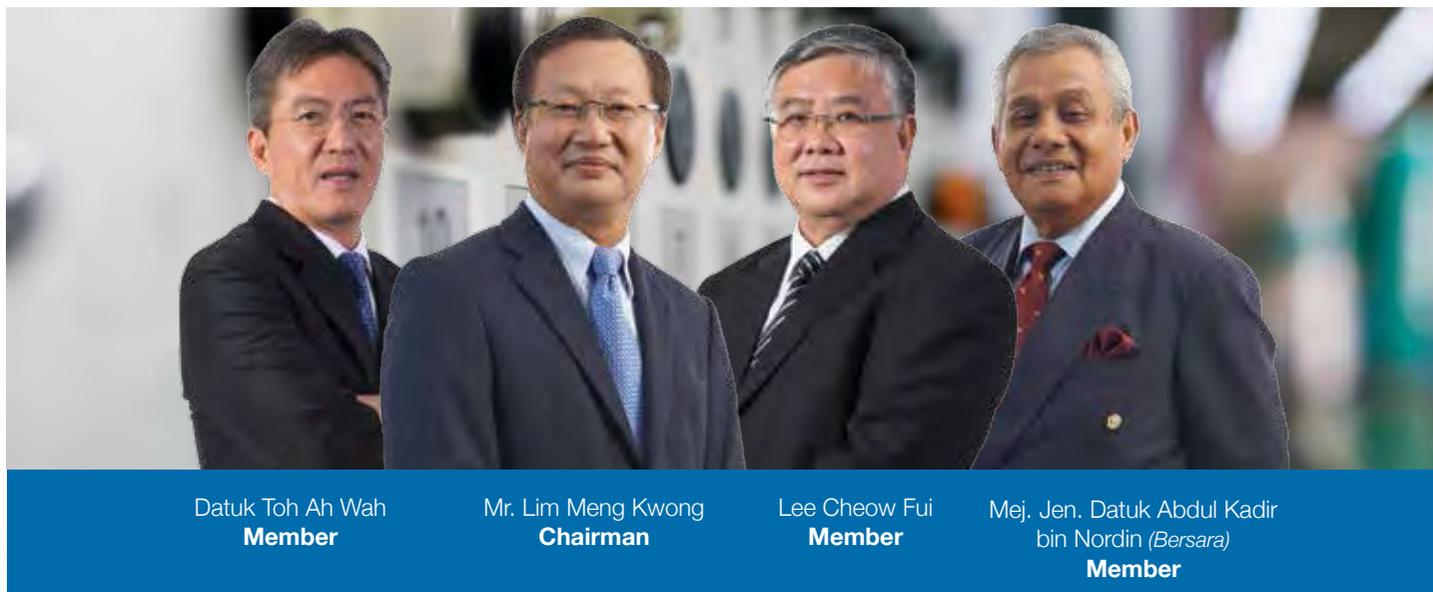
The transaction prices, terms and conditions are determined by market forces and are comparable to those applicable transactions with the public, which depend on the demand and supply of the products and services. There is no preferred treatment accorded to the related parties.

Disclosed in accordance with Paragraph 10.09(2)(b) of the Listing Requirements of Bursa Malaysia.

AUDIT COMMITTEE REPORT

1. MEMBERSHIP AND ATTENDANCE

The present members of the Audit Committee comprise of: -



Details of attendance of each member of the AC at the meetings held during the financial year are as follows:-

Composition of Audit Committee	Number of Audit Committee Meetings		%
	Held	Attended	
Mr. Lim Meng Kwong – Chairman, Independent, Non-Executive Director	4	4	100
Mej. Jen. Datuk Abdul Kadir bin Nordin (Bersara) – Non-Independent, Non-Executive Director	4	4	100
Datuk Toh Ah Wah – Independent, Non-Executive Director	1	1*	100
Lee Cheow Fui – Independent, Non-Executive Director	1	1*	100
Mr. Goh Seng Chuan – Independent, Non-Executive Director	2	2**	100

* Datuk Toh Ah Wah and Mr Lee Cheow Fui were appointed as Independent, Non-Executive Directors effective 1 August 2013.

** Mr Goh Seng Chuan retired as Independent, Non-Executive Director effective 12 June 2013.

The Group General Manager was invited to all the meetings to facilitate direct communication and to provide clarification on audit issues and the operations of the Group. The Financial Controller and Head of Internal Audit were present at all Audit Committee meetings to table the respective unaudited quarterly financial statements and internal audit reports. From time to time, other directors, senior management and employees may also be invited by the Audit Committee to attend the Audit Committee meetings.

The Audit Committee Chairman, Mr. Lim Meng Kwong is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and Malaysian Code on Corporate Governance 2012.

All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

AUDIT COMMITTEE REPORT

2. COMPOSITION AND TERMS OF REFERENCE

a. Members and Chairman

The Audit Committee shall be appointed by the Board of Directors from among their number (pursuant to a resolution of the Board of Directors) and shall comprise of not less than three members and majority shall be independent directors. Currently, the members of the Audit Committee are all Non-Executive Directors.

In addition, at least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or if he is not a member, he must have at least three years' working experience and the following criteria or he must fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad:

- (i) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
- (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.09(1) of the Listing Requirements, the vacancy must be filled within three months of that event.

The Board of Directors reviews the terms of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the Audit Committee and the members have carried out their duties in accordance with the terms of reference.

b. Functions

The functions of the Audit Committee are as follows:-

- a) Review the following and report the same to the Board of Directors:-
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors, their evaluation of the system of internal controls;
 - iii) with the external auditors, their audit report;
 - iv) the assistance given by the Company's employees to the external auditors; and
 - v) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) To consider the appointment and independence of the external auditors, the audit fee and any questions of resignation or dismissal;
- c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firms are involved;
- d) To obtain the confirmation from external auditors that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- e) To discuss the entering of contracts for the provision of non-audit services and the procedures that must be adhered to by the external auditors. The contracts that cannot be entered into should include:-
 - strategic decision;
 - internal audit; and
 - policy and standard operating procedures documentation
- f) To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption;
 - integrity of financial statements; and
 - compliance with accounting standards and other legal requirements

AUDIT COMMITTEE REPORT

- g) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- h) To review the external auditor's management letter and management's response;
- i) To assess the sound system of internal controls by conducting the following:-
 - Establish an internal audit function which is independent of the activities it audits and appoint a head of internal audit who will report directly to the Audit Committee;
 - Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointments or termination of senior auditors of the internal audit function;
 - Inform itself of resignations of internal auditors and provide the resigning internal auditor an opportunity to submit his reasons for resigning;
 - Prepare reports, at least once (1) a year, to the Board of Directors summarising the activities of the internal audit function performed in fulfilling the Audit Committee's primary responsibilities, including details of relevant training attended by Audit Committee members.
- j) To consider the major findings of internal investigations and management's response;
- k) To ensure the internal audit function is independent of the activities it audits. The Head of Internal Audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company;
- l) If the Holding Company plans to perform an internal audit on Tien Wah Press Holdings Berhad ("TWPH"), it should first obtain the Audit Committee's clearance;
- m) To approve the internal audit to be performed by TWPH's appointed internal auditors in TWPH's subsidiaries;
- n) To report promptly any matters resulting in the breach of the Listing Requirements to the Board. Where the Audit Committee is of the opinion that such matter reported by it to the Board of Directors has not been satisfactorily resolved, the Committee shall promptly report such matter to Bursa Malaysia Securities Berhad; and
- o) To consider other areas as defined by the Board of Directors.

c. Rights of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information and documents pertaining to the TWPH Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function and activity on a continuous basis in order to be kept informed of matters affecting the TWPH Group;
- e) be able to obtain independent professional or other advice as it considers necessary, at the expense of the Company; and
- f) be able to convene meetings with the external auditors, internal auditors or both (without the presence of executive Board members and management) at least twice a year and whenever deemed necessary.

d. Meetings, minutes and quorum

The Audit Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. However, at least twice a year the Audit Committee shall meet with the external auditors without the Executive Director and management being present. This year, the Audit Committee had met with the External Auditors separately on two occasions without the Executive Director and management being present.

AUDIT COMMITTEE REPORT

In addition, the Chairman may call for an Audit Committee meeting if a request is made by any Audit Committee member, senior management or internal or external auditors.

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Audit Committee members prior to each meeting. The Company Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to Audit Committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

3. SUMMARY OF ACTIVITIES DURING THE YEAR

During the year, the Audit Committee has carried out its functions and duties in accordance with its terms of reference. The activities carried out by the Audit Committee encompassed the following:-

a. Financial reporting

- Reviewed the quarterly unaudited and annual audited financial statements of the Company and Group with the Group General Manager and Financial Controller before recommending them to the Board of Directors for approval. The review focused on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with applicable approved accounting standards and other legal requirements.

b. External Audit

- Reviewed with the external auditors the Group's annual financial statements focusing on findings arising from audits particularly the comments and responses in management letter as well as assistance given by the employees of the Group before recommending to the Board of Directors for approval.
- Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the external auditors.
- Reviewed with the external auditors the Company's Statement on Risk Management and Internal Control before recommending the same for inclusion into the 2013 annual report.
- Reviewed the performance of the external auditors, including assessment of their independence, technical competency and reasonableness of their audit fees and non-audit fees such as review the Statement on Risk Management and Internal Control and Disclosure of Realised and Unrealised Profits or Losses.

c. Internal Audit

In-House

- Reviewed the internal audit reports prepared by the Head of Internal Audit, which highlighted the audit issues, root causes, potential risks and implications, recommendations and Management's response. Discussed with Management the actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports and follow up on audit recommendations.
- Reviewed any related party transactions and conflict of interest situations that may arise within the TWPH Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- Reviewed the internal audit plans as to their consistency with the Enterprise Risk Management Framework in particular the high risks areas identified.

Holding Company

- Reviewed the internal audit reports prepared by a firm of outsourced internal auditor appointed by our Holding Company. The recommendations stated were reviewed with Management and followed up by our in-house internal audit department to be in line with The Institute of Internal Auditors' mandatory guidance on International Professional Practice Framework.

AUDIT COMMITTEE REPORT

4. INTERNAL AUDIT FUNCTION

The internal audit function during the year was undertaken by our in-house internal audit department who is independent of the activities or operations of the Company. The principal role of the internal audit is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems is in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of risk management, control and governance of the various operating units within the TWPH Group and the extent of compliance of the units with the TWPH Group's established policies and procedures as well as relevant statutory requirements.

The other main activities performed by the in-house internal audit department are as follows:-

- Reviewed some pertinent issues of the TWPH Group, which had a significant impact on the results of the TWPH Group that included the corporate matters, health and safety issues and improvement of key customers' relationship.
- Undertake special reviews requested by the Audit Committee and/or management.

Further details of the activities of our in-house internal audit department are set out in the Statement on Risk Management and Internal Control of the annual report. The total costs incurred by in-house internal audit in discharging its function and responsibilities in 2013 amounted to approximately RM100,000 which includes expenses.

5. STATEMENT BY THE AUDIT COMMITTEE

There were no share options offered to eligible employees or the non-executive directors during the financial year ended 31 December 2013.

This Audit Committee Report was made in accordance with the resolution of the Board of Directors duly passed on 18 April 2014.



Delivering Outstanding Performance

To further take hold of the rising opportunities in the printing segment, a core focus has been placed on strengthening partnerships with customers and reducing customers' complaints. Moving forward, we will continue to practise high standards of operational efficiencies, cost savings, furthering business development and revenue growth.

CORPORATE SOCIAL RESPONSIBILITY

As one of the leading printers in Malaysia and a major player in South East Asia and Australasia, Tien Wah Press Holdings Berhad (“TWPH”) believes in the value of conducting our business responsibly through good management and corporate governance thus generating and sustaining short and long term value for our stakeholders. We have setup a sustainability policy to encompass sound ethical business practices, addressing relevant environment, social and governance issues. TWPH is committed to understanding and implementing sustainable practices and to explore the benefits to the business whilst attempting to achieve the right balance between enhancing the well-being of the wider community, the requirements of shareholders and stakeholders and economic success.

1. SOCIAL SUSTAINABILITY

Social sustainability is focused on the development of programmes and processes that promote social interaction and cultural enrichment. It emphasises on protecting the vulnerable, respecting social diversity and ensuring that TWPH places a priority on social capital.

Healthy workforce

TWPH recognises the importance of non-work related activities amongst colleagues. To build-up a strong team spirit and to foster interaction amongst employees, TWPH, through its Sports and Recreation Club, has organised numerous activities and continues to upgrade its facilities to achieve these objectives.

In order to provide a better quality of life for our workforce and also to inculcate a performance-based culture in the organisation, we believe that well deserving employees should be rewarded accordingly. As such, we are continuously improving the effectiveness of our performance appraisal system in order to give them due recognition and rewards. TWPH takes care of the welfare of its employees by providing personal health insurance, medical care for employees, performances bonuses and also study loan subsidies for approved disciplines. These fringe benefits, together with disciplinary codes and complaint procedures are stipulated in the handbooks which are provided to the employees of TWPH. There is also a programme designed to provide employees and their families with access to counselling and support services in the event of a personal or family crisis.

