



Financial Statements

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Directors' Report

for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2010.

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 | 13,821 | 20,673 |
| Minority interests | 5,080 | - |
| | 18,901 | 20,673 |

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 previous financial year, the Company paid a final dividend of 12.05% less tax at 25% per ordinary share totalling RM6,229,097 in respect of the financial year ended 31 December 2009 on 23 June 2010 (9.04 sen net per share).

The Directors have recommended the payment of a final dividend of 14.8% less tax at 25% per ordinary share totalling RM10,710,945 (11.10 sen net per share) in respect of the financial year ended 31 December 2010.

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) Dato' Mohamed Dahalan bin Sulaiman
Mej Jen (B) Datuk Abdul Kadir bin Nordin
Dato' Gan Nyap Liou @ Gan Nyap Liow
Tung Kum Hon
Goh Seng Chuan
Yen Wen Hwa (appointed on 1 September 2010)
Stanley Mark Mitchell (resigned on 31 August 2010)
Lt Jen (B) Datuk Hj. Abdul Aziz bin Hassan (retired on 3 June 2010)

Directors' Report

for the year ended 31 December 2010

Directors' interests in shares

The interests and deemed interests in the shares and options 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:

| | Number of ordinary shares with no par value | | | At 31.12.2010 |
|--|---|------------|------|------------------|
| | At 1.1.2010/ Date of appointment* | Bought | Sold | |
| Company | | | | |
| Deemed interest | | | | |
| Yen Wen Hwa | 37,139,400* | 15,063,860 | - | 52,203,260 |
| Holding Company | | | | |
| Yen Gary | | | | |
| Direct interest in New Toyo International Holdings Ltd | 62,462 | 37,477 | - | 99,939 |
| Deemed interest in New Toyo International Holdings Ltd | | | | |
| - Own | 36,761,213 | 22,056,727 | - | 58,817,940 |
| - Others | 1,137,000 | 556,200 | - | 1,693,200 |
| Yen Wen Hwa | | | | |
| Direct interest in New Toyo International Holdings Ltd | 87,474,478* | 52,484,686 | - | 139,959,164 |
| Deemed interest in New Toyo International Holdings Ltd | | | | |
| - Own | 36,761,213* | 22,056,727 | - | 58,817,940 |
| - Others | 18,182,861* | 10,909,716 | - | 29,092,577 |

By virtue of his interest in the shares of the Company, Yen Wen Hwa is deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares in, and debentures 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 Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff's interest in Toyoma Aluminium Foil Packaging Sdn. Bhd. and Yen Gary's and Yen Wen Hwa's interest in New Toyo Pulppy (Hong Kong) Ltd. and New Toyo Pulppy (Vietnam) Co., Ltd. where related party information is as disclosed in Note 31.

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.

Issue of shares

During the year, the Company has increased its authorised share capital from RM100,000,000 to RM200,000,000 by the creation of 100,000,000 new shares of RM1.00 each. The increase in authorised share capital was in conjunction with the proposed Renounceable Rights Issue.

On 25 November 2010, the Company has completed its proposal for Rights Issue of 27,570,000 new ordinary shares of RM1.00 each. The Rights Issue is on the basis of two (2) Rights Shares for every five (5) existing shares held. The issue price of the Rights Shares is at RM1.15 per share. All the ordinary shares rank pari passu in all respect with the existing shares of the Company.

There were no other changes in the authorised, issued and paid-up capital of the Company during 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 statements of comprehensive income and statements of financial position 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.

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 Group and in the Company financial statements 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.

Directors' Report

for the year ended 31 December 2010

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, except for the effects arising from the change in accounting policies as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 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:



.....
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff



.....
Yen Wen Hwa

Petaling Jaya, Selangor

Date: 25 March 2011

Statements of Financial Position

as at 31 December 2010

| | Note | Group | | | Company | |
|---|------|----------------------|------------------------------------|----------------------------------|----------------------|----------------------|
| | | 31.12.2010 RM'000 | 31.12.2009 RM'000 (Restated) | 1.1.2009 RM'000 (Restated) | 31.12.2010 RM'000 | 31.12.2009 RM'000 |
| Assets | | | | | | |
| Property, plant and equipment | 3 | 228,583 | 241,927 | 208,711 | 109 | 191 |
| Intangible assets | 4 | 44,004 | 53,022 | 54,176 | - | - |
| Investments in subsidiaries | 5 | - | - | - | 95,449 | 95,449 |
| Investment in an associate | 6 | 9,079 | 7,821 | 6,006 | 1,500 | 1,500 |
| Deferred tax assets | 7 | 3,207 | 3,201 | 2,250 | - | - |
| Trade and other receivables | 8 | 399 | 733 | 194 | - | - |
| Total non-current assets | | 285,272 | 306,704 | 271,337 | 97,058 | 97,140 |
| Trade and other receivables | 8 | 52,031 | 49,557 | 41,159 | 59,588 | 20,882 |
| Inventories | 9 | 68,964 | 57,339 | 58,031 | - | - |
| Current tax assets | | 2,188 | 316 | 878 | - | 91 |
| Assets held for sale | 10 | 7,584 | - | - | - | - |
| Cash and cash equivalents | 11 | 29,284 | 31,465 | 13,302 | 95 | 53 |
| Total current assets | | 160,051 | 138,677 | 113,370 | 59,683 | 21,026 |
| Total assets | | 445,323 | 445,381 | 384,707 | 156,741 | 118,166 |
| Equity | | | | | | |
| Share capital | 12 | 96,495 | 68,925 | 68,925 | 96,495 | 68,925 |
| Reserves | 13 | 92,913 | 87,028 | 72,245 | 59,817 | 41,737 |
| Total equity attributable to owners of the Company | | 189,408 | 155,953 | 141,170 | 156,312 | 110,662 |
| Minority interests | | 23,260 | 17,999 | 3,232 | - | - |
| Total equity | | 212,668 | 173,952 | 144,402 | 156,312 | 110,662 |
| Liabilities | | | | | | |
| Employee benefits | 14 | 904 | 927 | 847 | - | - |
| Deferred tax liabilities | 7 | 8,565 | 8,848 | 8,402 | - | - |
| Loans and borrowings | 15 | 61,592 | 137,865 | 124,733 | - | - |
| Ultimate holding company | 17 | 39,885 | 15,416 | 15,520 | - | - |
| Related companies | 18 | - | 486 | - | - | - |
| Total non-current liabilities | | 110,946 | 163,542 | 149,502 | - | - |
| Trade and other payables | 16 | 54,101 | 66,746 | 53,695 | 325 | 7,504 |
| Loans and borrowings | 15 | 67,405 | 37,880 | 34,720 | - | - |
| Current tax liabilities | | 203 | 3,261 | 2,388 | 104 | - |
| Total current liabilities | | 121,709 | 107,887 | 90,803 | 429 | 7,504 |
| Total liabilities | | 232,655 | 271,429 | 240,305 | 429 | 7,504 |
| Total equity and liabilities | | 445,323 | 445,381 | 384,707 | 156,741 | 118,166 |

The notes on pages 64 to 115 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Revenue | | | | | |
| - Sale of goods | | 354,666 | 328,610 | - | - |
| - Gross dividend income from unquoted subsidiaries and an unquoted associate | | - | - | 22,164 | - |
| | | 354,666 | 328,610 | 22,164 | - |
| Cost of sales | | (292,873) | (261,000) | - | - |
| Gross profit | | | | | |
| | | 61,793 | 67,610 | 22,164 | - |
| Other income | | 4,472 | 2,451 | - | 195 |
| Distribution expenses | | (13,234) | (10,474) | - | - |
| Administrative expenses | | (22,898) | (22,377) | (789) | (921) |
| Other expenses | | (3,447) | (3,046) | (1,459) | - |
| Results from operating activities | | | | | |
| | | 26,686 | 34,164 | 19,916 | (726) |
| Finance income | | 594 | 158 | 1,225 | 999 |
| Finance costs | 19 | (7,785) | (7,768) | (173) | (383) |
| Net finance (costs)/income | | | | | |
| | | (7,191) | (7,610) | 1,052 | 616 |
| Share of profit of equity accounted investee, net of tax | | 1,618 | 1,815 | - | - |
| Profit/(Loss) before tax | | | | | |
| | 20 | 21,113 | 28,369 | 20,968 | (110) |
| Tax expense | 22 | (2,212) | (7,113) | (295) | (38) |
| Profit/(Loss) for the year | | | | | |
| | | 18,901 | 21,256 | 20,673 | (148) |
| Other comprehensive income/(expense) | | | | | |
| Foreign currency translation differences for foreign operations | | (5,162) | 17,289 | - | - |
| Total comprehensive income/(expense) for the year | | | | | |
| | | 13,739 | 38,545 | 20,673 | (148) |
| Profit/(Loss) attributable to: | | | | | |
| Owners of the Company | | 13,821 | 15,450 | 20,673 | (148) |
| Minority interests | | 5,080 | 5,806 | - | - |
| Profit/(Loss) for the year | | | | | |
| | | 18,901 | 21,256 | 20,673 | (148) |
| Total comprehensive income/(expense) attributable to: | | | | | |
| Owners of the Company | | 8,478 | 23,778 | 20,673 | (148) |
| Minority interests | | 5,261 | 14,767 | - | - |
| Total comprehensive income/(expense) for the year | | | | | |
| | | 13,739 | 38,545 | 20,673 | (148) |
| Basic earnings per ordinary share (sen) | | | | | |
| | 23 | 17.0 | 22.4 | | |

