



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

Quarterly report on consolidated results for the nine months ended 30 September 2017  
The figures have not been audited.

### PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER			Changes (Amount/ %)	CUMULATIVE QUARTER		Changes (Amount/ %)
	CURRENT YEAR QUARTER 30 September 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 September 2016 RM'000			CURRENT YEAR TO DATE 30 September 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 September 2016 RM'000	
1	Revenue	104,504	82,927	26.0%	323,361	246,486	31.2%
2	(Loss)/Profit before tax	(12,814)	2,719	(571.3%)	(36,618)	16,883	(316.9%)
3	(Loss)/Profit for the period	(6,958)	2,130	(426.7%)	(32,735)	14,407	(327.2%)
4	(Loss)/Profit attributable to ordinary equity holders of the Company	(7,089)	4,161	(270.4%)	(17,410)	15,884	(209.6%)
5	Basic (loss)/earnings per share (sen)	(4.90)	3.09	(258.2%)	(12.03)	11.81	(201.8%)
6	Proposed / Declared Dividend per share (sen)	0.00	0.00	-	2.00	4.00	(50.0%)
		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)	2.40			2.63		
	Remarks :						

### PART A3: ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER			Changes (Amount/ %)	CUMULATIVE QUARTER		Changes (Amount/ %)
	CURRENT YEAR QUARTER 30 September 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 September 2016 RM'000			CURRENT YEAR TO DATE 30 September 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 September 2016 RM'000	
1	Gross interest income	897	467	92.1%	2,823	1,024	175.7%
2	Gross interest expense	(1,768)	(553)	(219.7%)	(4,603)	(1,624)	(183.4%)
	Remarks :						



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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

	2017 Current Quarter Ended 30 September (RM '000)	2016 Comparative Quarter Ended 30 September (RM '000)	Changes (Amount / %)	2017 Cumulative Nine months Ended 30 September (RM '000)	2016 Cumulative Nine months Ended 30 September (RM '000)	Changes (Amount / %)
Revenue	104,504	82,927	26.0%	323,361	246,486	31.2%
Cost of sales	(93,541)	(69,093)	35.4%	(282,719)	(203,365)	39.0%
<b>Gross profit</b>	<b>10,963</b>	<b>13,834</b>	<b>(20.8%)</b>	<b>40,642</b>	<b>43,121</b>	<b>(5.7%)</b>
Other income	2,762	2,723	1.4%	8,429	7,294	15.6%
Distribution expenses	(2,035)	(2,632)	(22.7%)	(6,434)	(6,558)	(1.9%)
Administrative expenses	(8,744)	(7,801)	12.1%	(25,654)	(22,043)	16.4%
Other expenses	(14,991)	(4,462)	236.0%	(52,261)	(7,402)	606.0%
<b>Results from operating activities</b>	<b>(12,045)</b>	<b>1,662</b>	<b>(824.7%)</b>	<b>(35,278)</b>	<b>14,412</b>	<b>(344.8%)</b>
Finance income	897	467	92.1%	2,823	1,024	175.7%
Finance costs	(1,768)	(553)	219.7%	(4,603)	(1,624)	183.4%
<b>Operating (loss)/profit</b>	<b>(12,916)</b>	<b>1,576</b>	<b>(919.5%)</b>	<b>(37,058)</b>	<b>13,812</b>	<b>(368.3%)</b>
Share of profit of equity-accounted associate, net of tax	-	1,547	(100.0%)	-	3,768	(100.0%)
Share of profit of equity-accounted joint venture, net of tax	102	(404)	(125.2%)	440	(697)	(163.1%)
<b>(Loss)/Profit before tax</b>	<b>(12,814)</b>	<b>2,719</b>	<b>(571.3%)</b>	<b>(36,618)</b>	<b>16,883</b>	<b>(316.9%)</b>
Tax expense	5,856	(589)	(1,094.2%)	3,883	(2,476)	(256.8%)
<b>(Loss)/Profit for the period</b>	<b>(6,958)</b>	<b>2,130</b>	<b>(426.7%)</b>	<b>(32,735)</b>	<b>14,407</b>	<b>(327.2%)</b>
<b>Profit for the period attributable to:</b>						
Owners of the Company	(7,089)	4,161	(270.4%)	(17,410)	15,884	(209.6%)
Non-controlling interests	131	(2,031)	(106.5%)	(15,325)	(1,477)	937.6%
<b>(Loss)/Profit for the period</b>	<b>(6,958)</b>	<b>2,130</b>	<b>(426.7%)</b>	<b>(32,735)</b>	<b>14,407</b>	<b>(327.2%)</b>
<b>(Loss)/Earnings per ordinary share :</b>						
-basic (sen)	(4.90)	3.09		(12.03)	11.81	