To further promote health awareness for the workforce within the Group, the Company organises an annual health screening with the objective to deliver the message “Early Detection and Prevention Saves Lives” to the employees. In Malaysia and Vietnam, a Health Screening programme was organised for all employees in 2013. While in Australia, a health and wellbeing programme was launched for the third year and the topics covered in 2013 included:- *Skin Cancer Awareness, The Liver, Obesity, “10,000 Steps a Day” Exercise Challenge, Immunity, Sedentary Lifestyles, Spinal Column, Addictions, Arthritis & Osteoporosis, Kidney/ Bladder, Building Resilience, Feet, Spirit of Giving*. Employees were given free flu vaccination and a pedometer under this programme.

Training and development

TWPH firmly believes that quality employees form the backbone of the success of our organisation. As such, we are serious in developing and investing our human capital and appreciate their contributions to the company. TWPH is fully committed in engaging, developing, training and rewarding its employees.

In 2013, we have invested 6,960 hours in our employees on seminars and training sessions both in-house and by external consultants to equip our employees at all levels and positions with the necessary know-how needed to meet their responsibilities and perform at their best. Apart from the trainings organised, we also sponsored executives to take up courses and studies that are relevant and beneficial to their jobs in the company.

The apprenticeship programme continues to yield talent from within with a number of people securing and continuing existing adult apprenticeships at our factories. The apprenticeship programme provides a meaningful impetus to many of our people to improve their qualifications and skill levels ensuring that we have a steady stream of qualified talent on tap throughout the organisation. We believe that such programmes foster loyalty and help reduce employee turnover.



CORPORATE SOCIAL RESPONSIBILITY

Safer workplace

For the year under review, TWPH continued to implement its safety and health management programmes as we strongly believe in “Safety First” and “Safety is not just a slogan, it’s a way of life”. TWPH provides the necessary medical care and good safety protection so that employees can work safely in a healthy environment.

Examples of these are detailed as follows:-

Personal Protective Equipment

Employees are provided with personal protective equipment such as goggles, respirator, hand protection gloves, apron and safety shoes for use when handling chemicals while washing printing cylinders or handling solvents. In addition, employees who handle solvents are issued personal respiratory protection equipment. Ear plugs or ear muffs are also issued for employees for use in areas where “Hearing Protection Required” warning signs are posted. All employees are required to wear safety shoes upon entering into the production and warehouse areas.

Safety Practices

In order to ensure that all ad-hoc contractors who work on-site at our premises are qualified and safety-conscious, we have adopted a Permit-To-Work (PTW) System which requires them to have appropriate work permits specific to the nature of work required of them. Likewise, any work requiring disassembly of electrical equipment must only be done by an authorised electrician. This is in line with our principle of “Safety First”. Besides this, we conduct Job Safety Analysis (JSA) or Risk Assessments for jobs or machinery that are considered hazardous or risky in order to determine the safety precautions that need to be in place prior to commencement of the job. With regards to confined space entry, all precautions must be taken to maintain a safe breathable atmosphere

within the confined space for the duration of its occupancy. In addition, workers should also use the right hand-tools and wear protective clothing when appropriate in order to prevent industrial accidents. To ensure our employees are aware of the importance of the safety practices, TWPH have invested 1,296 hours in 2013 to promote the awareness of safety practices amongst the employees by providing safety related training. In the context of building security, the Company has designated “Smoking Areas” in the factory and in specific outdoor areas to eliminate fire hazard risk.

In order to further improve the safety practices in Anzpac Services (Australia) Pty Ltd (“Anzpac”), the Company introduced new documented housekeeping standards and developed an online safety reporting and corrective action system thus allowing a faster safety reporting and rectification

Health Practices

General Exhaust Ventilation Systems and Local Exhaust Ventilation Systems are inspected, tested and assessed annually by a competent hygiene technician to ensure their effectiveness for preventing or reducing the level of airborne vapours, fumes and gases which are generated from production from being inhaled by the workers. In addition, workers exposure to various types of solvent is evaluated annually by a competent hygiene technician to ensure that their exposure is below the permissible exposure level.

In Australia, the concentration of solvent vapours at factory floor level is measured on a regular basis. If the concentration is deemed too high then additional venting is added to dilute the concentration back down to an acceptable level.



CORPORATE SOCIAL RESPONSIBILITY

Health, Safety and Environmental ("HSE")

A HSE Committee sponsored by our General Managers was formalised to ensure that all health, safety and environmental matters are continuously and effectively monitored throughout the whole organisation. To ensure HSE matters are effectively addressed across the whole company, a HSE committee was formed with representatives from both the employer and employees in order to provide HSE feedback at their workplace. All level of employees, from workers to senior management is encouraged to play a role in identifying and resolving any potential safety issues that may arise.

Commenced in 2007, the HSE awareness campaign in Tien Wah Press (M) Sdn Bhd ("TWPM") started with the motto "I am safe and I do not waste" and subsequently improved to "Print to deliver" in March 2010. The HSE activities continued throughout 2013. This is a part of our commitment to acting responsibly towards the environment while providing a safe workplace for all employees. The existence of a high standard in HSE has played a major role towards TWPH being qualified with the esteemed status as an "approved supplier" by British American Tobacco Malaysia.

Events during the year

During the year, HSE had conducted numerous trainings and refresher programmes as part of an overall company-wide occupational HSE plan. Trainings included HSE awareness, safe forklift usage, first aider recertification, manual handling training, chemicals handling, and fire extinguisher training. In addition, we have also conducted an audiometric test for employees exposed to high levels of noise at production and providing back support to workers doing manual handling. Hazard Identification, Risk Assessment & Risk Control (HIRARC) has also been conducted to prevent accidents. During the year, fire evacuation exercises and training were successfully conducted within the premises of all the factories and offices in TWPH Group. Cross function HSE audits have also been conducted to ensure safety and health at workplace, elimination of outbreak of fire, and environment preservation.

Harmonious Environment for a Diverse Workforce

The TWPH Group is committed to create a conducive industrial climate in a diverse workforce with its multi-faceted mix of age, gender, race and experience. As part of its commitment, the Group has undertaken the following initiatives:-

- Provision of fair and equitable employment regardless of ethnicity, gender or creed. No engagement of child or slave labour.
- Equal opportunities for career advancement based on merit. Whenever possible, we will provide employment opportunities to local residents before employment of foreigners.
- Protection of all levels of employees from any form of harassment, humiliation or intimidation
- All cases in dealings with grievances and allegations of misconduct will be dealt with sensitivity to ensure speedy resolution.

Connecting the communities

To achieve and maintain long-term relationships with communities and stakeholders, TWPH is committed to demonstrating proactive corporate citizenship through various means. We do this by investing and participating in relevant community activities, donation to underprivileged children, and communities, and by employing of local workforce.

Community Investment Initiatives

TWPH has long provided job opportunities to those that are under-privileged and physically challenged. By providing them such opportunities we believe we can help them to build their self-esteem and confidence. This reflects our caring attitude by valuing them as part of our productive workforce.

Charitable Contributions

During the year, TWPH continued to make donations to several charitable contributions. These included continuous support to borderless charitable initiatives through a variety of social contributions to help the needs of communities, monetary donations to schools, and support for special children.

In Australia, during Christmas period, Anzpac donated food and gift to Parramatta Mission. In response to the devastating humanitarian crisis (Typhoon Haivan) in the Philippines, Anzpac organised a collection of food, clothing and toiletries to assist those in desperate need of food and clothing in the Philippines

On an annual basis, Alliance Print Technologies Co Ltd ("APT") and Toyo (Viet) Paper Product Co Ltd ("TVP") in Vietnam organise a visit to senior citizen's home and orphanage in Binh Duong area. With the contributions in the form of food and cash to the homes, APT and TVP staff had spent a meaningful day with all the senior citizens and children.



CORPORATE SOCIAL RESPONSIBILITY

2. ENVIRONMENT SUSTAINABILITY

TWPH is committed to identify, manage and minimise the environmental impact of business operations.

Waste Management

In our printing division, we ensure that waste is segregated into hazardous and non-hazardous, paper/board and plastic at the point of generation. Issuance of batteries is based on one for one exchange. To safeguard the environment, disposal of all hazardous waste is allowed to be carried out only by licensed contractors registered with the local authorities. In addition to ensuring the proper disposal of hazardous waste, we also work towards controlling and limiting the quantity of waste generated from our activities.

Reduce, Recycle and Reuse

All our waste paper and board are recycled into low grade paper for reuse by authorised contractors to support our effort in preserving the environment. Liquid waste generated by our printing operations which uses various solvents and inks are recycled and used in the manufacturing of paint undercoat. We also encourage the use of washable wiping cloths in cleaning printing cylinders and rollers, and reusing pallets returned by our customers. In addition to practicing the principle of recycle and reuse, we also take measures to reduce waste generation, and during 2013, we had successfully reduced our paper board wastage by 0.1% compared to year 2012.

Energy Conservation and Water Management

Energy and water are valuable resources and TWPH values it by instituting measures to reduce electricity and water consumption. TWPH tries to make use of natural light where possible and stresses good conservation habits such as “switch off when not using” and changing to energy savings LED lighting whenever possible.

Programme for the Endorsement of Forest Certification (“PEFC”)

TWPH is committed to various programmes that support long-term environmental sustainability. One of the programmes is our participation in the PEFC which applies to the entire forest supply chain to promote good practice in the forest and ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards.

TWPM was certified in October 2011 and APT on 23 September 2013 for using raw materials which are certified by PEFC for the manufacturing of cigarette boxes and general packaging materials. In 2013, TWPM still maintains the certification.

Australian Packaging Covenant

In 2010, Anzpac had joined as a signatory and member of Australian Packaging Covenant, a community that manufactures, uses, distributes and recovers packaging materials in a sustainable way. Its mission is to voluntarily demonstrate leadership in sustainable packaging design, recovery and recycling of used packaging materials resulting in reduced waste and litter. In 2013, Anzpac gained recognition for its efforts by winning the award for highest performer and highest score in its segment of the industry amongst 900 other signatories.

3. GOVERNANCE SUSTAINABILITY

Governance sustainability is becoming more essential in gaining the confidence of investors, other stakeholders and the public. TWPH recognises the importance of governance sustainability and incorporating it into all functions and processes which include strategic planning, accountability, sustainable planning and development.

Corporate Governance

TWPH supports the fundamental principle of good corporate governance and the best practice provisions contained in the Malaysian Code of Corporate Governance (Revised 2012). Among others, TWPH focuses on laying a strong foundation for the Board and Management to carry out their roles effectively. At the same time, we are committed to timely disclosure and safeguarding the integrity of our financial reporting, risk management and internal control within the TWPH Group.

In pursuit of excellent corporate governance, a high standard is set to ensure our annual reports are produced in a timely, informative, factual and reader-friendly manner to the investing community. We are committed to attaining a high level of transparency and accountability to the investing community.



CORPORATE SOCIAL RESPONSIBILITY

Stakeholders Engagement

TWPH aims to develop a good relationship with its stakeholder as this is important for the Company's development. As such, TWPH maintains a high level of transparency and constant dialogue with our stakeholder via various communication channels, such as one-on-one meetings, conference calls, regular meetings, surveys, timely disclosure to Bursa Malaysia Securities Berhad ("Bursa Malaysia"), annual general meeting, investor conferences and posting of up-to-date information on the Company's website.

Recognition by Stakeholders

During the financial year, APT was awarded Good Enterprise for 2013 by the Binh Duong People Committee (the Ruling Government in Vietnam). The award was given to APT for creation of job opportunity for the Vietnamese people in the Binh Duong Province, embarking on training for the local people with the aim to upgrade their skill level and embarking on social responsibility with regular visits to homes of the disadvantaged and contribution towards the flood victims in Central Vietnam recently

TWPM achieved the award for the Best Supplier "QPA" from Guinness Anchor Bhd (GAB) during July 2013. This award was given for its effort to focus on quality, fast responses on quality issue and maintenance of minimum downtime cost for the customer.

Procurement Practices

TWPH manages risks relating to its supply chain by adopting a strict Code of Conduct including comprehensive social and environmental criteria which suppliers are required to comply with. Suppliers are expected to progressively identify and eliminate risks to employees such as harassment, discrimination and poor safety standard. In this manner, TWPH shows its preference for business partners that share its values.

ISO Certifications

In Malaysia

TWPM is an ISO 9001:2008-certified organisation. This certification was reconfirmed after a review of TWPM's systems and processes by TUV Rheinland Malaysia, the local office of the TUV Rheinland Group.

In Vietnam

Like TWPM, APT had also achieved the certification of ISO 9001:2008 in December 2006, and this certification was reconfirmed after the audit of BUREAU VERITAS on 23 November 2010. TVP was also certified ISO 9001:2008 on 4 October 2011.

In Australia

Anzpac is certified ISO 9001:2008. The company is also certified to ISO 14001-2004, the international standard for environmental management. In addition, due to its strong exposure to the fast moving consumer goods market (FMCG) market and food packaging, Anzpac is also certified to the food industry's HACCP programme.

Kaizen and Lean Six Sigma

Kaizen focused on both philosophical and cultural concepts and is based on the belief that the development of an individual's skill benefits both the company and that individual, and that people constantly aim for self-improvement. Kaizen is currently being practiced in Malaysia and Vietnam. Amongst the key objectives, we strive to achieve with Kaizen are the elimination of waste (in terms of materials, time, money and effort), quality control and customer care. To facilitate the implementation of Kaizen, various teams were formed under the direction of the General Managers.