The notes on pages 64 to 115 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

| | Note | Attributable to owners of the Company | | | | | Total RM'000 | Minority interests RM'000 | Total equity RM'000 |
|--|------|---------------------------------------|----------------------------|----------------------------------|----------------------------------|-------------------------------|-----------------|---------------------------------|---------------------------|
| | | Share capital RM'000 | Share premium RM'000 | Translation reserve RM'000 | Revaluation reserve RM'000 | Retained profits RM'000 | | | |
| Group | | | | | | | | | |
| At 1 January 2009 | | 68,925 | 8,868 | 3,990 | 4,878 | 54,509 | 141,170 | 3,232 | 144,402 |
| Total comprehensive income for the year | | - | - | 8,328 | - | 15,450 | 23,778 | 14,767 | 38,545 |
| Dividends to owners of the Company | 24 | - | - | - | - | (8,995) | (8,995) | - | (8,995) |
| At 31 December 2009/ 1 January 2010 | | | | | | | | | |
| At 1 January 2010 | | 68,925 | 8,868 | 12,318 | 4,878 | 60,964 | 155,953 | 17,999 | 173,952 |
| Total comprehensive income for the year | | - | - | (5,343) | - | 13,821 | 8,478 | 5,261 | 13,739 |
| Dividends to owners of the Company | 24 | - | - | - | - | (6,229) | (6,229) | - | (6,229) |
| Issue of ordinary shares | | 27,570 | 4,136 | - | - | - | 31,706 | - | 31,706 |
| Share issuance expenses | | - | (500) | - | - | - | (500) | - | (500) |
| | | 27,570 | 3,636 | - | - | - | 31,206 | - | 31,206 |
| At 31 December 2010 | | 96,495 | 12,504 | 6,975 | 4,878 | 68,556 | 189,408 | 23,260 | 212,668 |
| | | Note 12 | Note 13 | Note 13 | Note 13 | Note 13 | | | |

| 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 2009 | | | | | | |
| Total comprehensive income for the year | | 68,925 | 8,868 | 42,012 | | 119,805 |
| Dividends to owners of the Company | 24 | - | - | (148) | | (148) |
| | | - | - | (8,995) | | (8,995) |
| At 31 December 2009/1 January 2010 | | | | | | |
| At 1 January 2010 | | 68,925 | 8,868 | 32,869 | | 110,662 |
| Total comprehensive income for the year | | - | - | 20,673 | | 20,673 |
| Dividends to owners of the Company | 24 | - | - | (6,229) | | (6,229) |
| Issue of shares | | 27,570 | 4,136 | - | | 31,706 |
| Share issuance expenses | | - | (500) | - | | (500) |
| | | 27,570 | 3,636 | - | | 31,206 |
| At 31 December 2010 | | 96,495 | 12,504 | 47,313 | | 156,312 |

Statements of Cash Flows

for the year ended 31 December 2010

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit/(Loss) before tax | | 21,113 | 28,369 | 20,968 | (110) |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | 4 | 2,520 | 1,260 | - | - |
| Depreciation of property, plant and equipment | 3 | 19,448 | 17,920 | 82 | 82 |
| Dividend income | | - | - | (22,164) | - |
| Loss/(Gain) on disposal of property, plant and equipment | | 2 | (1) | - | - |
| Finance costs | 19 | 7,785 | 7,768 | 173 | 383 |
| Finance income | | (594) | (158) | (1,225) | (999) |
| Inventories written off | | 446 | 804 | - | - |
| Property, plant and equipment written off | | 1 | 72 | - | - |
| Retirement benefits provided | 14 | 3,252 | 3,409 | - | - |
| Share of profit of equity accounted associate, net of tax | | (1,618) | (1,815) | - | - |
| Unrealised (gain)/loss on foreign exchange differences | | (1,446) | 484 | 673 | (89) |
| Operating profit/(loss) before changes in working capital | | | | | |
| Change in inventories | | (12,071) | (69) | - | - |
| Change in trade and other receivables, deposits and prepayments | | (1,780) | (2,173) | (1) | (2) |
| Change in trade and other payables | | (9,824) | 8,937 | 183 | (266) |
| Cash generated from/(used in) operations | | | | | |
| Dividends received | | - | - | 22,027 | - |
| Interest received | | 594 | 158 | 1,225 | 999 |
| Retirement benefits paid | | (237) | (1,002) | - | - |
| Income tax paid | | (7,401) | (5,972) | - | (12) |
| Income tax refund | | - | - | 37 | 196 |
| Net cash from operating activities | | | | | |
| | | 20,190 | 57,991 | 21,978 | 182 |

Statements of Cash Flows
for the year ended 31 December 2010

| | Note | Group | | Company | |
|--|----------|-----------------|-----------------|-----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash flows from investing activities | | | | | |
| Acquisition of subsidiary, net of cash and cash equivalents acquired | 32 | - | (12,253) | - | (12,860) |
| Acquisition of property, plant and equipment | 3 | (21,119) | (22,551) | - | - |
| Proceeds from disposal of property, plant and equipment | | 2 | 601 | - | - |
| Advances (to)/from subsidiaries | | - | - | (39,378) | 13,391 |
| Net cash (used in)/generated from investing activities | | (21,117) | (34,203) | (39,378) | 531 |
| Cash flows from financing activities | | | | | |
| Proceeds from loans and borrowings | | 17,606 | 18,194 | - | - |
| Repayment of hire purchase liabilities | | - | (178) | - | - |
| Dividends paid to shareholders of the company | 24 | (6,229) | (8,995) | (6,229) | (8,995) |
| Interest paid | | (7,785) | (7,768) | (173) | (383) |
| Net proceeds from right issue | | 31,206 | - | 31,206 | - |
| Repayment of loans and borrowings | | (57,379) | (1,724) | - | - |
| (Repayment to)/Proceeds from related company | | (5,700) | 6,468 | (7,362) | 8,670 |
| Advance from/(to) ultimate holding company | | 25,270 | (4,353) | - | - |
| Net cash (used in)/generated from financing activities | | (3,011) | 1,644 | 17,442 | (708) |
| Net (decrease)/increase in cash and cash equivalents | | (3,938) | 25,432 | 42 | 5 |
| Effect of exchange rate fluctuations on cash held | | 1,757 | (7,269) | - | - |
| Cash and cash equivalents at 1 January | | 31,465 | 13,302 | 53 | 48 |
| Cash and cash equivalents at 31 December | <i>i</i> | 29,284 | 31,465 | 95 | 53 |

i) Cash and cash equivalents

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

| | Note | Group | | Company | |
|------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Deposits with licensed banks | 11 | 382 | 3,107 | - | - |
| Cash and bank balances | 11 | 28,902 | 28,358 | 95 | 53 |
| | | 29,284 | 31,465 | 95 | 53 |

The notes on pages 64 to 115 are an integral part of these financial statements.

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 2010 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 2010 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 ultimate holding company during the financial year is New Toyo International Holdings Ltd., a company incorporated in Singapore.

