



TIEN WAH PRESS HOLDINGS BERHAD

(CO. NO. 340434-K)

Quarterly report on consolidated results for the six months ended 30 June 2016

The figures have not been audited.

PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 June 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2015 RM'000	CURRENT YEAR TO DATE 30 June 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2015 RM'000
1	Revenue	81,173	86,518	163,559	174,037
2	Profit before tax	7,525	5,781	14,164	6,952
3	Profit for the period	6,642	5,241	12,277	5,999
4	Profit attributable to ordinary equity holders of the Company	6,119	5,498	11,723	7,586
5	Basic earnings per share (sen)	6.34	5.70	12.15	7.86
6	Proposed / Declared Dividend per share (sen)	4.00	4.00	4.00	4.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the Company (RM)	2.85		2.95	
	Remarks :				

PART A3: ADDITIONAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 June 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 June 2015 RM'000	CURRENT YEAR TO DATE 30 June 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 June 2015 RM'000
1	Gross interest income	281	246	557	546
2	Gross interest expense	(535)	(648)	(1,071)	(1,290)
	Remarks :				



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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	2016 Current Quarter Ended 30 June (RM '000)	2015 Comparative Quarter Ended 30 June (RM '000)	2016 Cumulative Six months Ended 30 June (RM '000)	2015 Cumulative Six months Ended 30 June (RM '000)
Revenue	81,173	86,518	163,559	174,037
Cost of sales	(67,388)	(71,931)	(134,272)	(143,775)
Gross profit	13,785	14,587	29,287	30,262
Other income	2,980	1,543	4,571	3,584
Distribution expenses	(1,950)	(2,763)	(3,926)	(5,422)
Administrative expenses	(7,280)	(6,189)	(14,242)	(11,941)
Other expenses	(1,061)	(2,145)	(2,940)	(11,378)
Results from operating activities	6,474	5,033	12,750	5,105
Finance income	281	246	557	546
Finance costs	(535)	(648)	(1,071)	(1,290)
Operating profit	6,220	4,631	12,236	4,361
Share of profit of equity-accounted associate, net of tax	1,439	1,150	2,221	2,591
Share of loss of equity-accounted joint venture, net of tax	(134)	-	(293)	-
Profit before tax	7,525	5,781	14,164	6,952
Tax expense	(883)	(540)	(1,887)	(953)
Profit for the period	6,642	5,241	12,277	5,999
Profit for the period attributable to:				
Owners of the Company	6,119	5,498	11,723	7,586
Non-controlling interests	523	(257)	554	(1,587)
Profit for the period	6,642	5,241	12,277	5,999
Earnings per ordinary share :				
-basic (sen)	6.34	5.70	12.15	7.86

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



INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016

	2016 Current Quarter Ended 30 June (RM '000)	2015 Comparative Quarter Ended 30 June (RM '000)	2016 Cumulative Six months Ended 30 June (RM '000)	2015 Cumulative Six months Ended 30 June (RM '000)
Profit for the period	6,642	5,241	12,277	5,999
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(825)	4,149	(11,191)	7,742
Total comprehensive income for the period, net of tax	5,817	9,390	1,086	13,741
Total comprehensive income attributable to:				
Owners of the Company	5,794	8,226	3,803	14,034
Non-controlling interests	23	1,164	(2,717)	(293)
Total comprehensive income for the period, net of tax	5,817	9,390	1,086	13,741

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



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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	As at 30 June 2016	As at 31 Dec 2015
	(RM '000)	(RM '000)
Assets		
Property, plant and equipment	230,466	242,099
Intangible assets	18,641	19,443
Investment in joint venture	11,171	6,464
Investment in an associate	26,751	25,460
Deferred tax assets	1,442	1,474
Other receivables	8,828	9,679
Total non-current assets	297,299	304,619
Trade and other receivables	60,306	48,717
Inventories	68,001	78,979
Current tax assets	61	61
Assets held for sale	5,187	-
Cash & cash equivalents	49,044	71,330
Total current assets	182,599	199,087
Total assets	479,898	503,706
Equity		
Share capital	96,495	96,495
Reserves	178,070	187,776
Total equity attributable to owners of the Company	274,565	284,271
Non-controlling interests	56,428	62,168
Total equity	330,993	346,439
Liabilities		
Deferred tax liabilities	11,017	11,052
Employee benefits	1,044	1,042
Loans and borrowings	8,152	11,530
Other payables	-	1,506
Total non-current liabilities	20,213	25,130
Loans and borrowings	57,198	60,076
Trade and other payables	69,310	71,502
Current tax liabilities	2,184	559
Total current liabilities	128,692	132,137
Total liabilities	148,905	157,267
Total equity and liabilities	479,898	503,706