Lean Six Sigma ("LSS") is a methodology chiefly target at eliminating waste. It is a marriage of two otherwise distinct business management strategies, lean manufacturing and Motorola's Six Sigma system. While the lean manufacturing methodology concentrates on creating more value with less work, the Six Sigma system strives to identify and eliminate defects in product development. Thus, LSS provides a method to accelerate a company's decision-making processes, while both reducing production inefficiencies as well as increasing product quality. LSS is currently being practiced in Australia.

During 2013, Anzpac continued with LSS programme and philosophy which involved the training of approximately half of the company's employees in LSS techniques. The programme was immediately leveraged with employee based teams formed to identify and work on a number of cost reduction and process improvement programmes targeting labour cost, raw material cost, and capacity growth. The results were extremely pleasing with major reductions of cost achieved.



HUMAN CAPITAL DEVELOPMENT

PEOPLE & TALENT MANAGEMENT

In Tien Wah Press Holdings Berhad (“TWPH”), we recognise that people are our greatest asset and they contribute to the success of the organisation. We remain committed to develop excellence in our people, through staff development and human resource management.

As at 31 December 2013, the Group has 784 employees, of which 277 are in Malaysia, while the remaining 507 are from overseas subsidiaries in Vietnam and Australia. Of our total workforce, 28% have been with us for more than 10 years and 19% between 5 to 10 years.

We aim to create a work environment where all employees are integrated into the TWPH family. Our people strategy focuses on Safety, Development, Customers, Quality and Results which help steer our business operations in the Group to a higher level.

TALENT MANAGEMENT

As our business grows, we actively seek talents to meet the challenges in Malaysia and overseas. To strengthen our management team, talents are recruited at different transition points in their career paths, from fresh graduates to young, mid-career professionals and industry veterans.

We agree that a team of champions does not make a champion team, so talent that does join our Group must be able to work as part of a multi-skilled team that will contribute to taking TWPH to the next level of growth. We leverage on our regional presence as a platform for exchange where employees gain exposure by rotating to different job functions or countries as part of their career development. In 2013, we have sent 3 printing staff from Vietnam to our subsidiary company, Anzpac Services (Australia) Pty Ltd (“Anzpac”) in Australia for skill training in advanced Gravure printing methodologies. During the same year, we have also sent another 3 personnel from Malaysia and Vietnam for a 3-days training in Anzpac in operations planning best practice. This is part of the on-the-job training at various operations to complement the usual classroom training.

STAFF ENGAGEMENT

As part of our concerted efforts to engage our staff, we organise regular recreational and team building events to encourage fun and creative thinking in our daily lives. Monthly communication sessions by senior management are also conducted to keep all staff abreast of the Group’s developments and objectives.

The Recreation Clubs play an important role in fostering closer relationships between the Management and employees through various interactive activities. Events carried out during the year include friendly games of bowling in Malaysia and a Sports Day in Vietnam with activities such as football, badminton, running and tug of war.

The Group recognises the importance of a two-way commitment between us as an employer and our employees. Listening to and working in tandem with our employees is vital for the sustainability and growth of our organisation and business. It means building a shared vision of the business within the competitive environment.

On-going dialogue between employees is instrumental to creating the culture of pride and personal ownership. We constantly engage and interact with all our employees through our staff meetings and discussions with the Union Committees. We respect employees’ right to form and join unions of their choice. We have a good, long term relationship with the union and have not had strikes or other labour-related operational disruptions over the past years.



HUMAN CAPITAL DEVELOPMENT

TRAINING

The Group believes in building its capacity by employing, retaining and developing our employees. Apart from on-the-job training, employees were sent for training on workplace safety, supervisory skills, problem solving and continuous improvement skills and language enhancement courses to achieve business excellence.

Some of the training and development activities conducted during the year included:-

- Printing apprenticeship training programmes.
- Good manufacturing training
- Material planning and control
- Occupational Health and Safety training
- Creative thinking and problem solving skills
- Waste management and disposal training
- Environmental awareness training
- First aid and CPR training
- Kaizen training

COMPETITIVE COMPENSATION AND BENEFITS

TWPH provides a fair and competitive remuneration package to their employees. Regular salary benchmarking exercises are conducted to ensure we continue to attract and retain talents.

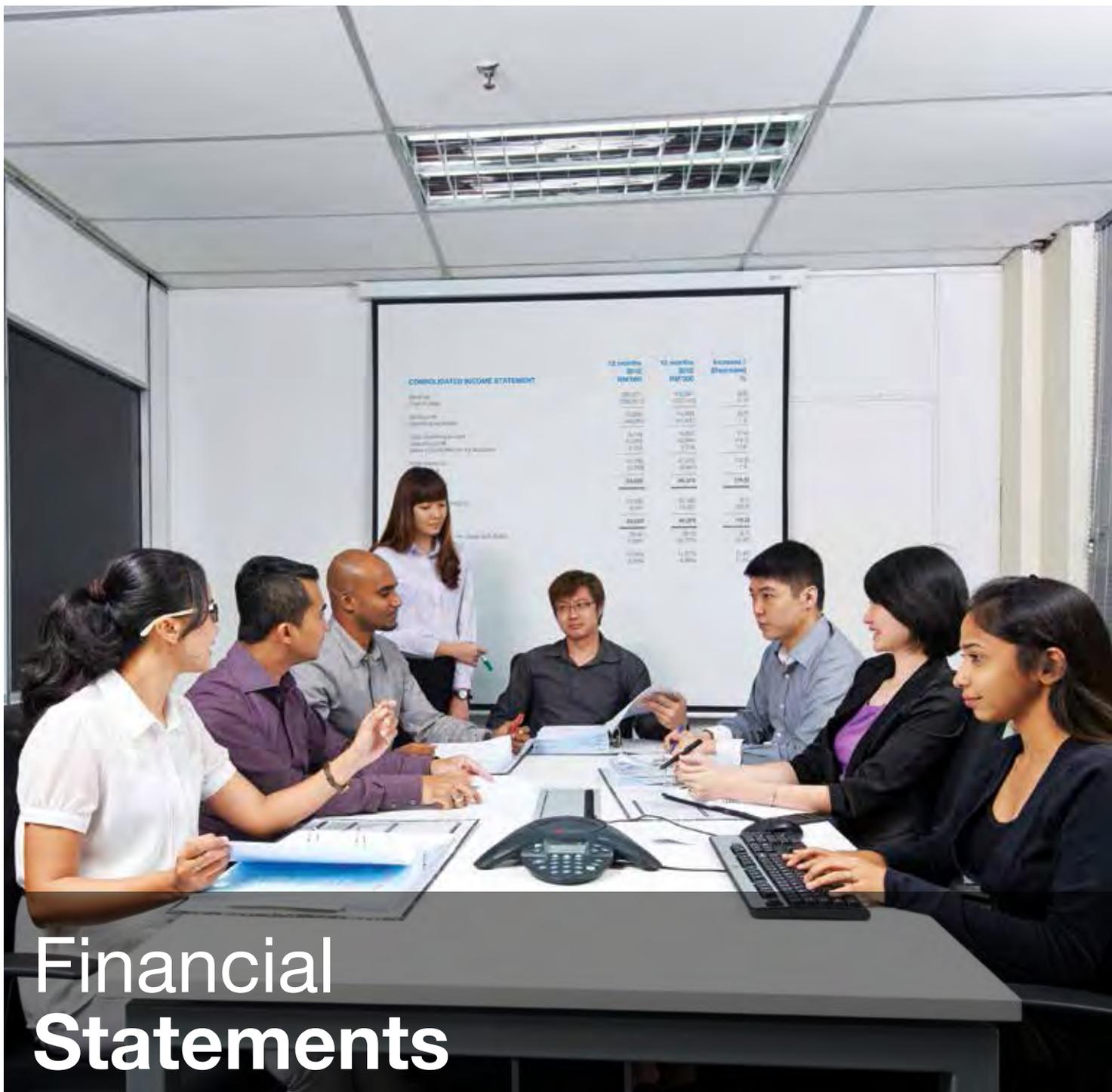
CARE FOR OUR PEOPLE

In TWPH, we value and care for our employees as we believe our success will be shaped by our people and we will continue to develop our human capital to achieve optimal performance.

The Group aims to provide a healthy work-life culture so that our employees can better integrate their personal and work commitments. TWPH regularly conducts a series of talks and training to promote employee's health and well-being. Some of the topics covered under our Health and Wellbeing Programmes were skin cancer awareness, liver, kidney/bladder, obesity, sedentary lifestyles, addictions, arthritis & osteoporosis and building resilience. All employees received free health screening programme while the employees in Australia received free flu vaccination and a pedometer for the programme on "My Exercise Challenge – 10,000 steps a day". We also provide free counselling services for employees and their direct families in an independent and confidential environment.

TWPH is a firm believer that the successful development of our people is a foundation of our business and one of the key ingredients to our success. We remain committed to the creation of value for our shareholders through the development of our people.





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DIRECTORS' REPORT

for the year ended 31 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	24,526	11,281
Non-controlling interests	9,297	-
	33,823	11,281

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 8.52 sen per share less tax at 25% per ordinary share totalling RM6,166,030 (6.39 sen net per share) in respect of the financial year ended 31 December 2012 on 10 July 2013.
- (ii) an interim dividend of 5.40 sen per share less tax at 25% and interim tax exempt dividend of 2.34 sen per ordinary share totalling RM6,166,030 (6.39 sen net per share) in respect of the financial year ended 31 December 2013 on 31 October 2013.

The Directors have recommended the payment of a final single-tier exempt dividend of 6.39 sen net per ordinary share totalling RM6,166,030 in respect of the financial year ended 31 December 2013.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
 Yen Gary
 Mej Jen (B) Datuk Abdul Kadir bin Nordin
 Lee Chee Whye
 Lim Meng Kwong
 Datuk Toh Ah Wah (appointed on 23 July 2013)
 Lee Cheow Fui (appointed on 23 July 2013)
 Goh Seng Chuan (retired on 12 June 2013)
 Dato' Gan Nyap Liou @ Gan Nyap Liow (retired on 12 June 2013)

DIRECTORS' REPORT

for the year ended 31 December 2013

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Company	Number of ordinary shares of RM1 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Direct interest				
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	20,000	-	-	20,000
Holding Company				
Yen Gary				
Direct interest in New Toyo International Holdings Ltd.	99,939	200,000	-	299,939
Deemed interest in New Toyo International Holdings Ltd.				
- own	58,817,940	-	-	58,817,940
- others	1,693,200	-	-	1,693,200

None of the other Directors holding office at 31 December 2013 had any interest in the ordinary shares and option over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Yen Gary's interest in New Toyo Pulppy (Hong Kong) Ltd. and New Toyo Pulppy (Vietnam) Co., Ltd. as disclosed in Note 30 to the financial statement.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUES OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year. There were no debentures issued in the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

for the year ended 31 December 2013

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Lee Chee Why



.....
Lim Meng Kwong

Petaling Jaya, Selangor

Date: 24 March 2014

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Assets					
Property, plant and equipment	3	221,075	229,090	363	6
Intangible assets	4	32,697	36,636	-	-
Investment in subsidiaries	5	-	-	123,928	123,928
Investment in an associate	6	16,393	13,349	1,500	1,500
Deferred tax assets	7	3,711	4,180	-	-
Total non-current assets		273,876	283,255	125,791	125,434
Trade and other receivables	8	57,783	51,700	32,070	40,154
Inventories	9	73,841	71,682	-	-
Current tax assets		311	201	-	39
Cash and cash equivalents	10	44,143	48,864	380	199
Total current assets		176,078	172,447	32,450	40,392
Total assets		449,954	455,702	158,241	165,826
Equity					
Share capital	11	96,495	96,495	96,495	96,495
Reserves	12	132,654	120,521	41,523	42,574
Total equity attributable to owners of the Company		229,149	217,016	138,018	139,069
Non-controlling interests		71,337	71,661	-	-
Total equity		300,486	288,677	138,018	139,069
Liabilities					
Employee benefits	13	1,802	1,784	645	580
Deferred tax liabilities	7	11,610	11,214	-	-
Loans and borrowings	14	16,115	35,445	3,781	9,216
Holding company	16	1,900	-	-	-
Total non-current liability		31,427	48,443	4,426	9,796
Liabilities					
Trade and other payables	15	59,201	60,902	9,695	11,266
Loans and borrowings	14	56,786	56,801	6,102	5,695
Current tax liabilities		2,054	879	-	-
Total current liabilities		118,041	118,582	15,797	16,961
Total liabilities		149,468	167,025	20,223	26,757
Total equity and liabilities		449,954	455,702	158,241	165,826