The financial statements were authorised for issue by the Board of Directors on 25 March 2011.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation – Classification of Right Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First Time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First Time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemption for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments
- Amendments to FRS 2, Group Cash-settled Share-based Payment Transactions
- IC Interpretation 4, Determining whether an Arrangement contains a Lease
- IC Interpretation 18, Transfers of Assets from Customers
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement
- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate

The Group and the Company plan to apply the above mentioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS 1, IC Interpretation 4, 9, 12, 17 and 18, which is not applicable to the Group and Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

Following the announcement by the MASB on 1 August 2008, the Group's and Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012. The management has yet to assess the impact on the financial position and performance of the Group and the Company.

(b) Basis of measurement

These 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 FRSs 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.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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 3 - Valuation of leasehold land and buildings
- Note 4 - Valuation of intangible assets
- Note 14 - Measurement of employee benefits

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, other than those disclosed in the following notes:

- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(h) - Receivables
- Note 2(p) - Borrowing costs
- Note 2(s) - Operating segments

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. 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. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statements of financial position at cost less impairment losses, unless the investment is classified as held for sale.

(ii) Associate

An associate is an entity, 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 included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted 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 equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil 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 investee.

Investment in associate is stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Changes in group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in profit or loss.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority interests 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.

(iv) Minority interests

Minority interests at the end of the reporting period, being the portion of the net identifiable assets subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, 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. Minority interests in the results of the Group is presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) 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 investee are eliminated against the investment to the extent of the Group's interest in the investee. 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 transaction.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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.

(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 intangible assets of goodwill and 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 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, excluding operations in hyperinflationary economies, 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). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

(iii) Net investment in foreign operations

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 within equity. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

(c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 33.

(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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

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/valuation less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment under the revaluation model

The Group revalue its land and buildings every five (5) years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value. Additions subsequent to their valuation are stated in the financial statements at cost until the next revaluation exercise. Land and buildings are stated at Directors' valuation based on professional valuation performed by an independent external valuer, Khong & Jaafar on the open market basis on 31 December 2006. The next valuation is expected to be in 2011. Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all cases, a decrease in carrying amount is recognised in profit or loss.

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.

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 gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part 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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part 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. The estimated useful lives for the current and comparative periods are as follows:

| | |
|--|---------------|
| • Leasehold land | 4 - 50 years |
| • Buildings | 20 - 50 years |
| • Renovation | 10 - 20 years |
| • Plant and machineries | 3 - 15 years |
| • Motor vehicles | 5 years |
| • Furniture, fittings and office equipment | 3 - 10 years |
| • Air conditioners | 5 - 10 years |

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

(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. On 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.

(ii) Operating lease

Leases, where the Group 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 Group's 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.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, *Leases* in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

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.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investee, 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 investee.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(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 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

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 they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the contract value.

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 estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(g) Inventories (continued)

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(i) Assets held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, 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 cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances and deposits with banks which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with note 2(c).

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) 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 equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 and recognised to profit or loss.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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 asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate or return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument 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.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, assets arising from employee benefits and asset held for sale) 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 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 groups of assets (the "cash-generating unit"). 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 to sell. 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 cash-generating unit exceeds its 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 units and then to reduce the carrying amount of the other assets in the unit (groups of 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 year in which the reversals are recognised.

(l) Equity instruments

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

Issue expenses

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

2. Significant accounting policies (continued)

(m) 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) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate equals the annual yield on 5 years investment grade bond, round up to the next higher 0.5%. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or any settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(n) 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.

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 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.

2. Significant accounting policies (continued)

(o) Revenue and other income

(i) Revenue from sale of goods

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

(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 the 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) Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss except for finance 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.

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of FRS 123, *Borrowing Costs*, 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.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates 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 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 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 apply 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.

2. Significant accounting policies (continued)

(q) Income tax (continued)

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.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per 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.

(s) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that are different from those of other segments.

Following the adoption of FRS 8, *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. An 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 assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

| Group | Note | Land RM'000 | Leasehold buildings RM'000 | Freehold buildings RM'000 | Plant and machineries RM'000 | Motor vehicles RM'000 | Furniture, fittings and office equipment RM'000 | Air conditioners RM'000 | Capital work in progress RM'000 | Total RM'000 |
|--|------|----------------|----------------------------------|---------------------------------|------------------------------------|-----------------------------|---|-------------------------------|--|-----------------|
| Cost | | | | | | | | | | |
| At 1 January 2009, restated | | 47,207 | 18,696 | 21,249 | 172,389 | 1,694 | 6,241 | 1,038 | 512 | 269,026 |
| Acquisitions through business combination | 32 | 523 | 3,424 | - | 2,043 | 7 | 6 | - | - | 6,003 |
| Additions | | - | 48 | - | 19,977 | 91 | 1,373 | 21 | 1,041 | 22,551 |
| Disposal | | - | - | - | (464) | (728) | (6) | - | - | (1,198) |
| Write off | | - | (64) | - | (6) | - | (7) | - | - | (77) |
| Reclassification/Transferred | | (4) | - | (122) | 342 | - | 329 | - | (512) | 33 |
| Effect of movement in exchange rates | | 2,657 | 326 | 4,394 | 20,725 | (20) | 905 | - | - | 28,987 |
| At 31 December 2009/ 1 January 2010, restated | | 50,383 | 22,430 | 25,521 | 215,006 | 1,044 | 8,841 | 1,059 | 1,041 | 325,325 |

Notes to the Financial Statements

3. Property, plant and equipment (continued)

| Group | Note | Land RM'000 | Leasehold buildings RM'000 | Freehold buildings RM'000 | Plant and machineries RM'000 | Motor vehicles RM'000 | Furniture, fittings and office equipment RM'000 | Air conditioners RM'000 | Capital work in progress RM'000 | Total RM'000 |
|--|------|----------------|----------------------------------|---------------------------------|------------------------------------|-----------------------------|---|-------------------------------|--|-----------------|
| Cost | | | | | | | | | | |
| Additions | | - | 168 | 6 | 18,138 | - | 2,758 | 49 | - | 21,119 |
| Disposal | | - | - | - | (3) | - | (6) | - | - | (9) |
| Write off | | - | - | - | - | - | - | (1) | - | (1) |
| Transferred | | - | - | - | 974 | - | - | - | (974) | - |
| Transferred to assets held for sale | 10 | (3,000) | - | (5,141) | - | - | - | - | - | (8,141) |
| Effect of movement in exchange rates | | 4,357 | (814) | (1,790) | (10,515) | (3) | (450) | (30) | (67) | (9,312) |
| At 31 December 2010 | | 51,740 | 21,784 | 18,596 | 223,600 | 1,041 | 11,143 | 1,077 | - | 328,981 |
| Representing items at | | | | | | | | | | |
| Cost | | 36,740 | 10,344 | 18,596 | 223,600 | 1,041 | 11,143 | 1,077 | - | 302,541 |
| Valuation | | 15,000 | 11,440 | - | - | - | - | - | - | 26,440 |
| At 31 December 2010 | | 51,740 | 21,784 | 18,596 | 223,600 | 1,041 | 11,143 | 1,077 | - | 328,981 |
| Depreciation | | | | | | | | | | |
| At 1 January 2009, restated | | 2,104 | 3,164 | 415 | 47,949 | 915 | 4,838 | 930 | - | 60,315 |
| Charge for the year | | 468 | 927 | 809 | 14,653 | 186 | 851 | 26 | - | 17,920 |
| Disposal | | - | - | - | (196) | (396) | (6) | - | - | (598) |
| Write off | | - | - | - | - | - | (5) | - | - | (5) |
| Reclassification/Transferred | | (4) | - | - | - | - | - | - | - | (4) |
| Effect of movement in exchange rates | | - | 425 | 120 | 4,660 | 20 | 545 | - | - | 5,770 |
| At 31 December 2009/ 1 January 2010, restated | | 2,568 | 4,516 | 1,344 | 67,066 | 725 | 6,223 | 956 | - | 83,398 |
| Charge for the year | | 456 | 1,081 | 834 | 15,904 | 129 | 1,013 | 31 | - | 19,448 |
| Disposal | | - | - | - | (3) | - | (2) | - | - | (5) |
| Transferred to assets held for sale | 10 | - | - | (557) | - | - | - | - | - | (557) |
| Effect of movement in exchange rates | | 209 | (33) | (162) | (1,828) | (3) | (66) | (3) | - | (1,886) |
| At 31 December 2010 | | 3,233 | 5,564 | 1,459 | 81,139 | 851 | 7,168 | 984 | - | 100,398 |
| Carrying amounts | | | | | | | | | | |
| At 1 January 2009, restated | | 45,103 | 15,532 | 20,834 | 124,440 | 779 | 1,403 | 108 | 512 | 208,711 |
| At 31 December 2009/ 1 January 2010, restated | | 47,815 | 17,914 | 24,177 | 147,940 | 319 | 2,618 | 103 | 1,041 | 241,927 |
| At 31 December 2010 | | 48,507 | 16,220 | 17,137 | 142,461 | 190 | 3,975 | 93 | - | 228,583 |

3. Property, plant and equipment (continued)

| Company | Motor vehicles RM'000 |
|--|-----------------------------|
| At cost | |
| At 1 January 2009/31 December 2009/1 January 2010/31 December 2010 | 410 |
| Depreciation | |
| At 1 January 2009 | 137 |
| Charge for the year | 82 |
| At 31 December 2009/1 January 2010 | 219 |
| Charge for the year | 82 |
| At 31 December 2010 | 301 |
| Carrying amounts | |
| At 1 January 2009 | 273 |
| At 31 December 2009/1 January 2010 | 191 |
| At 31 December 2010 | 109 |

3.1 Revaluation

Leasehold land and buildings of the Group are stated at Directors' valuation based on a professional valuation made by a registered valuer, on the open market basis conducted in December 2006.