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2016)



**TIEN WAH PRESS HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017**

	2017 Current Quarter Ended 30 September (RM '000)	2016 Comparative Quarter Ended 30 September (RM '000)	2017 Cumulative Nine months Ended 30 September (RM '000)	2016 Cumulative Nine months Ended 30 September (RM '000)
<b>(Loss)/Profit for the period</b>	(6,958)	2,130	(32,735)	14,407
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	(2,595)	7,809	(3,666)	(3,382)
<b>Total comprehensive (loss)/income for the period, net of tax</b>	<u>(9,553)</u>	<u>9,939</u>	<u>(36,401)</u>	<u>11,025</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	(9,359)	9,124	(22,924)	12,927
Non-controlling interests	(194)	815	(13,477)	(1,902)
<b>Total comprehensive (loss)/income for the period, net of tax</b>	<u>(9,553)</u>	<u>9,939</u>	<u>(36,401)</u>	<u>11,025</u>

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2016)



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

**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	As at 30 September 2017	As at 31 December 2016
	(RM '000)	(RM '000)
<b>Assets</b>		
Property, plant and equipment	295,861	262,936
Intangible assets	83,796	91,497
Investment in joint venture	7,379	5,938
Deferred tax assets	1,433	1,496
Other receivables	7,263	8,662
<b>Total non-current assets</b>	<b>395,732</b>	<b>370,529</b>
Trade and other receivables	171,280	155,269
Inventories	78,334	85,571
Current tax assets	1,478	1,178
Assets held for sale	847	-
Cash & cash equivalents	21,033	72,067
<b>Total current assets</b>	<b>272,972</b>	<b>314,085</b>
<b>Total assets</b>	<b>668,704</b>	<b>684,614</b>
<b>Equity</b>		
Share capital ( <i>Note</i> )	156,187	144,743
Reserves	190,629	236,576
<b>Total equity attributable to owners of the Company</b>	<b>346,816</b>	<b>381,319</b>
<b>Non-controlling interests</b>	<b>34,193</b>	<b>47,670</b>
<b>Total equity</b>	<b>381,009</b>	<b>428,989</b>
<b>Liabilities</b>		
Deferred tax liabilities	2,322	8,524
Employee benefits	345	822
Loans and borrowings	69,292	87,209
Other payables	34,439	12,409
<b>Total non-current liabilities</b>	<b>106,398</b>	<b>108,964</b>
Loans and borrowings	73,601	50,952
Trade and other payables	106,701	95,513
Current tax liabilities	995	196
<b>Total current liabilities</b>	<b>181,297</b>	<b>146,661</b>
<b>Total liabilities</b>	<b>287,695</b>	<b>255,625</b>
<b>Total equity and liabilities</b>	<b>668,704</b>	<b>684,614</b>

*Note:* Number of ordinary shares issued as at 30 September 2017 is 144,742,500 (31 December 2016 is 144,742,500)

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2016)