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue					
- Sale of goods		380,371	408,081	-	-
- Gross dividend income from unquoted subsidiaries and an unquoted associate		-	-	12,738	9,358
		380,371	408,081	12,738	9,358
Cost of sales		(300,511)	(323,143)	-	-
Gross profit		79,860	84,938	12,738	9,358
Other income		5,038	5,198	1,072	901
Distribution expenses		(12,489)	(14,275)	-	-
Administrative expenses		(22,717)	(24,442)	(3,152)	(3,093)
Other expenses		(10,213)	(4,606)	53	(177)
Results from operating activities		39,479	46,813	10,711	6,989
Finance income		1,108	1,439	1,445	1,587
Finance costs	17	(3,124)	(4,308)	(855)	(847)
Net finance (costs)/income		(2,016)	(2,869)	590	740
Share of profit of equity					
- accounted associate, net of tax		3,723	3,278	-	-
Profit before tax	18	41,186	47,222	11,301	7,729
Tax expense	21	(7,363)	(6,847)	(20)	(28)
Profit for the year		33,823	40,375	11,281	7,701
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(357)	(5,873)	-	-
Hedge of net investment		(3,125)	1,002	-	-
Other comprehensive income for the year, net of tax		(3,482)	(4,871)	-	-
Total comprehensive income for the year		30,341	35,504	11,281	7,701
Profit attributable to:					
Owners of the Company		24,526	27,168	11,281	7,701
Non-controlling interests		9,297	13,207	-	-
Profit for the year		33,823	40,375	11,281	7,701
Total comprehensive income attributable to:					
Owners of the Company		24,465	23,896	11,281	7,701
Non-controlling interests		5,876	11,608	-	-
Total comprehensive income for the year		30,341	35,504	11,281	7,701
Basic earnings per ordinary share (sen)	22	25.41	28.15		

The notes on pages 74 to 121 are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2013

Note	← Attributable to owners of the Company →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000			
Group							
At 1 January 2012	96,495	12,504	9,105	93,485	211,589	63,041	274,630
Foreign currency translation differences for foreign operations	-	-	(3,783)	-	(3,783)	(2,090)	(5,873)
Hedge of net investment	-	-	511	-	511	491	1,002
Total other comprehensive income for the year	-	-	(3,272)	-	(3,272)	(1,599)	(4,871)
Profit for the year	-	-	-	27,168	27,168	13,207	40,375
Total comprehensive income for the year	-	-	(3,272)	27,168	23,896	11,608	35,504
Dividends to owners of the Company	23	-	-	(18,469)	(18,469)	-	(18,469)
Dividends to non-controlling interests	-	-	-	-	-	(2,988)	(2,988)
Total transactions with owners of the Company	-	-	-	(18,469)	(18,469)	(2,988)	(21,457)
At 31 December 2012	96,495	12,504	5,833	102,184	217,016	71,661	288,677
At 1 January 2013	96,495	12,504	5,833	102,184	217,016	71,661	288,677
Foreign currency translation differences for foreign operations	-	-	1,533	-	1,533	(1,890)	(357)
Hedge of net investment	-	-	(1,594)	-	(1,594)	(1,531)	(3,125)
Total other comprehensive income for the year	-	-	(61)	-	(61)	(3,421)	(3,482)
Profit for the year	-	-	-	24,526	24,526	9,297	33,823
Total comprehensive income for the year	-	-	(61)	24,526	24,465	5,876	30,341
Dividends to owners of the Company	23	-	-	(12,332)	(12,332)	-	(12,332)
Dividends to non-controlling interests	-	-	-	-	-	(6,200)	(6,200)
Total transactions with owners of the Company	-	-	-	(12,332)	(12,332)	(6,200)	(18,532)
At 31 December 2013	96,495	12,504	5,772	114,378	229,149	71,337	300,486

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2012		96,495	12,504	40,838	149,837
Profit and total comprehensive income for the year		-	-	7,701	7,701
Dividends to owners of the Company	23	-	-	(18,469)	(18,469)
Total transactions with owners of the Company		-	-	(18,469)	(18,469)
At 31 December 2012/1 January 2013		96,495	12,504	30,070	139,069
Profit and total comprehensive income for the year		-	-	11,281	11,281
Dividends to owners of the Company	23	-	-	(12,332)	(12,332)
Total transactions with owners of the Company		-	-	(12,332)	(12,332)
At 31 December 2013		96,495	12,504	29,019	138,018

The notes on pages 74 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before tax		41,186	47,222	11,301	7,729
Adjustments for:					
Amortisation of intangible assets	4	5,291	4,113	-	-
Depreciation of property, plant and equipment	3	22,090	23,236	50	28
Dividend income		-	-	(12,738)	(9,358)
Gain on disposal of property, plant and equipment		(273)	(238)	(123)	-
Finance costs	17	3,124	4,308	855	847
Finance income		(1,108)	(1,439)	(1,445)	(1,587)
Inventories written off	9	517	665	-	-
Retirement benefits provided	13	6,474	3,555	65	(82)
Share of profit of equity - accounted associate, net of tax		(3,723)	(3,278)	-	-
Unrealised loss/(gain) on foreign exchange differences		196	783	(290)	169
Operating profit/(loss) before changes in working capital		73,774	78,927	(2,325)	(2,254)
Changes in working capital:					
Inventories		310	(4,467)	-	-
Trade and other receivables		(2,533)	(8,379)	(8)	5
Trade and other payables		(13,273)	11,723	76	(47)
Cash generated from/(used in) operations		58,278	77,804	(2,257)	(2,296)
Dividends received		-	-	12,058	8,356
Interest received		1,108	1,439	1,445	1,587
Employee benefits used		(3,076)	(3,211)	-	-
Income tax paid		(5,590)	(8,133)	19	(39)
Net cash from operating activities		50,720	67,899	11,265	7,608
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(13,998)	(8,933)	(409)	(4)
Proceeds from disposal of property, plant and equipment		485	1,410	125	-
Dividend received		680	1,002	680	1,002
Net cash (used in)/from investing activities		(12,833)	(6,521)	396	998
Cash flows from financing activities					
Proceeds from loans and borrowings		2,838	1,218	14	756
Dividends paid to owners of the Company	23	(12,332)	(18,469)	(12,332)	(18,469)
Dividends paid to non-controlling interest		(6,200)	(2,988)	-	-
Interest paid		(3,124)	(4,308)	(855)	(847)
Repayment of loans and borrowings		(25,863)	(17,354)	(5,041)	-
Advance from subsidiary		-	-	6,734	10,123
Advance from/(repayment to) ultimate holding company		6,919	(8,586)	-	-
Net cash used in financing activities		(37,762)	(50,487)	(11,480)	(8,437)
Net increase in cash and cash equivalents		125	10,891	181	169
Effect of exchange rate fluctuations on cash held		(4,846)	(2,309)	-	-
Cash and cash equivalents at 1 January		48,864	40,282	199	30
Cash and cash equivalents at 31 December	(i)	44,143	48,864	380	199

The notes on pages 74 to 121 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2013

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	10	25,941	48,653	380	199
Deposits with licensed banks	10	18,202	211	-	-
		<u>44,143</u>	<u>48,864</u>	<u>380</u>	<u>199</u>

NOTES TO THE FINANCIAL STATEMENTS

Tien Wah Press Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Principal place of business

9 & 11, Jalan Semangat
46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2013 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the other Group entities are stated in Note 5 to the financial statements.

The holding company during the financial year is New Toyo International Holdings Ltd., a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited.

These financial statements were authorised for issue by the Board of Directors on 24 March 2014.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)**(a) Statement of compliance (continued)*****MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

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

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

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for MFRS 12 and IC Interpretation 21 which is not applicable to the Group.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in the following notes:

- Note 4 - Valuation of intangible assets
- Note 7 - Measurement of deferred tax assets
- Note 13 - Measurement of employee benefits

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(a) Basis of consolidation (continued)****(iv) Acquisitions from entities under common controls**

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associate

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill, contract value and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than Ringgit Malaysia (“RM”) (continued)**

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests. When the Group dispose of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant portion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity. Repayment of an intercompany loan forming part of the entity's net investment in a foreign operation is not considered a partial disposal.

(c) Financial instruments**(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets***Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

(iii) Hedge of net investment

A hedge of net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Property, plant and equipment (continued)****(iii) Depreciation (continued)**

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	8 - 49 years
• Buildings	20 - 63 years
• Plant and machineries	3 - 15 years
• Motor vehicles	5 - 10 years
• Furniture, fittings and office equipment	3 - 10 years
• Air conditioners	5 - 10 years
• Spare parts, stand-by equipment and servicing equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets**(i) Finance lease**

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets**(i) Goodwill**

Goodwill arises on business combinations, is measured at cost less any accumulated impairment losses. In respect of equity accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted associate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(ii) Contract value

Contract value relates to a seven (7) years exclusive agreement to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region, with a right to extend the supply period for additional three (3) years, beginning financial year 2008.

Contract value is stated at cost less accumulated amortisation and impairment losses. Contract value is amortised over the supply period of ten (10) years from the date that it is available for use against the supply agreement.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Contract value is amortised from the date it is available for use.

Amortisation is recognised in profit or loss based on the supply period of ten (10) years from the date that the contract value is available for use against the supply agreement.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

In the current financial year, the Group adopted the amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)* and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used more than one year in which it is classified as property, plant and equipment. In the previous financial years, all spare parts were classified as inventories. The change in accounting policy has been applied retrospectively. Nevertheless, there is no significant impact to the financial statements.

(h) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Non-current assets held for sale or distribution to owners (continued)**

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted associates ceases once classified as held for sale or distribution.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment**(i) Financial assets**

All financial assets (except for investments in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and assets arising from employee benefits) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Long service leave

The liability of long service leave is recognised in the non-current provision for employee benefits and is measured as the present value of the expected future payments to be made in respect of services provided by an employee up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

As a result of adopting MFRS 119 (2011), *Employee Benefits*, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed by the management using the projected unit credit method, a method which is consistent with the computation by the qualified actuary employed in the prior year. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The change in accounting policy has been made retrospectively. The adoption of MFRS 119 (2011) has no significant impact to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(q) Income tax**

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and contract value, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about the resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold	Freehold	Plant and	Motor	Furniture,	Air	Capital	Total	
	Land	buildings	machineries	vehicles	and office	conditioners	work-in-		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	progress	RM'000	
Cost									
At 1 January 2012	48,712	17,661	18,661	258,873	1,084	14,392	1,095	408	360,886
Additions	-	289	-	2,688	-	3,460	3	2,493	8,933
Disposals	-	-	-	-	-	(1,359)	-	-	(1,359)
Effect of movements in exchange rates	(917)	(268)	(358)	(4,596)	(6)	(274)	-	(3)	(6,422)
At 31 December 2012/ 1 January 2013	47,795	17,682	18,303	256,965	1,078	16,219	1,098	2,898	362,038
Additions	-	231	-	11,825	562	679	8	693	13,998
Disposals	-	-	-	(334)	(562)	(15)	-	-	(911)
Reclassification	-	-	-	132	-	2,765	-	(2,897)	-
Effect of movements in exchange rates	361	503	(1,508)	(428)	15	477	-	(27)	(607)
At 31 December 2013	48,156	18,416	16,795	268,160	1,093	20,125	1,106	667	374,518
Depreciation									
At 1 January 2012	721	931	959	96,740	977	10,073	1,019	-	111,420
Charge for the year	648	959	831	18,790	52	1,924	32	-	23,236
Disposals	-	-	-	-	-	(187)	-	-	(187)
Effect of movements in exchange rates	(33)	(72)	(97)	(1,152)	(4)	(163)	-	-	(1,521)
At 31 December 2012/ 1 January 2013	1,336	1,818	1,693	114,378	1,025	11,647	1,051	-	132,948
Charge for the year	449	115	770	18,312	71	2,343	30	-	22,090
Disposals	-	-	-	(124)	(562)	(13)	-	-	(699)
Effect of movements in exchange rates	72	173	(225)	(1,216)	8	292	-	-	(896)
At 31 December 2013	1,857	2,106	2,238	131,350	542	14,269	1,081	-	153,443
Carrying amounts									
At 31 December 2012/ 1 January 2013	46,459	15,864	16,610	142,587	53	4,572	47	2,898	229,090
At 31 December 2013	46,299	16,310	14,557	136,810	551	5,855	25	667	221,075

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2012	3	410	413
Additions	4	-	4
At 31 December 2012/1 January 2013	7	410	417
Additions	34	375	409
Written off/Disposal	(2)	(410)	(412)
At 31 December 2013	39	375	414
Accumulated Depreciation			
At 1 January 2012	-	383	383
Charge for the year	1	27	28
At 31 December 2012/1 January 2013	1	410	411
Charge for the year	6	44	50
Disposal	-	(410)	(410)
At 31 December 2013	7	44	51
Carrying amounts			
At 31 December 2012/1 January 2013	6	-	6
At 31 December 2013	32	331	363

3.1 Leased office equipment

At 31 December 2013, the net carrying amount of leased office equipment was RM39,000 (2012: RM30,000).

3.2 Security

The leased office equipment discussed above secures leased obligations (see note 14)

At 31 December 2013, properties with a carrying amount of RM32,284,000 (2012: RM37,012,000) has been charged to secure banking facilities granted to a subsidiaries (see Note 14).

3.3 Land

Included in the carrying amounts of land are:

	2013 RM'000	Group 2012 RM'000
Freehold land	26,264	26,243
Leasehold land with unexpired lease period of less than 50 years	20,035	20,216
	46,299	46,459

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Contract value RM'000	Total RM'000
Cost			
At 1 January 2012	15,081	32,990	48,071
Effect of movements in exchange rates	-	(1,225)	(1,225)
At 31 December 2012/1 January 2013	15,081	31,765	46,846
Effect of movements in exchange rates	-	2,253	2,253
At 31 December 2013	15,081	34,018	49,099
Amortisation			
At 1 January 2012	-	6,363	6,363
Amortisation for the year	-	4,113	4,113
Effect of movements in exchange rates	-	(266)	(266)
At 31 December 2012/1 January 2013	-	10,210	10,210
Amortisation for the year	-	5,291	5,291
Effect of movements in exchange rates	-	901	901
At 31 December 2013	-	16,402	16,402
Carrying amounts			
At 1 January 2012	15,081	26,627	41,708
At 31 December 2012/1 January 2013	15,081	21,555	36,636
At 31 December 2013	15,081	17,616	32,697

4.1 Amortisation

Amortisation of contract value is recognised as other expenses.