Had the land and leasehold buildings which are carried at valuation been stated at historical cost, the net book value of the land and leasehold buildings would be RM9,306,000 (2009: RM9,545,000).

3.2 Security

At 31 December 2010, properties with a carrying amount of RM41,610,359 (2009: RM32,333,268) has been charged to secure banking facilities granted to a subsidiaries (see Note 15).

3.3 Land

Included in the carrying amount of land are:

| | 2010 RM'000 | Group 2009 RM'000 Restated |
|--|----------------|-------------------------------------|
| Freehold land | 31,723 | 30,920 |
| Leasehold land with unexpired lease period of more than 45 years | 16,784 | 16,895 |
| | 48,507 | 47,815 |

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, *Leases*, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

4. Intangible assets

| Group | Note | Goodwill RM'000 | Contract value RM'000 | Total RM'000 |
|---|------|--------------------|-----------------------------|-----------------|
| Cost | | | | |
| At 1 January 2009 | | 14,975 | 39,201 | 54,176 |
| Acquired through business combination | 32 | 106 | - | 106 |
| At 31 December 2009/1 January 2010 | | 15,081 | 39,201 | 54,282 |
| Effect of movements in exchange rates | | - | (6,498) | (6,498) |
| At 31 December 2010 | | 15,081 | 32,703 | 47,784 |
| Amortisation | | | | |
| At 1 January 2009/31 December 2009/1 January 2010 | | - | 1,260 | 1,260 |
| Amortisation for the year | | - | 2,520 | 2,520 |
| At 31 December 2010 | | - | 3,780 | 3,780 |
| Carrying amounts | | | | |
| At 1 January 2009 | | 14,975 | 39,201 | 54,176 |
| At 31 December 2009/1 January 2010 | | 15,081 | 37,941 | 53,022 |
| At 31 December 2010 | | 15,081 | 28,923 | 44,004 |

4.1 Amortisation

Amortisation of contract value is allocated to administrative 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 is monitored for internal management purpose.

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

| | Note | Group | |
|---------------------------------------|------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 |
| Goodwill | | | |
| Toyo (Viet) Paper Product Co., Ltd. | a | 106 | 106 |
| Alliance Print Technologies Co., Ltd. | a | 14,975 | 14,975 |
| | | 15,081 | 15,081 |
| Contract Value | | | |
| Max Ease International Limited | b | 28,923 | 37,941 |
| | | 44,004 | 53,022 |

Goodwill and contract value are allocated to each unit expected to the benefit from the synergies of the acquisitions. The recoverable amount of each unit was based on value in use calculations. The recoverable amounts for all the cash-generating units ("CGUs") are higher than the carrying amount of the goodwill and contract value allocated and hence no impairment loss was recognised during the year.

4. Intangible assets (continued)

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

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 financial budget approved by management covering three (3) years period.
- Cash flows for further three (3) years period were extrapolated using a constant growth rate of 5 percent (2009: 5 percent) which does not exceed the average historical growth rate over the long term for the industry.
- The pre-tax discount rate applied is based on current specific country risk which is estimated to be approximately 10 percent per annum.
- The Group expects Toyo (Viet) Paper Product Co., Ltd. and Alliance Print Technologies Co., Ltd. to be going concern.

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 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 based on financial budget approved by management and is based on the seven (7) years supply agreement with a right to extend for additional three years with an average growth rate of 5 percent per annum.
- The pre-tax discount rate applied is based on current specific country risk which is estimated to be approximately 10 percent per annum.

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 of each unit. Based on the above review, there is no evidence of impairment on the Group's intangible assets.

5. Investments in subsidiaries

| | Company | |
|-----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| At cost | | |
| Unquoted shares | 95,449 | 95,449 |

5. Investments in subsidiaries (continued)

Details of the subsidiaries as follow:

| Name of companies | Country of incorporation | Principal activities | Effective ownership interest | |
|--|--------------------------|---|------------------------------|--------|
| | | | 2010 % | 2009 % |
| 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 company. | 100 | 100 |
| *New Toyo Investment Pte. Ltd. ("NTIV") | Singapore | Investment holding company. | 100 | 100 |
| Subsidiary of NTIV: *Alliance Print Technologies Co., Ltd. ("APT") | Vietnam | Provide printing services for tobacco packaging & packaging services in general. | 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 |
| *Toyo (Viet) Paper Product Co., Ltd. ("TVPP") | 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 HKAS27 or FRS127; Consolidated and Separate Financial Statements, because the subsidiary does not prepare consolidated financial statements. These financial statements were subsequently included in the Group consolidated financial statements.

6. Investment in an associate

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| At cost: | | | | |
| Unquoted shares | 1,500 | 1,500 | 1,500 | 1,500 |
| Share of post-acquisition reserves | 7,579 | 6,321 | - | - |
| | 9,079 | 7,821 | 1,500 | 1,500 |

Summary financial information on associate:

| | Country of incor- poration | Effective ownership interest | Revenue (100%) RM'000 | Profit (100%) RM'000 | Total assets (100%) RM'000 | Total liabilities (100%) RM'000 |
|------------------------------|----------------------------------|------------------------------------|-----------------------------|----------------------------|-------------------------------------|--|
| 2010 | | | | | | |
| Benkert (Malaysia) Sdn. Bhd. | Malaysia | 30% | 69,276 | 5,394 | 40,826 | (7,443) |
| 2009 | | | | | | |
| Benkert (Malaysia) Sdn. Bhd. | Malaysia | 30% | 69,915 | 6,052 | 37,788 | (7,969) |

7. Deferred tax (assets)/liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Group | | | | | | |
| Property, plant and equipment | (94) | (3,201) | 8,240 | 8,570 | 8,146 | 5,369 |
| Provisions | (3,012) | - | 272 | 278 | (2,740) | 278 |
| Other items | (101) | - | - | - | (101) | - |
| Assets held for sale | - | - | 53 | - | 53 | - |
| Net tax (assets)/liabilities | (3,207) | (3,201) | 8,565 | 8,848 | 5,358 | 5,647 |

Movement in temporary differences during the year

| | At 1.1.2009 RM'000 | Recognised in profit or loss RM'000 (Note 22) | Recognised directly in equity RM'000 (Note 22) | Acquired in business combination RM'000 | At 31.12.2009 RM'000 | Recognised in profit or loss RM'000 (Note 22) | Recognised directly in equity RM'000 (Note 22) | At 31.12.2010 RM'000 |
|----------------------------------|--------------------------|---|--|--|----------------------------|---|--|----------------------------|
| Group | | | | | | | | |
| Property, plant and equipment | 6,645 | (697) | (602) | 22 | 5,368 | (305) | (30) | 5,033 |
| Provisions | (363) | 642 | - | - | 279 | (7) | - | 272 |
| Other items | (130) | 130 | - | - | - | - | - | - |
| Assets held for sale | - | - | - | - | - | 53 | - | 53 |
| | 6,152 | 75 | (602) | 22 | 5,647 | (259) | (30) | 5,358 |

7. Deferred tax (assets)/liabilities (continued)**Unrecognised deferred tax assets**

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

| | Group | |
|-------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Tax loss carry-forwards | 159 | 302 |

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50%). If there is substantial change in shareholders, unutilised tax loss carry-forwards amounting to RM159,000 (2009: RM302,000) will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

8. Trade and other receivables

| | Note | Group | | Company | |
|-----------------------|----------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | a | 35,903 | 40,344 | - | - |
| Related companies | a | 15 | 1,322 | - | - |
| | | 35,918 | 41,666 | - | - |
| Non-trade | | | | | |
| Subsidiaries | b | - | - | 59,567 | 20,862 |
| Other receivables | | 5,299 | 4,694 | 15 | 15 |
| Deposits | | 8,569 | 1,356 | 1 | 1 |
| Prepayments | | 2,245 | 1,841 | 5 | 4 |
| | | 52,031 | 49,557 | 59,588 | 20,882 |
| Non-current | | | | | |
| Long term prepayments | c | 399 | 733 | - | - |

Note a

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

Note b

Amount due from subsidiaries comprise advances which are unsecured, subject to interest of up to 5% (2009: 5%) per annum and are collectable on demand.