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



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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to Equity Holders of the Company				Total (RM '000)	Non-controlling Interest (RM '000)	Total Equity (RM '000)
	Share Capital (RM '000)	Share Premium (RM '000)	Translation Reserve (RM '000)	Retained Earnings (RM '000)			
At 1 January 2016	96,495	12,504	30,169	145,103	284,271	62,168	346,439
Foreign currency translation differences for foreign operations	-	-	(7,920)	-	(7,920)	(3,271)	(11,191)
Total other comprehensive income for the period	-	-	(7,920)	-	(7,920)	(3,271)	(11,191)
Profit for the period	-	-	-	11,723	11,723	554	12,277
Total comprehensive income for the period	-	-	(7,920)	11,723	3,803	(2,717)	1,086
Dividends to owners of the Company	-	-	-	(13,509)	(13,509)	-	(13,509)
Dividends to non-controlling interest	-	-	-	-	-	(3,023)	(3,023)
Total transactions with owners of the Company	-	-	-	(13,509)	(13,509)	(3,023)	(16,532)
At 30 June 2016	96,495	12,504	22,249	143,317	274,565	56,428	330,993
At 1 January 2015	96,495	12,504	8,804	118,848	236,651	68,078	304,729
Foreign currency translation differences for foreign operations	-	-	6,448	-	6,448	1,294	7,742
Total other comprehensive income for the period	-	-	6,448	-	6,448	1,294	7,742
Profit for the period	-	-	-	7,586	7,586	(1,587)	5,999
Total comprehensive income for the period	-	-	6,448	7,586	14,034	(293)	13,741
Dividends to owners of the Company	-	-	-	(3,860)	(3,860)	-	(3,860)
Dividends to non-controlling interest	-	-	-	-	-	(5,772)	(5,772)
Total transactions with owners of the Company	-	-	-	(3,860)	(3,860)	(5,772)	(9,632)
At 30 June 2015	96,495	12,504	15,252	122,574	246,825	62,013	308,838



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INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	2016 Six months ended 30 June RM '000	2015 Six months ended 30 June RM '000
Cash flows from operating activities		
Profit before tax	14,164	6,952
Adjustments for :		
- Amortisation of intangible assets	529	4,274
- Depreciation of property, plant and equipment	12,419	15,076
- Net interest expense	514	744
- Share of profit of equity-accounted associate, net of tax	(2,221)	(2,591)
- Share of loss of equity-accounted joint venture, net of tax	293	-
- Employee benefits	1,331	1,208
- Other non-cash items	3,134	(576)
Operating profit before changes in working capital	30,163	25,087
-Changes in inventories	9,245	3,553
-Changes in trade and other receivables	(18,341)	(2,951)
-Changes in trade and other payables	6,613	(15,139)
Cash generated from operations	27,680	10,550
- Interest received	557	546
- Employee benefits used	(973)	(2,183)
- Income tax paid	(279)	(2,858)
Net cash from operating activities	26,985	6,055
Cash flows from investing activities		
- Acquisition of property, plant and equipment	(11,206)	(5,637)
- Proceeds from disposal of property, plant and equipment	22	15
- Change in pledged deposits	(3)	(102)
- Investment in joint venture	(5,000)	-
- Dividend received	930	507
Net cash used in investing activities	(15,257)	(5,217)
Cash flows from financing activities		
- Proceeds from loans and borrowings	87,233	82,902
- Repayment of loans and borrowings	(93,489)	(83,943)
- Dividend paid to shareholders	(13,509)	(3,860)
- Dividend paid to non-controlling interests	(3,023)	(5,772)
- Interest paid	(1,071)	(1,290)
-(Repayment to)/ Advance from ultimate holding company	(5,611)	11,362
Net cash used in financing activities	(29,470)	(601)
Net (decrease) / increase in cash & cash equivalents	(17,742)	237
Effect of exchange rate fluctuations on cash held	(4,544)	(497)
Cash & cash equivalents at 1 January	71,225	53,097
Cash & cash equivalents at 30 June	48,939	52,837