4.2 Impairment testing for cash-generating units containing goodwill and contract value

For the purpose of impairment testing, goodwill and contract value are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill and contract value are monitored for internal management purposes.

The aggregate carrying amounts of intangible assets allocated to each unit are as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000
Goodwill	a	15,081	15,081
Contract Value	b	17,616	21,555
Max Ease International Limited		32,697	36,636

NOTES TO THE FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)**4.2 Impairment testing for cash-generating units containing goodwill and contract value (continued)**

Goodwill and contract value are allocated to each unit expected to the benefit from the synergies of the acquisitions. The recoverable amount for the Group was based on value in use calculations. The recoverable amounts for the Group's cash-generating unit ("GCGU") covering operations in Australia, Vietnam and Malaysia from previously five (5) CGUs is higher than the carrying amount of the goodwill and contract value allocated and hence no impairment loss was recognised on the Group's intangible assets during the year.

Note a

Value in use in respect of goodwill was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on the 1-year financial budget approved by management. Management has considered and determine the factors applies in the financial budget. The budgeted gross margin is based on past experience.
- Cash flows were projected over a period of 10 years.
- An anticipated revenue growth rate of 3%, 7% and -6% in 2014, 2015 and 2016 respectively and thereafter zero growth was used in the cash flows.
- The pre-tax discount rate of 9% (2012: 8.4%) was applied in determining the recoverable amounts of the GCGU. The discount rate represents the GCGU's weighted average cost of capital.

Note b

Contract value is in relation to exclusive rights to supply to British American Tobacco's printed carton requirements in several locations in the Asia Pacific region for a period of seven (7) years, with a right to extend the supply period by additional three (3) years, beginning financial year 2008.

For the purpose of impairment testing, the recoverable amount of the contract value is estimated using the present value of expected future cash flows generated by the contract value and based on the following key assumptions:

- Cash flows were projected over a period of 10 years.
- Cash flows were projected based on the 1-year financial budget approved by management. Management has considered and determine the factors applies in the financial budget. The budgeted gross margin is based on past experience.
- An anticipated revenue growth rate of 3%, 7% and -6% in 2014, 2015 and 2016 respectively and thereafter zero growth was used in the cash flows.
- The pre-tax discount rate of 9% (2012: 8.4%) was applied in determining the recoverable amounts of the GCGU. The discount rate represents the GCGU's weighted average cost of capital.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill and contract value to exceed the recoverable amount for the Group. Based on the above review, there is no evidence of impairment on the Group's intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares	123,928	123,928

Details of the subsidiaries as follow:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2013 %	2012 %
Tien Wah Press (Malaya) Sdn. Bhd. ("TWPM")	Malaysia	Rotogravure and lithography printing specialising in cigarette cartons, consumer goods packaging and advertising materials.	100	100
Tien Wah Properties Sdn. Bhd. ("TWP")	Malaysia	Investment property.	100	100
*Toyo (Viet) Paper Product Co., Ltd. ("TVPP")	Vietnam	Provide printing services for tobacco packaging and packaging services in general.	100	100
*New Toyo Investment Pte. Ltd. ("NTIV")	Singapore	Investment property.	100	100
*#Max Ease International Limited ("MEIL")	Hong Kong	Investment holding company and trading of cigarette packaging boxes.	51	51
Subsidiary of MEIL: *Anzpac Services (Australia) Pty. Ltd. ("Anzpac")	Australia	Supply of printed tobacco and general folding cartons.	51	51
Subsidiary of NTIV: *Alliance Print Technologies Co., Ltd. ("APT")	Vietnam	Provide printing services for tobacco packaging & packaging services in general.	100	100

* Audited by other member firms of KPMG International.

+ Not audited by member firms of KPMG International.

Auditors' report on the financial statements includes qualified opinion arising from non-compliance with HKFRS 10: *Consolidated Financial Statements* or MFRS 127: *Separate Financial Statements*, because the subsidiary does not prepare consolidated financial statements. These financial statements have been used in the preparation of the Group consolidated financial statements.

Non-Controlling interests in subsidiaries

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	MEIL Group	
	2013 49% RM'000	2012 49% RM'000
NCI percentage of ownership interest and voting interest		
Carrying amount of NCI	71,337	71,661
Profit allocated to NCI	5,876	11,608

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information before intra-group elimination
As at 31 December

	MEIL Group	
	2013 49% RM'000	2012 49% RM'000
Non-current assets	101,018	116,233
Current assets	104,731	105,464
Non-current liabilities	(12,556)	(26,240)
Current liabilities	(47,608)	(49,209)
Net assets	145,585	146,248
Year ended 31 December		
Revenue	314,846	343,824
Profit for the year	18,973	26,954
Total comprehensive income	11,990	23,691
Cash flows generated from operations	30,883	41,463
Cash flows used in investing activities	(1,329)	(318)
Cash flows used in financing activities	(31,192)	(36,310)
Net (decrease)/increase in cash and cash equivalents	(1,638)	4,835
Dividend paid to NCI	(6,200)	(2,988)

Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	2013 RM'000	2012 RM'000
Cash and cash equivalents	28,076	37,920
Other assets	177,673	183,777
	205,749	221,697

The above restriction arises from the following:

Restriction imposed by bank covenants

The covenants of a bank loan taken by Max Ease International Limited (MEIL), restricts Anzpac Services (Australia) Pty.Ltd.(Anzpac), a subsidiary of the Company, shall not declare dividends which are more than 100% of its profit after tax for the year without prior written consent from the bank.

6. INVESTMENT IN AN ASSOCIATE

	Group	
	2013 RM'000	2012 RM'000
At cost		
Unquoted shares	1,500	1,500
Share of post - acquisition reserves	14,893	11,849
	16,393	13,349

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Details of the material associate are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2013 %	2012 %
Benkert (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sales of standard and perforated tipping papers is one of the business strategic of the Group providing access to tipping papers.	30	30

The following table summarises the information to the carrying amount of the Group's interest in the associate.

	Group	
	2013 RM'000	2012 RM'000
Summary financial information as at 31 December		
Non-current assets	14,055	12,621
Current assets	49,398	41,910
Non-current liabilities	(1,726)	(2,061)
Current liabilities	(3,965)	(4,853)
Net assets	57,762	47,617
Year ended 31 December		
Revenue	86,533	86,018
Profit for the year	12,410	10,926
Total comprehensive income	12,410	10,926
Reconciliation of net assets to carrying amount As at 31 December		
Group's share of net assets	16,393	13,349
Carrying amount in the statement of financial position	16,393	13,349
Group's share of results Year ended 31 December		
Group's share of profit or loss	3,723	3,278
Group's share of total comprehensive income	3,723	3,278
Other information		
Dividend received	680	1,002

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Contingent liabilities

Share of associates' contingent liabilities incurred jointly with other investors:

In prior year, the associate acknowledged potential claim from a customer with regards to damages arising from unsatisfactory products supplied by the associate. However, this claim has been resolved in April 2013 with a discussion between their holding Company and the customer with a settlement of the Group's share of this liability amounted to RM 73,500.

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Plant and equipment	(179)	(316)	11,316	11,008	11,137	10,692
Provisions	(3,117)	(3,366)	245	206	(2,872)	(3,160)
Other items	(415)	(498)	49	-	(366)	(498)
	(3,711)	(4,180)	11,610	11,214	7,899	7,034

Movement in temporary differences during the year

Group	At 1.1.2012	Recognised in profit or loss	Recognised in other comprehensive income	At 31.12.2012	Recognised in profit or loss	Recognised in other comprehensive income	At 31.12.2013
	RM'000	RM'000 (Note 21)	RM'000	RM'000	RM'000 (Note 21)	RM'000	RM'000
Property, plant and equipment	7,039	3,578	75	10,692	175	270	11,137
Provisions	226	(3,386)	-	(3,160)	288	-	(2,872)
Other items	-	(498)	-	(498)	132	-	(366)
	7,265	(306)	75	7,034	595	270	7,899

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. The deductible temporary differences do not expire under the current tax legislation.

Current	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax losses carry-forwards	896	865	896	865
	896	865	896	865

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current					
Trade					
Trade receivables	8.1	48,668	45,503	-	-
Related companies	8.1	472	1,490	-	-
		49,140	46,993	-	-
Non-trade					
Subsidiaries	8.2	-	-	32,058	40,151
Other receivables		2,730	1,722	-	-
Deposits		4,733	768	2	1
Prepayments		1,180	2,217	10	2
		57,783	51,700	32,070	40,154

8.1 Trade receivables and amount due from related companies

Trade receivables and amount due from related companies are subject to the normal trade terms between 30 days to 90 days.

8.2 Amount due from subsidiaries

Included in the amount due from subsidiaries are advances of RM18,798,000 which are unsecured, subject to interest up to 5% (2012: 5%) per annum and are collectable on demand.

9. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At Cost		
Raw materials and consumables	47,084	53,654
Work-in-progress	5,157	3,203
Finished goods	21,600	14,825
	73,841	71,682
Carrying amount of inventories pledged as security for bank borrowings	5,896	5,506
Recognised in profit or loss:		
Inventories recognised as cost of sales	299,994	324,843
Inventories written-off	517	665

The write-off is included in cost of sales.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	25,941	48,653	380	199
Deposits placed with licensed banks	18,202	211	-	-
	44,143	48,864	380	199

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL

Group and Company

	Amount 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '000
Authorised:				
Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid:				
Ordinary shares of RM1 each	96,495	96,495	96,495	96,495

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12. RESERVES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
<i>Non-distributable:</i>					
Share premium	12.1	12,504	12,504	12,504	12,504
Translation reserve	12.2	5,772	5,833	-	-
<i>Distributable:</i>					
Retained earnings		114,378	102,184	29,019	30,070
		132,654	120,521	41,523	42,574

12.1 Share premium

The share premium arose from the issuance of ordinary share above its par value of RM1 per ordinary share net of share issuance expenses.

12.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations of the Group entities with foreign currencies other than RM, including exchange difference in monetary items which form part of the Group's net investment in the foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

13. EMPLOYEE BENEFITS

Retirement benefits and other employee benefits

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total present value of unfunded obligations		1,802	1,784	645	580
Recognised liability for defined benefit obligations		1,802	1,784	645	580
Liability for long-service leave		4,373	4,616	-	-
Provision for annual leaves		4,043	3,451	-	-
Redundancy provision		2,761	-	-	-
Total employee benefits		12,979	9,851	645	580
Analysed as:					
- current	15	11,177	8,067	-	-
- non-current		1,802	1,784	645	580
		12,979	9,851	645	580

The Group makes contributions to a non-contributory defined benefit plans that provide pension for eligible employees upon retirement or optional retirement age as agreed in the contract of service. The plans entitle a retired employee to receive a lump sum payment equal to 86% of final monthly salary for each year of service the employee provided.

Included in non-current is provision for severance allowance of RM20,000 (31 December 2012: RM20,000) which is governed by Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employee") voluntarily terminate their labour contracts, the employer is required to pay the eligible employees severance allowance calculated based on years of service and employees' compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009, the Group and employees under its purview are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing eligible employees as of 31 December 2013 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

The liability of long-service leave is the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

During the year, a subsidiary made a provision for redundancy costs amounting to RM2,761,000 (2012:Nil) following the Group's business restructuring expected to take place in 2014.

NOTES TO THE FINANCIAL STATEMENTS

13. EMPLOYEE BENEFITS (CONTINUED)

Movement in net defined benefit liability

The following table shows reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance at 1 January	1,784	1,789	580	662
Included in profit or loss and other comprehensive income				
Current service cost	69	(27)	42	(107)
Interest on obligation	44	45	25	25
Net retirement benefits expenses	113	18	67	(82)
Other				
Benefits paid/used by the plan*	(38)	(3)	(2)	-
Effect of movements in exchange rate	(57)	(20)	-	-
	(95)	(23)	(2)	-
Defined benefit obligations at 31 December	1,802	1,784	645	580

* A portion of the benefits to be paid from the plan is in other payables of RM118,000 (31 December 2012: RM115,000) which is payable upon retirement or resignation from the Company (refer Note 15).

Actuarial assumptions**Principal actuarial assumptions at the end of reporting period:**

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Discount rate at 31 December	4%	4% - 5%	4%	5%
Future salary increases	4% - 5%	4% - 5%	4%	5%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average retirement age of an individual retiring is at age of 55 years for males and 50 years for females.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

2013	Group		Company	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	(639)	806	(64)	66
Future salary growth (1% movement)	751	(692)	75	(59)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS

This note provides information about the contractual terms of the interest-bearing borrowings. The information about the Group's and the Company's exposure to interest rate and foreign currency risk is disclosed in Note 25.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current				
Revolving credits				
– secured	11,698	25,401	-	-
– unsecured	4,387	10,020	3,770	9,216
Finance lease liabilities	30	24	11	-
	<u>16,115</u>	<u>35,445</u>	<u>3,781</u>	<u>9,216</u>
Current				
Term loans				
– secured	-	1,896	-	-
Revolving credits				
– secured	8,608	8,702	-	-
– unsecured	46,169	45,197	6,099	5,695
Bankers' acceptances				
– unsecured	2,000	1,000	3	-
Finance lease liabilities	9	6	-	-
	<u>56,786</u>	<u>56,801</u>	<u>6,102</u>	<u>5,695</u>

The information about the Group's and the Company's exposure to interest rate and foreign currency risk is disclosed in Note 25.