Note c

Long term prepayment represents costs of tools and supplies that can be used for more than one year and are recognised in the statements of comprehensive income on a straight line basis over a period of more than one year.

9. Inventories

| | Group | |
|-------------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| At cost | | |
| Raw materials and consumables | 49,641 | 39,584 |
| Work-in-progress | 5,171 | 4,099 |
| Finished goods | 14,152 | 13,656 |
| | 68,964 | 57,339 |

Inventories written off amounted to RM446,000 (2009: RM804,000) in respect of the Group. The write off is included in cost of sales.

10. Assets held for sale

Part of the land and building ("the properties") of the Group is presented as assets held for sale following the commitment of the Group's management to a plan to sell the properties to an external party. Efforts to sell have commenced and the sale is expected to complete by third quarter of 2011. As of 31 December 2010, the properties classified as held for sale are as follows:-

| | Note | Group |
|--------------------|------|----------------|
| | | 2010 RM'000 |
| Freehold land | 3 | 3,000 |
| Freehold buildings | 3 | 4,584 |
| | | 7,584 |

On 27 January 2011, Tien Wah Properties Sdn. Bhd., a wholly-owned subsidiary had entered into a Sale and Purchase Agreement with Daijin Tech (M) Sdn. Bhd. (Company No. 663138-K) ("DTM") to sell to DTM all that piece of freehold land held under GM 2119 for Lot 5007 in the Mukim of Kapar, Daerah Klang, Negeri Selangor in area measuring approximately 12,140.55 square meters together with the buildings erected therein for a total consideration of Ringgit Malaysia Nine Million and Two Hundred Thousand (RM9,200,000) only.

11. Cash and cash equivalents

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash and bank balances | 28,902 | 28,358 | 95 | 53 |
| Deposits with licensed banks | 382 | 3,107 | - | - |
| | 29,284 | 31,465 | 95 | 53 |

Deposit of the Group has an average maturity of 365 days (2009: 365 days). Bank balances and deposits are held at call with banks.

12. Share capital

| | Group and Company | | | |
|--------------------------------|-------------------|-----------------------------|----------------|-----------------------------|
| | 2010 RM'000 | Number of shares '000 | 2009 RM'000 | Number of shares '000 |
| Authorised: | | | | |
| Ordinary shares of RM1.00 each | 100,000 | 100,000 | 100,000 | 100,000 |
| Created during the year | 100,000 | 100,000 | - | - |
| Total | 200,000 | 200,000 | 100,000 | 100,000 |
| Issued and fully paid: | | | | |
| At 1 January | 68,925 | 68,925 | 68,925 | 68,925 |
| Shares issued | 27,570 | 27,570 | - | - |
| At 31 December | 96,495 | 96,495 | 68,925 | 68,925 |

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.

During the year, the Company has increased its authorised share capital from RM100,000,000 to RM200,000,000 by the creation of 100,000,000 new shares of RM1.00 each. The increase in authorised share capital was in conjunction with the proposed Renounceable Rights Issue.

On 25 November 2010, the Company has completed its proposal for Rights Issue of 27,570,000 new ordinary shares of RM1.00 each. The Rights Issue is on the basis of two (2) Rights Shares for every five (5) existing shares held. The issue price of the Rights Shares is at RM1.15 per share. All the ordinary shares rank pari passu in all respect with the existing shares of the Company.

13. Reserves

| Note | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Non distributable: | | | | |
| Share premium | 12,504 | 8,868 | 12,504 | 8,868 |
| Translation reserve | 6,975 | 12,318 | - | - |
| Revaluation reserve | 4,878 | 4,878 | - | - |
| Distributable: | | | | |
| Retained profits | 68,556 | 60,964 | 47,313 | 32,869 |
| | 92,913 | 87,028 | 59,817 | 41,737 |

13.1 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.

13.2 Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations with foreign currencies other than RM and exchange difference in monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met.

13. Reserves (continued)**13.3 Revaluation reserve**

The revaluation reserve represents the surplus on revaluation of leasehold land net of deferred tax and leasehold buildings net of tax as described in Note 3.

13.4 Retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves as at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. Employee benefits

| | Note | Group 2010 RM'000 | 2009 RM'000 |
|---|------|-------------------------|----------------|
| 14.1 Retirement benefits and other employee benefits | | | |
| Total present value of unfunded obligations | | 1,049 | 1,153 |
| Recognised liability for defined benefit obligations | | 1,049 | 1,153 |
| Liability for long-service leave | | 4,915 | 4,662 |
| Provision for annual leaves | | 2,857 | 2,588 |
| Total employee benefits | | 8,821 | 8,403 |
| Analysed as: | | | |
| Current | 16 | 7,917 | 7,476 |
| Non-current | | 904 | 927 |
| | | 8,821 | 8,403 |

The Group makes contributions to a non-contributory defined benefit plans that provide pension for eligible employees upon retirement. 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 RM23,793 (2009: RM38,521) which is governed by Vietnamese Labour Code, when employees who have worked for 12 months or more ("eligible employees") voluntarily terminates his/her labour contract, 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 2008 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.

14. Employee benefits (continued)

14.1 Retirement benefits and other employee benefits (continued)

Movement in the present value of the defined benefit obligations

| | Group | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Liability for defined benefit obligations at 1 January | 1,153 | 1,444 |
| Benefits paid by the plan* | (237) | (610) |
| Expense recognised in the statements of comprehensive income | 133 | 319 |
| Defined benefit obligations at 31 December | 1,049 | 1,153 |

* A portion of the benefits to be paid from the plan is in other payables of RM290,000 (2009: RM2,419,000) which is payable upon retirement or resignation from the Company (refer Note 16).

Employee benefits expense recognised in statements of comprehensive income

| | | Group | |
|---------------------------------------|------|----------------|----------------|
| | Note | 2010 RM'000 | 2009 RM'000 |
| Current service cost | | 83 | 247 |
| Addition of interest on obligation | | 50 | 72 |
| Net retirement benefits expense | 20 | 133 | 319 |
| Provision for long term service leave | 20 | 590 | 1,514 |
| Provision for annual leave | 20 | 2,529 | 1,576 |
| Total employee benefits expense | | 3,252 | 3,409 |

The expense is recognised in the following line items in statements of comprehensive income:

| | Group | |
|-------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Cost of sales | 2,884 | 2,432 |
| Distribution expenses | 281 | 310 |
| Administrative expenses | 87 | 667 |
| | 3,252 | 3,409 |

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

| | Group | |
|------------------------------|-------|------|
| | 2010 | 2009 |
| Discount rate at 31 December | 5% | 5% |
| Future salary increases | 5% | 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.

15. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings. For more information about the Group's exposure to interest rate and foreign currency risk (refer Note 26).

| | Note | Group | |
|-----------------------------|------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 |
| Non-current | | | |
| Term loans - secured | a | 11,438 | 75,355 |
| Term loans - unsecured | a | - | 1,096 |
| Revolving credits - secured | b | 50,154 | 61,414 |
| | | 61,592 | 137,865 |

| | Note | Group | |
|----------------------------------|------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 |
| Current | | | |
| Term loans - secured | a | 8,617 | 4,073 |
| Term loans - unsecured | a | 16,544 | 12,578 |
| Revolving credits - unsecured | b | 16,165 | 11,849 |
| Revolving credits - secured | b | 12,539 | - |
| Bankers' acceptances - unsecured | c | 13,540 | 9,380 |
| | | 67,405 | 37,880 |

Security

Secured term loans and revolving credits are secured by inventories 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 AUD3 million 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 subsidiaries shall not exceed 1.5, 1.8, 2.0 and 3.0 times; and
- (v) Tangible networth of APT and Toyo (Viet) Paper Product Co., Ltd. shall be maintained at not less than SGD7 million and SGD4.5 million respectively.