Cash & cash equivalents

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

	2016 Six months ended 30 June RM '000	2015 Six months ended 30 June RM '000
Cash and bank balances	26,363	30,979
Deposits with licensed banks	22,681	21,960
	49,044	52,939
Less: Deposit pledged	(105)	(102)
	48,939	52,837

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



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Notes to the Interim Financial Statements for the quarter and six months ended 30 June 2016

A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRSs”) 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

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

A2. Significant Accounting Policies

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:-

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2017

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

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

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

- MFRS 16, *Leases*

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

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

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



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

A3. Audit Report Qualification and Status of Matters Raised

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

A4. Seasonal or Cyclical Nature of Operations

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

A5. Items of Unusual Nature

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

A6. Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter and financial year-to-date.

A7. Changes in Debt and Equity Securities

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

A8. Dividends Paid

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

	Six months ended	
	30 June	
	2016	2015
	RM'000	RM'000
Final paid on 30 June 2016 in respect of the financial year ended 31 December 2015 – single-tier dividend of 14.00 sen per share of RM1.00 each	13,509	-
Final paid on 25 June 2015 in respect of the financial year ended 31 December 2014 – single-tier dividend of 4.00 sen per share of RM1.00 each	-	3,860
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	13,509	3,860



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A9. Operating Segments

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

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

	Six months ended	
	30 June	
	2016	2015
	RM'000	RM'000
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	163,559	174,037
Segment profit	30,273	25,936
Segment assets	413,305	439,883

	Six months ended	
	30 June	
	2016	2015
	RM'000	RM'000
Reconciliation of reportable segment profit or loss		
Total profit for reporting segments	30,273	25,936
Other non-reportable segments	14,514	6,967
Elimination of inter-segment profits	(19,089)	(8,448)
Depreciation and amortization	(12,948)	(19,350)
Finance costs	(1,071)	(1,290)
Finance income	557	546
Share of profit of associate not included in reportable segments	2,221	2,591
Share of loss of joint venture not included in reportable segments	(293)	-
Consolidated profit before tax	<u>14,164</u>	<u>6,952</u>

A10. Material Events Subsequent to the End of Quarterly Period

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



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A11. Changes in the Composition of the Group

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

On 8 March 2016, the Company has incorporated a new wholly owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates, with a share capital of AED1,000,000 which represents the entire share capital of APTF. The principal activity of APTF is in packing and packaging material manufacturing. APTF is currently a dormant company. The said incorporation is in line with the long term strategic plans of the Company and to gain footprint in the Middle East market.

On 16 May 2016, Tien Wah Properties Sdn Bhd ("TWPSB"), a wholly owned subsidiary of the Company has entered into a Shareholders' Agreement ("JVSA") with Kemensah Holdings Pte Ltd ("KHPL"), a wholly owned subsidiary of Lum Chang Holdings Limited ("LCH"), to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd (formerly known as Sterling Model Sdn Bhd ("SMSB" or "JV Co")) with a total issued and paid-up share capital of the JV Co of RM 10,000,000 comprising 10,000,000 ordinary shares of RM1 each held by the JVSA Parties in equal proportion as per the JVSA. The principal activity of SMSB is in property development.

A12. Changes in Contingent Liabilities

There were no material changes to contingent liabilities disclosed in the last audited statement of financial position as at 31 December 2015.

A13. Capital Commitments

	30 June 2016
	RM'000
Property, plant and equipment	
- Authorised but not contracted for	466
- Contracted but not provided for	10,528

A14. Related Party Transactions

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

The following transactions have been entered into with related parties that were necessary for the day-to-day operations in the ordinary course of business and are transacted on negotiated and arm's length basis.