Security

Secured term loans and revolving credits are secured by inventories and tangible fixed assets of Alliance Print Technologies Co., Ltd. ("APT"), shares of Anzpac Services (Australia) Pty. Ltd. ("Anzpac") and assignment of future proceeds by Max Ease International Limited ("MEIL") from the disposal of land and buildings owned by Anzpac.

Significant covenants

The unsecured and secured term loans and revolving credits are subject to the fulfilment of the following significant covenants:

- (i) Negative pledge over the present and future assets of MEIL & Anzpac;
- (ii) Anzpac shall be allowed to obtain accumulated borrowings of up to AUD3million (2012: AUD3million) on unsecured basis. Any additional borrowings thereafter shall be subject to prior written consent from the bank;
- (iii) Subsidiaries shall not declare dividends which are more than 100% of its profit after tax for the year without prior written consent from the bank;
- (iv) Gearing/Leverage of certain subsidiaries shall not exceed 1.5, 1.8, 2.0, 2.5 and 3.0 times (2012: 1.5, 1.8, 2.0 and 3.0 times);
- (v) Tangible networth of APT and Toyo (Viet) Paper Product Co., Ltd. shall be maintained at not less than USD6.0 million (2012: USD6.0million) and USD3.5million (2012: USD3.5million) respectively.
- (vi) Inventories of a subsidiary amounting to USD1.8million (2012: USD1.8million) are pledged to a bank.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (CONTINUED)

14.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2013 RM'000	Interest 2013 RM'000	Present value of minimum lease payments 2013 RM'000	Future minimum lease payments Interest 2012 RM'000	Interest 2012 RM'000	Present value of minimum lease payment 2012 RM'000
Less than one year	12	3	9	8	2	6
Between one and five years	33	4	29	28	4	24
More than five years	1	-	1	-	-	-
	<u>46</u>	<u>7</u>	<u>39</u>	<u>36</u>	<u>6</u>	<u>30</u>

At the end of lease term, the Group has the option to purchase the equipment at a nominal price to be determined at the time of disposal.

15. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current					
Trade					
Trade payables	15.1	24,442	35,086	-	-
Related companies	15.1	1,123	659	-	-
		<u>25,565</u>	<u>35,745</u>	<u>-</u>	<u>-</u>
Non-trade					
Other payables	15.2	6,787	7,347	74	231
Accruals expenses		4,749	4,276	246	12
Employee benefits	13	11,177	8,067	-	-
Holding company	16	10,039	4,568	-	-
Related companies	15.3	884	899	9,375	11,023
		<u>33,636</u>	<u>25,157</u>	<u>9,695</u>	<u>11,266</u>
		<u>59,201</u>	<u>60,902</u>	<u>9,695</u>	<u>11,266</u>
Non-current					
Non-trade					
Holding company	16	1,900	-	-	-
		<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES (CONTINUED)

15.1 Trade payables and amount due to related companies

Trade payables and amount due to related companies are subject to the normal trade and credit terms.

15.2 Other payables

Included in other payables of the Group is an amount of RM118,000 (31 December 2012: RM115,000) which is payable upon employees retirement or resignation (refer Note 13).

15.3 Amount due to related companies

Amount due to related companies are non-trade, unsecured, interest free and are repayable on demand.

16. HOLDING COMPANY

Amount due to holding company is both interest bearing and non-interest bearing. All are non-trade in nature and unsecured.

Included in the amount due to holding company level is RM9,552,000 (31 December 2012: RM 3,059,000) which is subject to fixed interest rate of 3.33% (31 December 2012: 3.33%) per annum and is expected to be repayable within the next 3 years.

17. FINANCE COSTS

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- related companies	-	-	571	432
- banker's acceptances	82	68	-	-
- term loans	-	42	-	-
- revolving credits	2,793	4,156	283	415
- other borrowings	245	41	-	-
- finance lease liabilities	4	1	1	-
Net benefits expense	3,124	4,308	855	847

NOTES TO THE FINANCIAL STATEMENTS

18. PROFIT FOR THE YEAR

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year is arrived at after charging:					
Amortisation of intangible assets	4	5,291	4,113	-	-
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		118	109	70	61
Overseas affiliates of KPMG Malaysia		293	250	-	-
Other auditors		12	10	-	-
- Non-audit fees					
KPMG Malaysia		2	23	2	14
Overseas affiliates of KPMG Malaysia		132	55	-	-
Directors' emoluments					
- fees	20	538	428	538	428
- salaries and allowances	20	45	38	45	38
Depreciation of property, plant and equipment	3	22,090	23,236	50	28
Inventories written off	9	517	665	-	-
Impairment loss on trade receivables		-	367	-	-
Management fees		2,456	2,003	-	-
Personnel expenses (including other key management personnel):					
- contributions to statutory pension funds		5,094	5,403	104	115
- wages, salaries and others		69,464	66,793	1,828	626
- expenses related to employee benefits					
Retirement benefit provided	13	113	19	65	(82)
Provision for long term service leave		620	665	-	-
Remeasurement gain		(12)	-	(2)	-
Redundancy provision		2,871	-	-	-
Provision for annual leave		2,882	2,871	-	-
Total employee benefit		6,474	3,555	65	(82)
Rental of properties		968	1,013	-	-
Research and development expenses as incurred		2	32	-	-
Realised loss on foreign exchange		562	-	237	-
Unrealised loss on foreign exchange		655	783	-	169
and after crediting:					
Reversal of impairment loss on trade receivables		351	-	-	-
Gain on disposal of property, plant and equipment		273	238	123	-
Gross dividend income from:					
- unquoted subsidiaries		-	-	12,058	8,356
- unquoted associate		680	1,002	680	1,002
Rental income		8	-	-	-
Realised gain on foreign exchange		178	539	-	-
Unrealised gain on foreign exchange		459	-	290	-

NOTES TO THE FINANCIAL STATEMENTS

19. OTHER COMPREHENSIVE INCOME

Group	/----- 2013 -----/			/----- 2012 -----/		
	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss						
<i>Foreign currency translation differences for foreign operations</i>						
- Loss arising during the year	(357)	-	(357)	(5,873)	-	(5,873)
<i>Hedge of net investment</i>						
- (Loss)/Gains arising during the year	(3,125)	-	(3,125)	1,002	-	1,002
Total	(3,482)	-	(3,482)	(4,871)	-	(4,871)

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:					
- fees	18	538	428	538	428
- remuneration	18	45	38	45	38
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)		36	31	-	-
Total short-term employee benefits		619	497	583	466
Other key management personnel:					
- short-term employee benefits		3,414	3,090	-	-
- other long-term benefits		755	565	-	-
		4,169	3,655	-	-
		4,788	4,152	583	466

Other key management personnel comprise persons other than the Directors of Group Entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

21. TAX EXPENSE

Recognised in profit or loss

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense					
Malaysian					
- current year		639	1,245	-	-
- prior year		(139)	66	-	-
		500	1,311	-	-
Overseas					
- current year		5,435	6,035	20	28
- prior year		833	(193)	-	-
		6,768	7,153	20	28
Deferred tax expense					
Origination and reversal of temporary differences		491	(387)	-	-
Prior year		104	81	-	-
	7	595	(306)	-	-
Total income tax expense		7,363	6,847	20	28
Reconciliation of tax expense					
Profit before tax		41,186	47,222	11,301	7,729
Income tax using Malaysian tax rate of 25%		10,297	11,806	2,825	1,932
Effect of tax rate in foreign jurisdictions		46	(4,260)	20	(42)
Non-deductible expenses		1,116	1,191	460	81
Double deductions on permitted expenses		(24)	(33)	-	-
Tax exempt income		(5,519)	(1,755)	(3,285)	(2,340)
Different in tax rate		543	-	-	-
Other items		-	(21)	-	-
Temporary differences for which no deferred tax asset was recognised		106	(35)	-	397
Under/(Over) provided in prior years		798	(46)	-	-
		7,363	6,847	20	28

NOTES TO THE FINANCIAL STATEMENTS

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	2013 RM'000	Group 2012 RM'000
Profit for the year attributable to ordinary shareholders	24,526	27,168
Weighted average number of ordinary shares <i>In thousands of shares</i> <i>Issued ordinary shares at 1 January/31 December</i>	96,495	96,495
Basic earnings per ordinary share <i>In sen</i>	25.41	28.15

23. DIVIDENDS

Dividends recognised by the Company:

	Sen per share RM	Total amount RM'000	Date of payment
2013			
Final 2012 ordinary (net of tax)	6.39	6,166	10 July 2013
Interim 2013 ordinary (net of tax)	4.05	3,908	31 Oct 2013
Interim 2013 ordinary tax exempt	2.34	2,258	31 Oct 2013
	6.39	6,166	
		12,332	
2012			
Final 2011 ordinary (net of tax)	12.75	12,303	4 July 2012
Interim 2012 ordinary (net of tax)	6.39	6,166	6 November 2012
		18,469	

After the reporting period the following single tier dividends was proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share RM	Total amount RM'000
Final 2013 ordinary	6.39	6,166

NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the financial information is regularly reviewed by the Board of Directors. The following summary describes the operations in each of the Group's reportable segments:

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

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

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Board of Directors. Hence no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

2013**Segment profit**

Included in the measure of segment profit are:

Revenue from external customers
Inter-segment revenue

Not included in the measure of segment profit but provided to Board of Directors:

Depreciation and amortisation
Finance costs
Finance income

Segment assets

Included in the measure of segment assets are:

Additions to non-current assets other than financial instruments and deferred tax assets

	Printing RM'000	Trading RM'000	Total RM'000
Segment profit	47,748	29,003	76,751
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	171,075	209,296	380,371
Inter-segment revenue	200,955	15,368	216,323
<i>Not included in the measure of segment profit but provided to Board of Directors:</i>			
Depreciation and amortisation	21,930	34	21,964
Finance costs	(2,645)	(1,006)	(3,651)
Finance income	1,905	76	1,981
Segment assets	355,386	174,055	529,441
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	13,057	417	13,474

NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING SEGMENTS (CONTINUED)

2012	Printing RM'000	Trading RM'000	Total RM'000
Segment profit	53,194	29,938	83,132
<i>Included in the measure of segment profit are:</i>			
Revenue from external customers	187,302	220,779	408,081
Inter-segment revenue	217,616	21,011	238,627
<i>Not included in the measure of segment profit but provided to Board of Directors:</i>			
Depreciation and amortisation	(22,066)	-	(22,066)
Finance costs	(2,740)	(2,166)	(4,906)
Finance income	2,115	136	2,251
Segment assets	386,566	166,808	553,374
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	8,734	-	8,734

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group 2013 RM'000	2012 RM'000
Profit or loss		
Total profit for reporting segments	76,751	83,132
Other non-reportable segments	3,309	2,272
Elimination of inter-segment profits	(13,200)	(11,242)
Depreciation and amortisation	(27,381)	(27,349)
Finance costs	(3,124)	(4,308)
Finance income	1,108	1,439
Share of profit of an associate not included in reportable segments	3,723	3,278
Consolidated profit before tax	41,186	47,222

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investment in an associate RM'000	Additions to non current assets RM'000
2013							
Total reportable segments	380,371	21,964	(3,651)	1,981	493,409	-	13,474
Other non-reportable segments	-	(655)	(1,897)	1,546	200,834	16,393	524
Elimination of inter-segment transactions or balances	-	(48,690)	2,424	(2,419)	(244,289)	-	-
Consolidated total	380,371	(27,381)	(3,124)	1,108	449,954	16,393	13,998

NOTES TO THE FINANCIAL STATEMENTS

24. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investment in an associate RM'000	Additions to non current assets RM'000
2012							
Total reportable segments	408,081	(22,066)	(4,906)	2,251	553,374	-	8,734
Other non-reportable segments	-	(28)	(1,876)	1,658	212,486	13,349	199
Elimination of inter-segment transactions or balances	-	(5,255)	2,474	(2,470)	(310,158)	-	-
Consolidated total	408,081	(27,349)	(4,308)	1,439	455,702	13,349	8,933

Geographical segments

The printing and trading segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices in Malaysia, Vietnam, Australia, and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in an associate) and deferred tax assets.

Geographical information	Revenue		Non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Australia (Revenue includes Solomon Island)	94,933	121,918	79,930	90,667
Malaysia	73,218	67,860	80,975	72,290
Singapore	188,392	200,882	-	-
Vietnam	406	425	91,248	94,729
Hong Kong	75	-	18,012	21,389
Other countries	23,347	16,996	-	-
Net benefits expense	380,371	408,081	270,165	279,075

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

All common control of companies of:	Revenue		Segment
	2013 RM'000	2012 RM'000	
- British American Tobacco (S) Ltd.	174,397	187,207	Gravure printing
- British American Tobacco Australia Ltd	31,629	57,848	Gravure printing
- Tobacco Importers & Manufacturer	62,373	55,731	Gravure printing

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”); and
(b) Other financial liabilities measured at amortised cost (“OL”).