15. Loans and borrowings (continued)

Note a

The secured and unsecured term loans for the Group bear variable interest ranging from 2.84% to 4.42% (2009: 4.42% to 8.15%) per annum and is repayable in 20 equal quarterly instalments from 2010 until 2015 (2009: 20 equal quarterly instalments from 2010 until 2014).

Note b

The secured and unsecured revolving credits for the Group bear variable interest ranging from 1.80% to 6.35% (2009: 2.49% to 4.20%) per annum.

Note c

The unsecured bankers' acceptances for the Group bear variable interest ranging from 2.98% to 3.91% (2009: 2.97% to 3.09%) per annum.

Terms and debt repayment schedule

| | | Year of maturity | Carrying amounts RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 |
|----------------------|-------------|------------------|----------------------------|------------------------|-----------------------|-----------------------|
| 2010 | | | | | | |
| Bankers' acceptances | - unsecured | 2011 | 13,540 | 13,540 | - | - |
| Term loans | - secured | 2015 | 20,055 | 8,617 | 9,166 | 2,272 |
| | - unsecured | 2011 | 16,544 | 16,544 | - | - |
| Revolving credits | - secured | 2015 | 62,693 | 12,539 | 25,077 | 25,077 |
| | - unsecured | 2011 | 16,165 | 16,165 | - | - |
| | | | 128,997 | 67,405 | 34,243 | 27,349 |
| 2009 | | | | | | |
| Bankers' acceptances | - unsecured | 2010 | 9,380 | 9,380 | - | - |
| Term loans | - secured | 2014 | 79,428 | 4,073 | 32,470 | 42,885 |
| | - unsecured | 2011 | 13,674 | 12,578 | 1,096 | - |
| Revolving credits | - secured | 2011 | 61,414 | - | 61,414 | - |
| | - unsecured | 2010 | 11,849 | 11,849 | - | - |
| | | | 175,745 | 37,880 | 94,980 | 42,885 |

16. Trade and other payables

| Current | Note | Group | | Company | |
|--------------------------|-----------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Trade | | | | | |
| Trade payables | a | 20,990 | 26,275 | - | - |
| Related companies | a | 300 | 417 | - | - |
| | | 21,290 | 26,692 | - | - |
| Non-trade | | | | | |
| Other payables | b | 8,037 | 11,182 | 250 | 72 |
| Accruals expenses | | 5,368 | 7,338 | 75 | 70 |
| Employee benefits | 14 | 7,917 | 7,476 | - | - |
| Ultimate holding company | c | 7,709 | 6,908 | - | - |
| Related companies | d | 3,780 | 7,150 | - | 7,362 |
| | | 54,101 | 66,746 | 325 | 7,504 |

16. Trade and other payables (continued)**Note a**

Trade payables and amount due to related companies are subject to the normal trade terms of 30 days.

Note b

Included in other payables is an amount of RM290,000 (2009: RM2,419,000) which is payable upon employees retirement or resignation (refer Note 14). On 16 December 2009, the Company has mutually agreed with Union to early release payment of this amount to eligible workers and staff. The payment was made at the end of March 2010.

Note c

Amount due to ultimate holding company is unsecured, subject to interest ranging from 1.09% to 5% (2009: 3.7% to 5%) and has no fixed term of repayment.

Note d

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

17. Ultimate holding company

Amounts due to ultimate holding company are both interest bearing and non-interest bearing. All are non-trade in nature and unsecured. Interest bearing loans from the ultimate holding company are under the following terms:

- RM26,504,284 is subject to Singapore Interbank Offered Rate ("SIBOR") + 0.5% per annum and repayable by 8 half-yearly instalments commencing from 30 June 2013.
- RM627,275 is subject to fixed interest rate of 5% per annum and is not expected to be repayable within the next 12 months.

Non-interest bearing loan of RM12,753,339 is in the form of unsecured advances for the acquisition of a subsidiary and is not expected to be repayable within the next 12 months.

18. Related companies

Amounts due to related companies are non-trade, unsecured, interest free and have no fixed term of repayment.

19. Finance costs

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss: | | | | |
| - related companies | - | - | 173 | 383 |
| - banker's acceptances | 473 | 361 | - | - |
| - hire purchase | - | 8 | - | - |
| - term loans | 1,625 | 6,679 | - | - |
| - revolving credits | 4,440 | 572 | - | - |
| - other borrowings | 1,247 | 148 | - | - |
| | 7,785 | 7,768 | 173 | 383 |

Notes to the Financial Statements

20. Profit/(Loss) before tax

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Profit/(Loss) before tax is arrived at/after charging: | | | | | |
| Amortisation on intangible assets | 4 | 2,520 | 1,260 | - | - |
| Auditors' remuneration | | | | | |
| - Statutory audit KPMG | | 89 | 61 | 47 | 42 |
| Under provision in prior year | | 35 | - | 35 | - |
| Overseas affiliates of KPMG | | 231 | 220 | - | - |
| Other auditors | | 10 | 10 | - | - |
| - Other services KPMG | | 30 | 23 | 30 | 23 |
| Directors' emoluments | | | | | |
| - fees | 21 | 197 | 198 | 193 | 210 |
| - salaries and allowances | 21 | 554 | 640 | 72 | 71 |
| Depreciation of property, plant and equipment | 3 | 19,448 | 17,920 | 82 | 82 |
| Inventories written off | | 446 | 804 | - | - |
| Loss on disposal of property, plant and equipment | | 2 | - | - | - |
| Management fee | | 2,244 | 2,199 | - | - |
| Personnel expenses (including key management personnel): | | | | | |
| - contributions to statutory pension funds | | 1,438 | 1,489 | - | - |
| - wages, salaries and others | | 62,831 | 59,906 | - | - |
| Property, plant and equipment written off | | 1 | 72 | - | - |
| Realised loss on foreign exchange | | 3,221 | 486 | 786 | 105 |
| Rental of properties | | 884 | 734 | - | - |
| Research and development expenses as incurred | | 87 | 29 | - | - |
| Retirement benefits provided | | 133 | 319 | - | - |
| Provision for long term service leave | | 590 | 1,514 | - | - |
| Provision for annual leave | | 2,529 | 1,576 | - | - |
| Total employee benefits | 14 | 3,252 | 3,409 | - | - |
| Unrealised loss on foreign exchange | | - | 484 | 673 | - |
| and after crediting: | | | | | |
| Reversal of impairment loss on trade receivables | | 22 | 482 | - | - |
| Gain on disposal of property, plant and equipment | | - | 1 | - | - |
| Gross dividend income from | | | | | |
| - Unquoted subsidiaries | | - | - | 21,804 | - |
| - Unquoted associate | | - | - | 360 | - |
| Rental income | | 597 | 597 | - | - |
| Unrealised gain on foreign exchange | | 1,446 | - | - | 89 |

21. Key management personnel compensation

The key management personnel compensations are as follows:

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Directors | | | | | |
| - Fees | 20 | 197 | 198 | 193 | 210 |
| - Remuneration | 20 | 554 | 640 | 72 | 71 |
| Other short term employee benefits (including estimated monetary value of benefits-in-kind) | | 32 | 107 | - | - |
| Total short-term employee benefits | | 783 | 945 | 265 | 281 |
| Other key management personnel: | | | | | |
| - Short-term employee benefits | | 3,019 | 2,208 | - | - |
| - Other long term benefits | | 556 | 727 | - | - |
| | | 3,575 | 2,935 | - | - |
| | | 4,358 | 3,880 | 265 | 281 |

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

22. Tax expense

Recognised in profit or loss

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Current tax expense | | | | | |
| Malaysia - current year | | 289 | 393 | 265 | 38 |
| - prior years | | (172) | 77 | 30 | - |
| | | 117 | 470 | 295 | 38 |
| Overseas - current year | | 2,354 | 6,568 | - | - |
| | | 2,471 | 7,038 | 295 | 38 |
| Deferred tax expense | | | | | |
| - Origination and reversal of temporary differences | | (96) | 75 | - | - |
| - Prior years | | (163) | - | - | - |
| | 7 | (259) | 75 | - | - |
| Total tax expense | | 2,212 | 7,113 | 295 | 38 |