**TIEN WAH PRESS HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

	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 2017	144,743	11,444	35,140	189,992	381,319	47,670	428,989
Foreign currency translation differences for foreign operations	-	-	(5,514)	-	(5,514)	1,848	(3,666)
Total other comprehensive income for the period	-	-	(5,514)	-	(5,514)	1,848	(3,666)
Loss for the period	-	-	-	(17,410)	(17,410)	(15,325)	(32,735)
<b>Total comprehensive income for the period</b>	-	-	<b>(5,514)</b>	<b>(17,410)</b>	<b>(22,924)</b>	<b>(13,477)</b>	<b>(36,401)</b>
Transfer in accordance with Section 618(2) of the Companies Act 2016	11,444	(11,444)	-	-	-	-	-
Dividends to owners of the Company	-	-	-	(11,579)	(11,579)	-	(11,579)
Dividends to non-controlling interest	-	-	-	-	-	-	-
Total transactions with owners of the Company	11,444	(11,444)	-	(11,579)	(11,579)	-	(11,579)
At 30 September 2017	156,187	-	29,626	161,003	346,816	34,193	381,009
<i>Note</i>							
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	-	-	(2,957)	-	(2,957)	(425)	(3,382)
Total other comprehensive income for the period	-	-	(2,957)	-	(2,957)	(425)	(3,382)
Profit for the period	-	-	-	15,884	15,884	(1,477)	14,407
<b>Total comprehensive income for the period</b>	-	-	<b>(2,957)</b>	<b>15,884</b>	<b>12,927</b>	<b>(1,902)</b>	<b>11,025</b>
Issue of ordinary shares	48,248	-	-	-	48,248	-	48,248
Share issuance expenses	-	(1,100)	-	-	(1,100)	-	(1,100)
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	48,248	(1,100)	-	(13,509)	33,639	(3,023)	30,616
At 30 September 2016	144,743	11,404	27,212	147,478	330,837	57,243	388,080

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

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2016)



**TIEN WAH PRESS HOLDINGS BERHAD**  
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**INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017**

	2017 Nine months ended 30 September RM '000	2016 Nine months ended 30 September RM '000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(36,618)	16,883
Adjustments for :		
- Amortisation of intangible assets	3,289	794
- Depreciation of property, plant and equipment	26,093	18,880
- Gain on disposal of property, plant and equipment	(4,124)	(5)
- Impairment loss on property, plant and equipment	11,515	-
- Net interest expense	1,780	600
- Share of (profit)/loss of equity-accounted joint venture, net of tax	(440)	697
- Share of profit of equity-accounted associate, net of tax	-	(3,768)
- Employee benefits, included employee redundancy	32,057	7,129
- Other non-cash items	7,454	1,341
Operating profit before changes in working capital	41,006	42,551
-Changes in inventories	2,790	9,738
-Changes in trade and other receivables	(18,750)	(16,907)
-Changes in trade and other payables	19,143	11,510
<b>Cash from operations</b>	44,189	46,892
- Interest received	2,823	1,024
- Employee benefits used, included employee redundancy	(37,459)	(6,804)
- Income tax paid	(1,707)	(4,156)
<b>Net cash from operating activities</b>	7,846	36,956
<b>Cash flows from investing activities</b>		
- Acquisition of property, plant and equipment	(86,618)	(26,416)
- Proceeds from disposal of property, plant and equipment	11,228	22
- Investment in joint venture	(1,000)	(5,000)
- Change in pledged deposits	(4)	(3)
- Dividend received	-	930
<b>Net cash used in investing activities</b>	(76,394)	(30,467)
<b>Cash flows from financing activities</b>		
- Proceeds from loans and borrowings	246,500	139,018
- Proceeds from issue of ordinary shares	-	48,248
- Dividend paid to owners of the Company	(11,579)	(13,509)
- Dividend paid to non-controlling interests	-	(3,023)
- Interest paid	(4,603)	(1,624)
- Repayment of loans and borrowings	(241,768)	(166,323)
- Advance from/(repayment to) ultimate holding company	22,763	(13,791)
- Rights issued expenses	-	(1,100)
<b>Net cash generated from/(used in) financing activities</b>	11,313	(12,104)
Net decrease in cash & cash equivalents	(57,235)	(5,615)
Effect of exchange rate fluctuations on cash held	6,201	(1,215)
Cash & cash equivalents at 1 January	71,958	71,225
<b>Cash &amp; cash equivalents at 30 September</b>	20,924	64,395

**Cash & cash equivalents**

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

	As at 30 September 2017 RM '000	As at 30 September 2016 RM '000
Cash and bank balances	20,122	27,780
Deposits with licensed banks	911	36,720
	21,033	64,500
Less: Deposit pledged	(109)	(105)
	20,924	64,395

(The Interim Financial Statements should be read in conjunction with notes to the audited financial statements for the year ended 31 December 2016)



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**Notes to the Interim Financial Statements for the quarter and nine months ended 30 September 2017**

**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 2016.

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 2016 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2017. 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 2016.