	Carrying amount 2013 RM'000	L&R/ (OL) 2013 RM'000	Carrying amount 2012 RM'000	L&R/ (OL) 2012 RM'000
Financial assets				
Group				
Trade and other receivables	56,603	56,603	49,483	49,483
Cash and cash equivalents	44,143	44,143	48,864	48,864
	100,746	100,746	98,347	98,347
Company				
Trade and other receivables	32,060	32,060	29,129	29,129
Cash and cash equivalents	380	380	199	199
	32,440	32,440	29,328	29,328
Financial liabilities				
Group				
Loans and borrowings	(72,901)	(72,901)	(92,246)	(92,246)
Trade and other payables	(35,978)	(35,978)	(46,709)	(46,709)
Holding company	(11,939)	(11,939)	(4,568)	(4,568)
Related companies	(2,007)	(2,007)	(1,558)	(1,558)
	(122,825)	(122,825)	(145,081)	(145,081)
Company				
Loans and borrowings	(9,883)	(9,883)	(14,911)	(14,911)
Trade and other payables	(320)	(320)	(243)	(243)
Related companies	(9,375)	(9,375)	(11,023)	(11,023)
	(19,578)	(19,578)	(26,177)	(26,177)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Loans and receivables	528	1,065	1,336	1,410
Financial liabilities measured at amortised cost	(3,124)	(4,308)	(797)	(847)
	(2,596)	(3,243)	539	563

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)**25.3 Financial risk management**

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are tobacco companies. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2013	2012
	RM'000	RM'000
Singapore	22,488	21,074
Australia (includes Solomon Island)	9,457	8,128
Malaysia	8,278	13,145
Vietnam	337	75
Others	8,580	4,571
	49,140	46,993

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2013			
Not past due	29,377	-	29,326
Past due 0 - 30 days	14,362	-	14,362
Past due 31 - 90 days	4,964	-	5,015
Past due more than 90 days	437	-	437
	<u>49,140</u>	<u>-</u>	<u>49,140</u>
2012			
Not past due	28,284	-	28,284
Past due 0 - 30 days	11,836	-	11,836
Past due 31 - 90 days	6,349	-	6,349
Past due more than 90 days	891	(367)	524
	<u>47,360</u>	<u>(367)</u>	<u>46,993</u>

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	(367)	(367)
Impairment loss reversed	367	-
At 31 December	<u>-</u>	<u>(367)</u>

The Group does not require collateral in report for trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are specific loss components that relates to individually significant exposures.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)**25.4 Credit risk (continued)****Cash and cash equivalents**

Risk management objectives, policies and processes for managing the risk

Cash and cash equivalents are placed with financial institutions which are regulated.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000
2013						
<i>Non-derivative financial liabilities</i>						
Bankers' acceptances – unsecured	2,000	3.69%	2,077	2,077	-	-
Term loans – secured						
Revolving credits – secured	20,306	6.23%	22,951	9,169	13,782	-
Revolving credits – unsecured	50,556	3.13%	52,497	47,657	4,840	-
Finance lease liabilities	39	9.00%	56	10	42	4
Trade and other payables	37,984	-	37,985	37,985	-	-
Holding company						
- current (interest bearing)	9,552	3.16%	9,775	7,448	2,327	-
- current (non-interest bearing)	3,271	-	3,271	3,271	-	-
	123,708		128,612	107,617	20,991	4
2012						
<i>Non-derivative financial liabilities</i>						
Bankers' acceptances – unsecured	1,000	3.76%	1,038	1,038	-	-
Term loans – secured	1,896	5.62%	1,978	1,978	-	-
Revolving credits – secured	34,103	6.43%	40,519	9,287	31,232	-
Revolving credits – unsecured	55,217	3.73%	59,808	46,938	12,870	-
Finance lease liabilities	30	9.00%	36	8	28	-
Trade and other payables	48,267	-	48,267	48,267	-	-
Holding company						
- current (interest bearing)	3,059	3.33%	3,061	3,061	-	-
- current (non-interest bearing)	1,509	-	1,509	1,509	-	-
	145,081		156,216	112,086	44,130	-
Company						
2013						
<i>Non-derivative financial liabilities</i>						
Revolving credits – unsecured	9,869	2.05% to 2.35%	10,315	6,246	4,069	-
Trade and other payables	9,695	-	9,695	9,695	-	-
	19,564		20,010	15,941	4,069	-
2012						
<i>Non-derivative financial liabilities</i>						
Revolving credits – unsecured	14,911	2.05% to 2.19%	15,680	5,817	9,863	-
Trade and other payables	243		243	243	-	-
	15,154		15,923	6,060	9,863	-

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD") and Vietnam Dong ("VND").

Risk management objectives, policies and processes for managing the risk

The Group has a formal hedging policy with respect to its foreign currency exchange risk exposure on the net investment in Anzpac. Hedge effectiveness is measured on a quarterly basis, consistent with Group's hedging policy. Certain subsidiaries use forward exchange contracts to hedge its foreign currency risk, where necessary, the forward exchange contracts are rolled over at maturity at market rates.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	Denominated in SGD RM'000	VND RM'000	AUD RM'000
Group				
2013				
Trade and other receivables	18,087	278	3,134	22,503
Trade and other payables	(27,133)	(104)	(2,536)	(21,656)
Loans and borrowings	(40,643)	-	-	(18,131)
Net exposure	(49,689)	174	598	(17,284)
2012				
Trade and other receivables	17,606	60	1,485	21,904
Trade and other payables	(35,383)	(237)	(3,345)	(14,728)
Loans and borrowings	(47,912)	-	-	(31,116)
Net exposure	(65,689)	(177)	(1,860)	(23,940)

Currency risk sensitivity analysis

The exposure to currency risk of Group entities is not material and hence, sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Fixed rate instruments				
Financial assets	18,202	211	18,798	21,137
Financial liabilities	(9,552)	(3,059)	(9,375)	(11,023)
	<u>8,650</u>	<u>(2,848)</u>	<u>9,423</u>	<u>10,114</u>
Floating rate instruments				
Financial assets	-	-	9,868	17,394
Financial liabilities	(72,900)	(92,247)	(9,908)	(14,911)
	<u>(72,900)</u>	<u>(92,247)</u>	<u>(40)</u>	<u>2,483</u>

*Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
	100 bp increase 2013 RM'000	100 bp decrease 2013 RM'000	100 bp increase 2012 RM'000	100 bp decrease 2012 RM'000
Group				
Floating rate instruments	(729)	729	(922)	922
Company				
Floating rate instruments	(99)	99	(2)	2

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Hedging activities

25.7.1 Hedge of net investment in foreign operation

The Group's Australian Dollar denominated secured revolving credit has been designated as a hedge of the Group's investment in its subsidiary in Australia. The carrying amount of the loan as at the end of the reporting period was RM18,131,000 (2012: RM31,116,000). A foreign exchange loss of RM3,125,000 [2012: RM(1,002,000)] was recognised in other comprehensive income which comprises the loss arising from foreign currency risk between United States Dollar and Australian Dollar that is determined to be effective hedge.

25.8 Fair value of financial instruments

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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses 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.

Group 2013	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial liabilities										
Revolving credits	-	-	-	-	-	-	(68,066)	(68,066)	(68,066)	(70,862)
Finance lease liabilities	-	-	-	-	-	-	(35)	(35)	(35)	(39)
Holding company	-	-	-	-	-	-	(9,240)	(9,240)	(9,240)	(9,552)
	-	-	-	-	-	-	(77,341)	(77,341)	(77,341)	(80,453)

Group 2012	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value *		Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000			
Financial liabilities								
Revolving credits	-	-	-	-	(85,166)		(85,166) (89,320)	
Finance lease liabilities	-	-	-	-	(28)		(28) (30)	
Holding company	-	-	-	-	(2,957)		(2,957) (3,059)	
	-	-	-	-	(88,151)		(88,151) (92,409)	

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.8 Fair value of financial instruments (continued)

Level 2 fair value

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.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2012: no transfer in either directions)

Level 3 fair value

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

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements. Loan covenants are as per disclosed in Note 14.

During 2012, the Group's strategy has changed to maintain the debt-to-equity ratio at the lower end range within 0.2:1 to 0.8:1. The debt-to-equity ratios at 31 December 2013 and at 31 December 2012 were as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000
Total loans and borrowings	14	72,901	92,246
Less: Cash and cash equivalents	10	(44,143)	(48,864)
Net debt		28,758	43,382
Total equity		300,486	288,677
Debt-to-equity ratio		0.1	0.2

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2013 RM'000	2012 RM'000
Within one year	925	858
Between one and five years	1,079	1,188
More than five years	109	154
	2,113	2,200

The Group leases a number of premises, motor vehicles and office equipment under non-cancellable operating leases. The leases have varying terms and escalation clauses and renewal rights. On renewal, the terms of leases are re-negotiated. None of the leases include contingent rentals.

28. CAPITAL AND OTHER COMMITMENTS

	Group	
	2013 RM'000	2012 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	14,715	19,421
Contracted but not provided for	6,855	3,492
	21,570	22,913

29. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is remote that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group	
	2013 RM'000	2012 RM'000
Corporate guarantee		
<i>Corporate guarantee to subsidiaries</i>		
Short-term borrowings	48,503	46,218
Long-term borrowings	12,315	26,205
	60,818	72,423

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES

Identity of related parties

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 20), are as follows:

Group	Amount transacted for the year ended 31 December		Net balance outstanding at 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Holding company				
<i>New Toyo International Holdings Ltd.</i>			(11,939)	(4,568)
Management fees	2,456	2,044		
Interest paid	245	35		
Related companies				
<i>New Toyo International Co., (Pte.) Ltd.</i>			(651)	(880)
Sales	(13,163)	(12,031)		
Purchases	9,114	6,555		
<i>New Toyo Aluminium Paper Product Co., (Pte.) Ltd.</i>			10	5
Sales	(10)	-		
Purchases	-	842		
<i>New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd.</i>			-	-
Purchases	-	277		
<i>Alliance Innovative Solutions Pte. Ltd.</i>			(113)	-
Sales	(78)	(36)		
Purchases	474	235		
<i>Toyoma Non-Carbon Paper Manufacturer Sdn. Bhd.</i>			-	-
Rental of warehouse	680	631		
<i>Paper Base Converting Sdn. Bhd.</i>			(782)	(949)
Sales	(2)	(228)		
Purchases	3,365	1,831		
<i>New Toyo Pulppy (Hong Kong) Ltd.</i>			-	(6)
Outsourcing of sales administrative and accounting work	280	262		
<i>New Toyo Pulppy (Vietnam) Co., Ltd.</i>			2	2

All of the above outstanding balances are expected to be settled in cash by the related parties.

These transactions have been entered into in the normal course of business and have been established on terms which are not more favourable than to third parties. Balances outstanding are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES (CONTINUED)

Company	Amount transacted for the year ended 31 December		Net balance outstanding at 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Subsidiaries				
<i>Tien Wah Press (Malaya) Sdn. Bhd.</i>				
Dividend income	(1,100)	(3,100)	(9,375)	(11,023)
Interest paid	571	432		
Interest income	-	(25)		
Administrative fee received	-	(287)		
<i>Tien Wah Properties Sdn. Bhd.</i>			18,798	21,137
Interest income	(1,041)	(1,029)		
Administrative fee received	(42)	(21)		
<i>Max Ease International Limited</i>			-	33
Dividend income	(6,535)	(3,126)		
<i>Alliance Print Technologies Co., Ltd.</i>			7,657	11,345
Interest income	(239)	(313)		
Administrative fee received	(347)	(511)		
<i>New Toyo Investments Pte Ltd</i>			-	-
Dividend income	(3,771)	(1,517)		
<i>Anzpac Services Australia Pty Ltd</i>			21	522
Administrative fee received	(262)	(800)		
<i>Toyo (Viet) Paper Product Co., Ltd.</i>			5,582	7,146
Interest income	(163)	(216)		
Administrative fee received	(278)	(348)		
Dividend income	(653)	(613)		
Associate company				
<i>Benkert (Malaysia) Sdn. Bhd.</i>			-	-
Dividend income	(680)	(1,002)		

All of the above outstanding balances are expected to be settled in cash by the related parties.

31. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	258,280	270,486	28,729	31,726
- unrealised	(23,448)	(32,096)	290	(1,656)
	<hr/>	<hr/>	<hr/>	<hr/>
	234,832	238,390	29,019	30,070
Total share of retained earnings of an associate company:				
- realised	15,411	12,463	-	-
- unrealised	(518)	(614)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	249,725	250,239	29,019	30,070
Less: Consolidation adjustments	(135,347)	(148,055)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total retained earnings	114,378	102,184	29,019	30,070

The determination of realised and unrealised profits is based on the Guidance of 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 Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 69 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 122 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Lee Chee Why



.....
Lim Meng Kwong
Petaling Jaya, Selangor
Date: 24 March 2014

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Lilian Leong Lai Yoong**, the officer primarily responsible for the financial management of Tien Wah Press Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur, Wilayah Persekutuan on 24 March 2014.



.....
Lilian Leong Lai Yoong
Before me: 24 March 2014

Lee Chin Hin
Commissioner of Oaths
Kuala Lumpur

INDEPENDENT AUDITORS'

report to the members of Tien Wah Press Holdings Berhad
(Company No. 340434-K) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tien Wah Press Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 69 to 121.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as stated in Note 5 to the financial statements.