22. Tax expense (continued)**Reconciliation of tax expense**

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Profit/(Loss) before tax | 21,113 | 28,369 | 20,968 | (110) |
| Income tax using Malaysian tax rates of 25% (2009: 25%) | 5,278 | 7,092 | 5,242 | (28) |
| Non-deductible expenses | 223 | 1,453 | 408 | 69 |
| Double deductions on permitted expenses | (38) | (51) | - | - |
| Reinvestment allowances | - | (74) | - | - |
| Tax exempt income | (1,442) | (400) | (5,404) | - |
| Effect of tax rates in foreign jurisdictions | (1,359) | (917) | - | - |
| Other items | - | (67) | 19 | (3) |
| Utilisation of unrecognised tax losses for carry forward | (115) | - | - | - |
| | 2,547 | 7,036 | 265 | 38 |
| Over provision in prior years: | | | | |
| Current tax expense | (172) | 77 | 30 | - |
| Deferred tax expense | (163) | - | - | - |
| Tax expense | 2,212 | 7,113 | 295 | 38 |

Tax in foreign jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Tax recognised directly in equity

| | Group | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Relating to foreign exchange difference (Note 7) on property, plant and equipment | 30 | 602 |

23. Earnings per ordinary share**Basic earnings per share**

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| Group | Continuing operations RM'000 |
|--|---------------------------------|
| 2010 | |
| Profit for the year attributable to shareholders | 13,821 |
| 2009 | |
| Profit for the year attributable to shareholders | 15,450 |

23. Earnings per ordinary share (continued)**Weighted average number of ordinary shares**

| | Group | |
|------------------------------------|--------------|--------------|
| | 2010 '000 | 2009 '000 |
| Issue ordinary shares at 1 January | 68,925 | 68,925 |
| Effect of ordinary shared | 12,484 | - |
| | 81,409 | 68,925 |

Basic earnings per ordinary share

| | Group | |
|----------------------------|-------------|-------------|
| | 2010 Sen | 2009 Sen |
| From continuing operations | 17.0 | 22.4 |

24. Dividends

Dividends recognised in the current year by the Company are:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|-----------------------|----------------------------------|---------------------------|--------------------|
| 2010 | | | |
| Final 2009 ordinary | 9.0 | 6,229 | 23 June 2010 |
| 2009 | | | |
| Final 2008 ordinary | 7.1 | 4,859 | 25 June 2009 |
| Interim 2009 ordinary | 6.0 | 4,136 | 8 October 2009 |
| Total amount | | 8,995 | |

After the reporting date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the shareholders.

| | Sen per share (net of tax) | Total amount RM'000 |
|-----------------------------|----------------------------------|---------------------------|
| Final ordinary/Total amount | 11.1 | 10,711 |

25. Operating segments

The Group has three 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, reflect the Group's management structure and the way financial information is regularly reviewed by the Board of Directors. The following summary described the operations in each of the Group reportable segments:

- Gravure printing : Rotogravure printing specialising in cigarette cartons and packaging services in general.
- Litho printing : Photo-lithography printing specialising in consumer goods packaging, carton converter and advertising materials.
- 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 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.

| 2010 | Gravure Printing RM'000 | Litho Printing RM'000 | Trading RM'000 | Total RM'000 |
|--|-------------------------------|-----------------------------|-------------------|-----------------|
| Segment profit | 20,143 | 10,831 | 10,240 | 41,214 |
| <i>Included in the measure of segment profit/(loss) are:</i> | | | | |
| Revenue from external customers | 157,132 | 81,549 | 115,388 | 354,069 |
| Inter-segment revenue | 105,642 | 7,415 | 11,644 | 124,701 |
| <i>Not included in the measure of segment profit but provided to Board of Directors:</i> | | | | |
| Depreciation and amortisation | (15,481) | (4,701) | - | (20,182) |
| Finance costs | (2,563) | - | (5,467) | (8,030) |
| Finance income | 1,013 | 161 | 21 | 1,195 |
| Segment assets | 333,742 | 74,082 | 148,113 | 555,937 |
| <i>Included in the measure of segment assets are:</i> | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 20,643 | 650 | - | 21,293 |

25. Operating segments (continued)

| 2009 | Gravure Printing RM'000 | Litho Printing RM'000 | Trading RM'000 | Total RM'000 |
|--|-------------------------------|-----------------------------|-------------------|-----------------|
| Segment profit | 36,656 | 11,374 | 133 | 48,163 |
| <i>Included in the measure of segment profit/(loss) are:</i> | | | | |
| Revenue from external customers | 177,624 | 84,047 | 66,342 | 328,013 |
| Inter-segment revenue | 63,889 | 6,344 | 9,461 | 79,694 |
| <i>Not included in the measure of segment profit but provided to Board of Directors:</i> | | | | |
| Depreciation and amortisation | (13,211) | (4,590) | - | (17,801) |
| Finance costs | (2,009) | - | (5,904) | (7,913) |
| Finance income | 695 | 30 | 135 | 860 |
| Segment assets | 332,017 | 66,970 | 165,608 | 564,595 |
| <i>Included in the measure of segment assets are:</i> | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 23,429 | 261 | - | 23,690 |

Reconciliation of reportable segment revenue, profit or loss, assets and other material items

| | 2010 RM'000 | 2009 RM'000 |
|---|----------------|----------------|
| Profit or loss | | |
| Total profit for reporting segments | 41,214 | 48,163 |
| Other non-reportable segments | 4,239 | 1,147 |
| Elimination of inter-segment loss | 3,201 | 4,034 |
| Depreciation and amortisation | (21,968) | (19,180) |
| Finance costs | (7,785) | (7,768) |
| Finance income | 594 | 158 |
| Share of profit of an associate not included in reportable segments | 1,618 | 1,815 |
| Consolidated profit before tax | 21,113 | 28,369 |

25. 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 |
|--|-------------------------------|---|----------------------------|-----------------------------|-----------------------------|--|---|
| 2010 | | | | | | | |
| Total reportable segments | 354,069 | (20,182) | (8,030) | 1,195 | 555,937 | - | 21,293 |
| Other non-reportable segments | 597 | (82) | (1,464) | 1,225 | 238,450 | 9,079 | - |
| Elimination of inter-segment transactions or balances | - | (1,704) | 1,709 | (1,826) | (349,064) | - | - |
| Consolidated total | 354,666 | (21,968) | (7,785) | 594 | 445,323 | 9,079 | 21,293 |
| 2009 | | | | | | | |
| Total reportable segments | 328,013 | (17,801) | (7,913) | 860 | 564,595 | - | 23,690 |
| Other non-reportable segments | 597 | (82) | (1,557) | 1,000 | 210,266 | 7,821 | - |
| Elimination of inter-segment transactions or balances | - | (1,297) | 1,702 | (1,702) | (329,480) | - | - |
| Consolidated total | 328,610 | (19,180) | (7,768) | 158 | 445,381 | 7,821 | 23,690 |

Geographical segments

The gravure printing, litho printing and trading 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 RM'000 | Non-current assets RM'000 |
|--------------------------|-------------------|---------------------------------|
| 2010 | | |
| Australia | 150,143 | 93,861 |
| Malaysia | 49,847 | 60,236 |
| Singapore | 117,440 | - |
| Vietnam | 11,705 | 74,973 |
| Hong Kong | - | 43,916 |
| Other countries | 25,531 | - |
| | 354,666 | 272,986 |
| 2009 | | |
| Australia | 154,637 | 98,785 |
| Malaysia | 51,263 | 71,461 |
| Singapore | 80,929 | - |
| Vietnam | 11,564 | 69,114 |
| Hong Kong | - | 56,322 |
| Other countries | 30,217 | - |
| | 328,610 | 295,682 |

25. Operating segments (continued)

Major customers

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

| | Revenue | | Segment |
|--|----------------|----------------|------------------|
| | 2010 RM'000 | 2009 RM'000 | |
| All common control of companies of: | | | |
| - British American Tobacco (S) Ltd | 92,924 | 83,991 | Gravure printing |
| - British American Tobacco Australia Ltd | 79,993 | 111,378 | Gravure printing |

26. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

26.1 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 liabilities (OL).

| 2010 | Carrying amount RM'000 | L&R / (OL) RM'000 |
|------------------------------|---------------------------|-------------------------|
| Financial assets | | |
| Group | | |
| Trade and other receivables | 52,430 | 52,430 |
| Cash and cash equivalents | 29,284 | 29,284 |
| | 81,714 | 81,714 |
| Company | | |
| Trade and other receivables | 59,588 | 59,588 |
| Cash and cash equivalents | 95 | 95 |
| | 59,683 | 59,683 |
| Financial liabilities | | |
| Group | | |
| Loans and borrowings | (128,997) | (128,997) |
| Trade and other payables | (34,395) | (34,395) |
| Ultimate holding company | (47,594) | (47,594) |
| Related companies | (4,080) | (4,080) |
| | (215,066) | (215,066) |
| Company | | |
| Trade and other payables | (325) | (325) |

26. Financial instruments (continued)

26.2 Net losses arising from financial instruments

| | Group 2010 RM'000 | Company 2010 RM'000 |
|--|-------------------------|---------------------------|
| Loans and receivables | 1,171 | 234 |
| Financial liabilities measured at amortised cost | 7,785 | 173 |
| | 8,956 | 407 |

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparties 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.