**Companies Act 2016**

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31 January 2017 includes:

- Removal of the authorized share capital
- Shares of the Company will cease to have par or nominal value
- The Company’s share premium account will become part of the Company’s share capital

The adoption of the New Act did not have any financial impact to the financial statements of the Group, if applicable, the effect of adoption mainly will be on disclosure to the annual report and financial statements.

**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 2018***

- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts* - Applying MFRS 9, *Financial Instruments* with MFRS 4, *Insurance Contracts*
- MFRS 9, *Financial Instruments (2014)*



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- MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 140, *Investment Property - Transfer of Investment Property*

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

- MFRS 16, *Leases*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

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

- MFRS 17, *Insurance contracts*

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

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

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group, except MFRS 9, MFRS 15 and MFRS 16.

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

**A3. Audit Report Qualification and Status of Matters Raised**

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

**A4. Seasonal or Cyclical Nature of Operations**

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

**A5. Items of Unusual Nature**

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial year-to-date, except:

On 15 June 2017, the Company announced that in line with the Group's reorganization of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term, it has decided to cease the remaining printing business of its 51%-owned subsidiary, Anzpac Services (Australia) Pty Limited. In relation to the aforesaid proposed cessation, the Group has recorded employees' redundancy and related expenses of RM20.0 million and asset impairment costs of RM10.9 million in the current financial year-to-date.



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On 20 July 2017, the Company announced that in line with the Group's reorganization of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term, it has decided to cease the printing business of its wholly-owned subsidiary, Tien Wah Press (Malaya) Sdn Bhd ("TWPM"). In relation to the aforesaid proposed cessation, the Group has recorded employees' redundancy and related expenses of RM11.6 million and asset impairment costs of RM0.6 million in the current 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 financial year-to-date.

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

For the 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:-

	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Final paid on 30 June 2017		
In respect of the financial year ended 31 December 2016	11,579	
– single-tier dividend of 8.00 sen per share		
Final paid on 30 June 2016		
In respect of the financial year ended 31 December 2015		13,509
– single-tier dividend of 14.00 sen per share of RM1.00 each		
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	11,579	13,509

**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.



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	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	323,361	246,486
Segment (loss)/profit	(653)	39,501
Segment assets	595,540	423,255
Segment liabilities	(399,679)	(166,366)
	<b>Nine months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Reconciliation of reportable segment profit or loss</b>		
Total (loss)/profit for reporting segments	(653)	39,501
Other non-reportable segments	14,320	14,414
Elimination of inter-segment profits	(19,563)	(19,829)
Depreciation and amortization	(29,382)	(19,674)
Finance costs	(4,603)	(1,624)
Finance income	2,823	1,024
Share of profit/(loss) of joint venture not included in reportable segments	440	(697)
Share of profit of associate not included in reportable segments	-	3,768
Consolidated (loss)/profit before tax	<u>(36,618)</u>	<u>16,883</u>

**A10. Material Events Subsequent to the End of Quarterly Period**

There were no material events not reflected in the interim financial statements subsequent to the balance sheet date up to 1 November 2017.

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

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations except as stated in item A5 above.

**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 2016.



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**A13. Capital Commitments**

	<b>As at 30 September 2017 RM'000</b>
Property, plant and equipment	
- Authorised but not contracted for	992
- Contracted but not provided for	8,384

**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.

	<b>Nine months ended 30 September 2017 RM'000</b>
Ultimate holding company	
- Management fees expense	2,273
- Interest expense	1,015
Related companies	
- Sales	(7,287)
- Purchases	2,726
- Rental of warehouse expenses	524
- Commission income	16
Joint venture company	
- Management fees received	(58)
- Interest received	(2,038)
- Sales	(159)
- Purchases	85
- Rental expenses	2,148



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**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 September 2017, 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:-

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>	<b>Carrying amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Fair value of financial instruments carried at fair value</b>					
Financial assets					
- Other receivables	-	-	7,263	7,263	7,263
<b>Fair value of financial instruments not carried at fair value</b>					
Financial liabilities					
- Bank borrowings	-	-	(142,565)	(142,565)	(142,565)
- Finance lease liabilities	-	-	(313)	(313)	(328)
- Ultimate holding company	-	-	(56,506)	(56,506)	(60,053)
Total	-	-	(192,121)	(192,121)	(195,683)



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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 third quarter ended 30 September 2017 increased by 26.1% or RM21.6 million to RM104.5 million from RM82.9 million in the preceding year corresponding quarter. This growth was mainly attributable to the revenue consolidation of a newly acquired foreign subsidiary.