INDEPENDENT AUDITORS'

report to the members of Tien Wah Press Holdings Berhad
(Company No. 340434-K) (Incorporated in Malaysia)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 on page 122 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

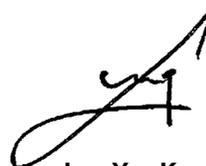
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Selangor

Date: 24 March 2014

**Lee Yee Keng**

Approval Number: 2880/04/15(J)
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

as at 15 April 2014

Authorised Share Capital	: RM200,000,000
Issued and Paid-Up Share Capital	: RM96,495,000
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Right	: One vote per share

Size of Shareholdings	No. of Shareholders / Depositor	% of Shareholders / Depositor	No. of Share held	% of Issued Capital
1 - 99	36	1.50	920	0.00
100 - 1,000	261	10.87	182,670	0.19
1,001 - 10,000	1,647	68.60	6,523,100	6.76
10,001 - 100,000	420	17.49	11,163,730	11.57
100,001 - 4,824,749	34	1.42	12,837,720	13.30
4,824,750 and above	3	0.12	65,786,860	68.18
TOTAL	2,401	100.00	96,495,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS as at 15 APRIL 2014

Name of Substantial Shareholder	Direct		Indirect	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Tien Wah Holdings (1990) Sdn Bhd	23,360,600	24.21	-	-
Singapore Pacific Investments Pte Ltd	28,842,660	29.89	-	-
Lembaga Tabung Angkatan Tentera	13,575,300	14.07	-	-
New Toyo Lamination (M) Pte Ltd	-	-	23,360,600*	24.21
New Toyo International Holdings Ltd	-	-	52,203,260**	54.10
Yen Wen Hwa	-	-	52,203,260#	54.10
Lu Le Nhi	-	-	52,203,260##	54.10
Yen & Son Holdings Pte Ltd	-	-	52,203,260^	54.10

* Deemed interested by virtue of its shareholding in Tien Wah Holdings (1990) Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

** Deemed interested by virtue of its shareholding in

i) Singapore Pacific Investments Pte Ltd, its wholly-owned subsidiary; and

ii) Tien Wah Holdings (1990) Sdn Bhd via its wholly-owned subsidiary, New Toyo Lamination Pte Ltd pursuant to Section 6A of the Companies Act, 1965

Deemed interested by virtue of his shareholding in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 6A of the Companies Act, 1965

Deemed interested through shares held by spouse, Yen Wen Hwa and her shareholdings in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 6A of the Companies Act, 1965

^ Deemed interested by virtue of its shareholdings in New Toyo International Holdings Ltd

ANALYSIS OF SHAREHOLDINGS

as at 15 April 2014

**DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDING
as at 15 APRIL 2014**

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	-	-	-	-
Gary Yen	-	-	-	-
Mej Jen (B) Datuk Abdul Kadir bin Nordin	-	-	-	-
Lim Meng Kwong	-	-	-	-
Lee Chee Whye	-	-	-	-
Datuk Toh Ah Wah	-	-	-	-
Lee Cheow Fui	-	-	-	-

Note:-

Ms Angela Heng Chor Kiang was appointed as Director of the Company on 25 April 2014
Mr Gary Yen resigned as Director of the Company on 25 April 2014

**THIRTY LARGEST SHAREHOLDERS/DEPOSITORS
as at 15 APRIL 2014**

	Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
1	Singapore Pacific Investments Pte Ltd	28,842,660	29.89
2	Tien Wah Holdings (1990) Sdn Bhd	23,360,600	24.21
3	Lembaga Tabung Angkatan Tentera	13,583,600	14.08
4	Yap Ah Fatt	3,668,000	3.80
5	Kam Loong Mining Sdn Bhd	1,125,000	1.17
6	Tan Kim Onm	895,000	0.93
7	Foo Khen Ling	700,000	0.73
8	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Teo Kwee Hock (Margin)</i>	620,400	0.64
9	Chia Kee Koon	541,500	0.56
10	Lim Khuan Eng	330,000	0.34
11	Public Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Loh Cheok Leng (KLC / TAS)</i>	330,000	0.34
12	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for OCBC Securities Private Limited (Client A/C-NR)</i>	320,800	0.33
13	Yong Kim Siong	310,500	0.32
14	Lim Seng Qwee	287,680	0.30
15	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Zurich Insurance Malaysia Bhd (Vulture Fund)</i>	252,000	0.26
16	Meng Lee Motors Sdn Berhad	250,000	0.26

ANALYSIS OF SHAREHOLDINGS

as at 15 April 2014

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 15 APRIL 2014

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
17 Chan Heng Koon	234,000	0.24
18 Key Development Sdn Berhad	223,500	0.23
19 Asia Selatan (M) Sdn Bhd	217,000	0.22
20 Geoffrey Lim Fung Keong	217,000	0.22
21 Lim Kian Huat	195,000	0.20
22 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Kin Kheong (E-IMO)</i>	190,200	0.20
23 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lu Yeep Hing</i>	186,300	0.19
24 Taman Bunga Merlimau Sdn Bhd	142,000	0.15
25 Ooi Kim Em @ Ng Hock Kiew	140,000	0.15
26 Teh Chiap Chuan Sdn Bhd	140,000	0.15
27 Key Development Sdn Berhad	138,740	0.14
28 RHB Nominees (Tempatan) Sdn Bhd <i>Lim Geok Joo @ Lim York Joo</i>	133,000	0.14
29 HK Wong Holdings Sdn Bhd	131,000	0.14
30 JP Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Siew Lai (Margin)</i>	130,000	0.13
TOTAL	77,835,480	80.66

ANALYSIS OF SHAREHOLDINGS

as at 15 April 2014

BREAKDOWN OF SHAREHOLDINGS

Type of ownership	No. of Shareholder	No. of Shares	% of Issued Capital
Malaysian Individual			
Bumiputra	83	203,610	0.21
Chinese	1,942	21,743,526	22.53
Indian	40	183,740	0.19
Other Races	4	32,350	0.03
Subtotal	2,069	22,163,226	22.97
Malaysian Corporate			
Government Agencies / Institutions	1	13,583,600	14.08
Bumiputra	1	1,800	0.00
Non-Bumiputra	38	3,020,570	3.13
Subtotal	40	16,605,970	17.21
Foreign Individual			
United Kingdom	1	2,000	0.00
Singapore	22	887,880	0.92
Indonesia	1	4,000	0.00
Permanent Resident of Malaysia	5	20,300	0.02
Subtotal	29	914,180	0.95
Foreign Corporate			
Hong Kong	1	2,520	0.00
Singapore	1	28,842,660	29.89
Others	2	23,375,900	24.22
Subtotal	4	52,221,080	54.12
Nominee Company			
Malaysian Bumiputra Beneficiaries	121	1,252,493	1.30
Malaysian Non-Bumiputra Beneficiaries	125	2,337,550	2.42
Foreign Beneficiaries	13	1,000,501	1.04
Subtotal	259	4,590,544	4.76
Grand Total	2,401	96,495,000	100.00

LIST OF PROPERTIES

Owned by Tien Wah Press Holdings Group

The properties held by the TWPH Group as at 31 December 2013 are as follows:

Location	Tenure	Land Area / Built-up Area (Square feet)	Remaining Lease Period / Expiry Date	Description / Existing Use	Net Book Value as at 31 December 2013 RM'000	Age of Building	Date of Acquisition
Lot 4, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	112,468 / 103,356	45 Years / 16-08-2059	Office / Factory bearing address No. 11 Jalan Semangat Petaling Jaya, Selangor Darul Ehsan	16,985	54 years	17-08-1960
Lot 30, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	27,899 / 67,812	45 Years / 10-11-2059	Office / Factory bearing address No. 9 Jalan Semangat Petaling Jaya, Selangor Darul Ehsan	10,046	22 years	05-12-1989
Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,658 / 1,374	60 Years / 22-07-2074	Residential quarters for staff bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan	434	38 years	30-08-2004
PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,650 / 1,840	49 Years / 10-01-2063	Residential quarters for staff bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan	419	42 years	17-04-2006
Lot 307, 308, 309 Vietnam – Singapore Industrial Park	Leasehold	401,280 / 119,090	40 Years / 08-08-2054	Office / Factory bearing address 38 Huu Nghi Street, Vietnam – Singapore Industrial Park, Vietnam	6,843	8 years	29-06-2006
Lot 117 Holroyd, Smithfield NSW, Australia	Freehold	358,008 / 150,788	Not applicable	Office / Factory bearing address No. 32 Britton Street, Smithfield, NSW, Australia	40,822	23 years	12-03-1993
A Street, Binh Chieu Industrial Park, Thu Duc District	Leasehold	129,167 / 77,938	7 Years / 04-04-2021	Office / Factory bearing address A Street, Binh Chieu Industrial Park, Thu Duc District, Ho Chi Minh City, Vietnam	1,453	17 years	16-06-2009
Plot A, Binh Chieu Industrial Park, Thu Duc District	Leasehold	23,196 / 13,348	6 Years / 01-03-2020	Office / Factory bearing address Plot A, Binh Chieu Industrial Park, Thu Duc District, Ho Chi Minh City, Vietnam	164	14 years	16-06-2009

ADMINISTRATIVE DETAILS

for Tien Wah Press Holdings Berhad Nineteenth Annual General Meeting

Date: 12 June 2014

Time: 10.30 a.m.

Place: Atlanta East, Level 3, Armada Hotel, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan

REGISTRATION

1. Registration will start at 9.30 a.m. at the entrance of Atlanta East, Armada Hotel, Petaling Jaya.
2. Please approach the registration table to register yourself for the meeting and join the queue accordingly.
3. Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure that you collect your IC thereafter.
4. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
5. You will be given a security sticker and no person will be allowed to enter the meeting room without the security sticker. There will be no replacement in the event that you lose or misplace the security sticker.
6. After registration, please leave the registration area immediately and proceed to the meeting room.

ENTITLEMENT TO ATTEND AND VOTE

7. Only members registered in the Register of Members and Record of Depositors as at 5.00 p.m. on 5 June 2014 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time.

PROXY

8. If you are a member of the Company at the time set out above, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting.
9. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
10. To appoint a proxy, the original Proxy Form which is attached together with the Annual Report 2013 must be completed and signed, sent and delivered to the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan by 10 June 2014 at 10.30 a.m.
11. In the case of a member which is a company, the Proxy Form must be executed either under its seal or under the hand of an officer or attorney duly authorised.

ANNUAL REPORT 2013

12. The Annual Report 2013 is available on Bursa Malaysia's website at www.bursamalaysia.com under Company Announcements and also at the Tien Wah Press Holdings Berhad's website at www.tienwah.com.

FOOD AND BEVERAGE

13. Light refreshment will be served outside Atlanta East Room after the Nineteenth Annual General Meeting.

PARKING

14. Please exchange your parking ticket for a "Complimentary Parking Ticket" at the registration counter outside Atlanta East Room.

ENQUIRY

15. If you have general queries prior to the meeting, please contact the following person during office hours:-

Name: Ms Ling Keh Ruth
 Share Registrar: Tricor Investor Services Sdn Bhd
 E-mail: keh.ruth.ling@my.tricorglobal.com
 Telephone number: +603-2264 3883



No. of Shares	
CDS Account No.	

Proxy Form

TIEN WAH PRESS HOLDINGS BERHAD

(Company No.340434-K)

(Incorporated in Malaysia)

I/We,(name of shareholder as per NRIC, in capital letters) IC No./ID No./Company No.(new)(old) of(full address) being a member of the above named Company, hereby appoint(name of proxy as per NRIC, in capital letters) IC No.(new)(old) of(full address) or failing him/her(name of proxy as per NRIC, in capital letters) IC No.(new)(old) of(full address) failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held at Atlanta East, Level 3, Armada Hotel, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 12 June 2014 at 10.30a.m. and at any adjournment thereat.

My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
	ORDINARY BUSINESS		
Ordinary Resolution 1	Declaration of a final single-tier tax exempt dividend of 6.39 sen per ordinary share in respect of the financial year ended 31 December 2013.		
Ordinary Resolution 2	Re-appointment of Mej Jen Datuk Abdul Kadir Bin Nordin (Bersara) who is retiring under Section 129(6) of the Companies Act, 1965.		
Ordinary Resolution 3	Re-election of Mr Lee Chee Whye who is retiring under Article 86.1 of the Articles of Association of the Company.		
Ordinary Resolution 4	Re-election of Datuk Toh Ah Wah who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 5	Re-election of Mr Lee Cheow Fui who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 6	Re-election of Ms Angela Heng Chor Kiang who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 7	Re-appointment of Auditors.		
	SPECIAL BUSINESS		
Ordinary Resolution 8	Approval of the payment of Directors' Fees not exceeding RM900,000 per annum.		
Ordinary Resolution 9	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature/Common Seal _____

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

NOTES:

- A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting and where a member appoints two proxies the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the form of proxy shall be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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stamp

THE SECRETARY
TIEN WAH PRESS HOLDINGS BERHAD
LOT 6.05, LEVEL 6, KPMG TOWER
8 FIRST AVENUE, BANDAR UTAMA
47800 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

Please fold here to seal



TIEN WAH PRESS HOLDINGS BERHAD (340434-K)

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