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Six months ended
30 June 2016
RM'000

Ultimate holding company	
- Management fees expense	1,133
- Interest expense	274
Related companies	
- Sales	(11,635)
- Purchases	759
- Rental of warehouse expense	349
Joint venture company	
- Management fees received	(37)
- Interest received	(2)
- Sales	(507)

A15. Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

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

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

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

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

As at 30 June 2016, the Group held the following financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position:-



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	Level 1	Level 2	Level 3	Total fair value	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000
	Fair value of financial instruments carried at fair value				
Financial assets					
-Other receivables	-	-	9,918	9,918	9,918
	Fair value of financial instruments not carried at fair value				
Financial liabilities					
- Bank borrowings	-	-	(63,652)	(63,652)	(65,336)
- Finance lease liabilities	-	-	(13)	(13)	(14)
- Ultimate holding company	-	-	(25,088)	(25,088)	(26,104)
Total	-	-	(78,835)	(78,835)	(81,536)



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

B1. Review of Performance

(a) Current Quarter against Previous Year Corresponding Quarter

Revenue

Group's revenue for the second quarter ended 30 June 2016 decreased by 6.13% or RM5.3 million to RM81.2 million from RM86.5 million in the preceding year corresponding quarter. This decrease was mainly due to change of pricing of some products to a major customer and the impact of a Vietnam subsidiary that was deconsolidated from 31 December 2015 as a subsidiary to a jointly controlled entity. The aforesaid impacts were mitigated by stronger USD and sales to a new multinational tobacco company customer.

Profit before tax

Profit before tax of RM7.5 million for the second quarter ended 30 June 2016 was higher by RM1.7 million as compared to the preceding year corresponding quarter of RM5.8 million.

The improvements was mainly due to significant improvement in productivity and waste reduction, lower amortization cost by RM1.9 million and lower depreciation charge from the re-assessment of useful life of major property, plant and equipment ("PPE") in Q3 2015. The aforesaid had effectively mitigated the change in pricing of some products to a major customer.

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

Revenue

Group's revenue for the six months ended 30 June 2016 of RM163.6 million was RM10.4 million or 6.0% lower than the previous corresponding period of RM174.0 million.

Profit before tax

Profit before tax for the six months ended 30 June 2016 increased by RM7.2 million or 102.9% to RM14.2 million as compared to the previous corresponding period of RM7.0 million. The improvement was mainly due to significant improvement in productivity and waste reduction as well as the absence of redundancy expense of RM7.1 million which was incurred in the previous corresponding period as a result of the restructuring of the production footprint within the Group to improve strategic positioning to service the customers and reduce operating costs over the longer term, lower amortisation cost by RM 3.7 million and lower depreciation charge from the re-assessment of useful life of major PPE in Q3 2015. The aforesaid had effectively mitigated the adverse change in pricing of some products to a major customer.

B2. Variation of Results against Preceding Quarter

Group's revenue for current quarter under review decreased marginally by RM1.2 million or 1.5% to RM81.2 million from RM82.4 million.

Profit before tax was at RM7.5 million as compared to RM6.6 million for the preceding quarter, an increase of RM0.9 million or 13.6%, mainly due to higher share of profit of associate and supplier claim recovery.



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B3. Prospects

Based on the current year-to-date results under review, the Directors are of the opinion that the outlook for 2016 continues to be competitive in the volatile global environment. Besides efficiency improvement, wastage control and active cost containments, the Group is continuing to develop new opportunities which would lead to volume growth from new customers in other geographical segments and existing customers over the longer term.

B4. Profit Forecast

None.

B5. Tax Expense

	Current quarter ended 30 June		Six months ended 30 June	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax expense				
- Current year	940	294	1,922	459
- Prior year	-	22	-	29
	940	316	1,922	488
Deferred tax				
- Origination and reversal of temporary differences	(57)	224	(35)	465
	883	540	1,887	953

The Group's effective tax rate for the six months ended 30 June 2016 was lower than the Malaysian statutory tax rate of 24% due to effects of lower tax rates and tax incentives in certain tax jurisdictions and effects of certain foreign sourced income which are not subject to tax in the current financial year-to-date.

B6. Status of corporate proposals announced

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

- (a) On 25 May 2015, the Company announced that it had on 24 May 2015 entered into a strategic joint venture agreement ("Proposed Joint Venture") with Toyo (Viet) Paper Product Co. Ltd ("TVP") and Dong Nai Food Industrial Corporation Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO for USD1,630,000 (RM6,146,000) to secure DOFICO print packaging volume. TVP has been recognised as a Jointly Controlled Entity of the Company as at 31 December 2015.

The Joint Venture Agreement was legally completed on 5 May 2016 with the issuance of the Enterprise Registration Certificate for two members Company Limited by the lawful State Authority of Vietnam on 5 May 2016 and dated 29 April 2016.