Loss / profit before tax

Third quarter ended 30 September 2017 reported a loss before tax of RM12.8 million, a drop of RM15.5 million as compared to the preceding year corresponding quarter profit before tax of RM2.7 million.

The current quarter results have been impacted by the cessation of its Malaysia's printing operations announced on 20 July 2017, which the Group recorded a total closure cost of RM 13.6m (including redundancy expense of RM12.0 million), a FOREX loss of RM2.4 million as compared to a FOREX gain of RM0.9 million in the corresponding quarter and cost incurred for the new operations in Dubai of RM1.7 million, which commenced commercial production in October 2017. Excluding the aforesaid, the profit before tax for the third quarter ended 30 September 2017 would have been RM4.9 million.

In addition, Q3 2016 had the additional contribution of Benkert share of profit (which was disposed of in December 2016) of RM1.5 million and a claim from a supplier amounting to RM3.1 million mitigated by a redundancy expense for the downsizing of the Australian operations of RM5.1million.

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

Revenue

Group's revenue for the nine months ended 30 September 2017 of RM323.4 million was RM76.9 million or 31.2% higher than the previous corresponding period of RM246.5 million for reason stated above.

Loss / Profit before tax

Year-to-date ended 30 September 2017 reported a loss before tax of RM36.6 million, a drop of RM53.5 million as compared to the preceding year-to-date profit before tax of RM16.9 million.

The current year-to-date loss before tax was due to the proposed closure of the Australian and Malaysian operations as announced on 15 June 2017 and 20 July 2017 respectively at a total cost of RM43.8million, a FOREX loss of RM6.0 million as compared to a FOREX loss of RM1.6 million in the previous corresponding period and cost incurred for the new operations in Dubai of RM4.2 million, which commenced commercial production in October 2017, mitigated by the gain in disposal of fixed assets in Anzpac of RM3.5 million. Excluding the aforesaid, the profit before tax for the year-to-date ended 30 September 2017 would have been RM13.9 million.

In the corresponding year-to-date, there was also additional contribution of Benkert share of profit (which was disposed of in December 2016) of RM3.8 million and claim from supplier amounting to RM3.1 million, which was mitigated by a downsizing cost of the Australian operation amounting to RM 12.1 million.



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

Revenue

Group's revenue for current quarter under review decreased by RM4.0 million or 3.7% to RM104.5 million from RM108.5 million.

Loss / Profit before tax

Third quarter ended 30 September 2017 reported a loss before tax of RM12.8 million, a difference of RM15.7 million as compared to the preceding quarter loss before tax of RM28.5 million.

The key variance was due the Malaysian operation's total closure cost of RM 13.6m (including redundancy expense of RM12.0 million) in Q3 2017 as compared to the total closure cost of the Australian Operation of RM31.3million which was mitigated by the gain in disposal of fixed assets in Anzpac of RM3.5 million in Q2 2017.

**B3. Prospects**

The tobacco industry continues to face challenges from illicit trade and anti-smoking legislation. Barring unforeseen circumstances, the Group expects to complete the restructuring of its production footprint by year end 2017. Moving forward, the Group will be better placed to capitalize the growth opportunities in Indonesia and Dubai and to identify growth opportunities in other geographical segments.

**B4. Profit Forecast**

None.