TVP has also changed its name to "Toyo (Viet)-Dofico Print packaging Company" to better reflect the joint venture.



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

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

On the same date, TWPSB had also entered into a Sale and Purchase Agreement in respect of the sale of the Land with SMSB for a total sale consideration of RM 63,750,000.

- (c) On 23 February 2016, the Company announced that it proposes to undertake a renounceable rights issue of 48,247,500 new ordinary shares of RM1.00 each (“Rights Share(s)”) at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing shares of the Company held on 30 June 2016. The proceeds from the rights issue are proposed to be utilised for business expansion in the Middle East region and/or Indonesia, and repayment of bank borrowings. The proposed rights issue is expected to be completed by third quarter of 2016.

B7. Borrowings and Debt Securities

	30 June 2016		
	Secured RM’000	Unsecured RM’000	Total RM’000
Short-term borrowings			
Borrowings – Revolving Credits	-	4,680	4,680
Borrowings – Finance lease liabilities	11	-	11
Borrowings – Term loan	-	729	729
Borrowings – Trade facilities	-	51,778	51,778
Sub-totals	11	57,187	57,198
Long-term borrowings			
Borrowings – Revolving Credits	-	8,149	8,149
Borrowings – Finance lease liabilities	3	-	3
Sub-totals	3	8,149	8,152
Grand total	14	65,336	65,350



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

	30 June 2016	
	Long- term borrowings RM'000	Short-term borrowings RM'000
Ringgit Malaysia	3	11,011
United States Dollar	8,149	46,187
Total	<u>8,152</u>	<u>57,198</u>

B8. Derivative Financial instruments

As at 30 June 2016, there is no outstanding derivative financial instrument other than as disclosed below.

Foreign currency forward contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuations in foreign currency exchange rates.

As at 30 June 2016, the Group's outstanding foreign currency forward contracts for the purpose of hedging certain foreign currency-denominated payables are as follows:-

Type of derivative	Notional value RM'000	Fair value RM'000
Foreign currency forward contracts-Less than one year	970	967

B9. Changes in Material Litigation

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

B10. Dividends

- The Directors declared an interim single-tier dividend of 4.00 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2016 (2015: interim single-tier dividend of 4.00 sen per share). The payment date for the interim dividend in respect of the financial year ending 31 December 2016 is on 28 October 2016. In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 30 September 2016.
- The Company had on 30 June 2016 paid a final single-tier dividend of 14.00 sen per ordinary share of RM 1.00 each totaling RM13,509,300 in respect of the financial year ended 31 December 2015.



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B11. Earnings per share

(a) *Basic earnings per share*

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

	Six months ended 30 June	
	2016	2015
Profit attributable to equity holders of the Company (RM'000)	11,723	7,586
Weighted average number of ordinary shares in issue ('000)	96,495	96,495
Basic earnings per share (sen)	12.15	7.86

(b) *Diluted earnings per share*

Not applicable for the Group.

B12. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2015 was unqualified.

B13. Profit for the period

	Current quarter ended 30 June 2016 RM'000	Six months ended 30 June 2016 RM'000
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	261	529
Depreciation of property, plant and equipment	6,351	12,419
Expenses related to employee benefits	787	1,331
Net foreign exchange loss	797	2,398
Gain on disposal of property, plant and equipment	5	5

Other than the above, there were no allowance for doubtful debts, bad debts written off, allowance for inventories, inventories written off, impairment of assets, gain or loss on disposal of quoted or unquoted securities or investments or properties, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial period ended 30 June 2016.



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B14. Retained Earnings

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

	30 June 2016	31 Dec 2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries :		
Realised	238,851	259,340
Unrealised	(38,510)	(35,548)
	<hr/> 200,341	<hr/> 223,792
Total share of retained earnings of an associate:		
Realised	26,086	24,514
Unrealised	(835)	(554)
	<hr/> 25,251	<hr/> 23,960
Total share of retained earnings of joint venture:		
Realised	(256)	-
Unrealised	(3)	-
	<hr/> (259)	<hr/> -
Consolidated adjustments	(82,016)	(102,649)
Total Group retained earnings as per consolidated interim financial statements	<hr/> 143,317	<hr/> 145,103

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