**B5. Tax Expense**

	Current quarter ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current year	(170)	614	2,210	2,536
- Prior year	15	-	15	-
	(155)	614	2,225	2,536
Deferred tax				
- Origination and reversal of temporary differences	(5,705)	(25)	(5,726)	(60)
- Prior year	4	-	(382)	-
	(5,856)	589	(3,883)	2,476



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The Group's effective tax rate for the nine months ended 30 September 2017 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 addition, in the current quarter, there was a reversal of deferred tax liability originally made for taxable temporary differences of plant and equipment, the realization of which will not result in taxable gains or losses due to the proposed closure of the Malaysian operations and the transfer of plant and equipment to Dubai, which is in a tax-free zone.

**B6. Status of corporate proposals announced**

The Group does not have any corporate proposal as at the date of this announcement.

**B7. Borrowings and Debt Securities**

	30 September 2017		
	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Short-term borrowings</b>			
Borrowings – Revolving Credits	-	12,233	12,233
Borrowings – Finance lease liabilities	2	59	61
Borrowings – Term loan	2,788	-	2,788
Borrowings – Trust receipt	-	3,226	3,226
Borrowings – Trade facilities	-	55,293	55,293
Sub-totals	2,790	70,811	73,601
<b>Long-term borrowings</b>			
Borrowings – Revolving Credits	-	30,066	30,066
Borrowings – Finance lease liabilities	-	267	267
Borrowings – Term loan	38,959	-	38,959
Sub-totals	38,959	30,333	69,292
Grand total	41,749	101,144	142,893



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

<b>30 September 2017</b>			
	<b>Long- term borrowings</b>	<b>Short-term borrowings</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Ringgit Malaysia	267	5,061	
United States Dollar	57,343	65,819	Equivalent to USD29 million
Indonesian Rupiah	11,682	2,721	Equivalent to IDR46.2 million
Total	<u>69,292</u>	<u>73,601</u>	

**B8. Derivative Financial instruments**

As at 30 September 2017, there were no forward foreign exchange contracts for purchases or sales.

**B9. Changes in Material Litigation**

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

**B10. Dividends**

Total dividend declared and paid for the nine months ended 30 September 2017 comprising:

- The Company had on 30 June 2017 paid a final single-tier dividend of 8.00 sen per ordinary share totaling RM11,579,400 in respect of the financial year ended 31 December 2016.
- The Directors declared an interim single-tier dividend of 2.00 sen per ordinary share in respect of the financial year ending 31 December 2017 (2016: interim single-tier dividend of 4.00 sen per share). The payment date for the interim single-tier dividend in respect of the financial year ending 31 December 2017 was on 27 October 2017. In respect of the deposited securities, entitlement to dividends was determined on the basis of the record of depositors as at 29 September 2017.
- The Directors do not recommend any interim dividend for the period ended 30 September 2017.



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**B11. Earnings per share**

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

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

	<b>Nine months ended 30 September</b>	
	<b>2017</b>	<b>2016</b>
(Loss) / Profit attributable to equity holders of the Company (RM'000)	(17,410)	15,884
Weighted average number of ordinary shares in issue ('000)	144,743	134,446
Basic (loss)/earnings per share (sen)	(12.03)	11.81

(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 2016 was unqualified.

**B13. Profit for the period**

	<b>Current quarter ended 30 September 2017 RM'000</b>	<b>Nine months ended 30 September 2017 RM'000</b>
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	1,077	3,289
Depreciation of property, plant and equipment	9,327	26,093
Impairment loss of property, plant and equipment	458	11,515
Allowance for inventories obsolescence	1,891	2,944
Employee redundancy and related costs	11,600	31,940
Net foreign exchange loss	2,444	5,949
Gain on disposal of property, plant and equipment	646	4,124

Other than the above, there were no allowance for doubtful debts, bad debts written off, gain or loss on disposal of quoted or unquoted securities or investments or properties, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial period ended 30 September 2017.



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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:-

	<b>30 September 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Total retained earnings of the Company and its subsidiaries :		
Realised	145,120	278,007
Unrealised	(33,793)	(32,493)
	<hr/> 111,327	<hr/> 245,514
Total share of retained earnings of joint venture:		
Realised	(36)	(556)
Unrealised	(15)	65
	<hr/> (51)	<hr/> (491)
Consolidated adjustments	49,727	(55,031)
Total Group retained earnings as per consolidated interim financial statements	<hr/> 161,003	<hr/> 189,992

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.