26. Financial instruments (continued)

26.4 Credit risk (continued)

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

| | 2010 RM'000 | Group 2009 RM'000 |
|-------------------------------------|----------------|-------------------------|
| Singapore | 15,665 | 13,201 |
| Australia (includes Soloman Island) | 9,463 | 16,359 |
| Malaysia | 4,978 | 4,492 |
| Middle East | 2,253 | 4,879 |
| Vietnam | 607 | 1,191 |
| Others | 2,952 | 1,544 |
| | 35,918 | 41,666 |

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 |
|-----------------------------|-----------------|------------------------------------|---------------|
| 2010 | | | |
| Not past due | 22,332 | - | 22,332 |
| Past due 0 - 30 days | 10,939 | - | 10,939 |
| Past due 31 - 180 days | 2,630 | - | 2,630 |
| Past due more than 180 days | 17 | - | 17 |
| | 35,918 | - | 35,918 |
| 2009 | | | |
| Not past due | 23,990 | - | 23,990 |
| Past due 0 - 30 days | 12,988 | - | 12,988 |
| Past due 31 - 180 days | 4,719 | (31) | 4,688 |
| Past due more than 180 days | - | - | - |
| | 41,697 | (31) | 41,666 |

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

| | Group 2010 RM'000 |
|-----------------------------|-------------------------|
| At 1 January | 31 |
| Impairment loss reversed | (22) |
| Impairment loss written off | (9) |
| At 31 December | - |

The Group does not require collateral in report 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 component that relates to individually significant exposures.

26. Financial instruments (continued)

26.4 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 statements 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 statements 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.

26.5 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.

26. Financial instruments (continued)

26.5 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:

| 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 | |
|---|---------------------------|---------------------------|----------------------------------|---------------------------|------------------------|-----------------------|-----------------------|
| 2010 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Bankers' acceptances - unsecured | 13,540 | 3.63% | 14,032 | 14,032 | - | - | |
| Term loans - secured | 20,055 | 3.12% | 21,326 | 8,886 | 9,885 | 2,555 | |
| Term loans - unsecured | 16,544 | 4.42% | 17,230 | 17,230 | - | - | |
| Revolving credits - unsecured | 16,165 | 4.18% | 16,840 | 16,840 | - | - | |
| Revolving credits - secured | 62,693 | 6.35% | 76,228 | 13,335 | 29,854 | 33,039 | |
| Trade and other payables, excluding derivatives | 38,475 | - | 38,475 | 38,475 | - | - | |
| Ultimate holding company | | | | | | | |
| - Current | 7,709 | 1.13% - 5% | 7,945 | 7,945 | - | - | |
| - Non-current (interest-bearing) | 27,132 | 1.06% - 5% | 29,518 | - | 7,624 | 21,894 | |
| - Non-current (non-interest bearing) | 12,753 | - | 12,753 | - | - | 12,753 | |
| | 215,066 | | 234,347 | 116,743 | 47,363 | 70,241 | |
| | | | | Carrying amount RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 |
| Company | | | | | | | |
| 2010 | | | | | | | |
| <i>Non-derivative financial liabilities</i> | | | | | | | |
| Trade and other payables, excluding derivatives | | | 325 | 325 | - | - | |

26.6 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.

26.6.1 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), Singapore Dollar (SGD) and Vietnam Dong (VND).

Risk management objectives, policies and processes for managing the risk

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level. 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.

26. Financial instruments (continued)**26.6 Market risk (continued)****26.6.1 Currency risk (continued)***Exposure to foreign currency risk*

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

| Group | Denominated in | | |
|-----------------------------|----------------|---------------|---------------|
| | USD RM'000 | SGD RM'000 | VND RM'000 |
| 2010 | | | |
| Trade and other receivables | 3,657 | 324 | 1,202 |
| Trade and other payables | (5,505) | (1,176) | (2,976) |
| Net exposure | (1,848) | (852) | (1,774) |

| Group | Denominated in | | |
|-----------------------------|----------------|---------------|---------------|
| | USD RM'000 | SGD RM'000 | VND RM'000 |
| 2009 | | | |
| Trade and other receivables | 6,271 | 224 | 2,736 |
| Trade and other payables | (2,682) | (1,630) | (1,567) |
| Net exposure | 3,589 | (1,406) | 1,169 |

Currency risk sensitivity analysis

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

26.6.2 Interest rate risk

The Group's investments in fixed rate debt securities and its 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.

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

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 | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Fixed rate instruments | | | | |
| Financial assets | 382 | 3,107 | 21,153 | 18,376 |
| Financial liabilities | (627) | (13,744) | - | - |
| | (245) | (10,637) | 21,153 | 18,376 |
| Floating rate instruments | | | | |
| Financial assets | - | - | 27,533 | - |
| Financial liabilities | (163,211) | (170,060) | - | - |
| | (163,211) | (170,060) | 27,533 | - |

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.

| Group | Profit or loss | |
|---------------------------|------------------------------|------------------------------|
| | 100 bp increase RM'000 | 100 bp decrease RM'000 |
| 2010 | | |
| Floating rate instruments | (1,545) | 1,545 |
| Company | | |
| 2010 | | |
| Floating rate instruments | 275 | (275) |

26. Financial instruments (continued)

26.7 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

| Group | 2010 | | 2009 | |
|---------------------------------------|---------------------------|----------------------|---------------------------|----------------------|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| Term loans - secured | 11,438 | 11,080 | 75,355 | 65,016 |
| Term loans - unsecured | - | - | 1,096 | 1,058 |
| Revolving credits - secured | 50,154 | 47,090 | 61,414 | 58,479 |
| Advance from ultimate holding company | 39,885 | 39,218 | 22,324 | 20,715 |

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

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.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

| | 2010 | 2009 |
|-----------------------------|------|------|
| Term loans - secured | 3.2% | 5.6% |
| Term loans - unsecured | 4.5% | 5.0% |
| Revolving credits - secured | 6.5% | 4.6% |

Unrecognised financial instruments

The valuation of financial instruments not recognised in the statements of financial position reflects their current market rates at the reporting date.

The contracted amount and fair value of the financial instruments not recognised in the statements of financial position as at 31 December is:

| Group | 2010 | | 2009 | |
|------------------------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | Contracted amount RM'000 | Fair value RM'000 | Contracted amount RM'000 | Fair value RM'000 |
| Forward foreign exchange contracts | - | - | 4,316 | 4,216 |

27. 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 determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements. Loan covenants are as per disclosed in Note 15.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-equity ratio at the lower end range within 0.5 :1 to 0.8 :1. The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

| | Group | |
|---|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Total borrowings (note 15) | 128,997 | 175,745 |
| Less: Cash and cash equivalents (note 11) | (29,284) | (31,465) |
| Net debt | 99,713 | 144,280 |
| Total equity | 212,668 | 173,952 |
| Debt-to-equity ratios | 0.5 | 0.8 |

There were no changes 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.

28. Operating leases

Non-cancellable operating lease rentals are payable as follows:

| | Group | |
|----------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Within one year | 563 | 746 |
| Between one and five years | 883 | 847 |
| More than five years | 473 | 293 |
| | 1,919 | 1,886 |

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.

29. Capital and other commitments

| | Group | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Capital expenditure commitments | | |
| Property, plant and equipment | | |
| Authorised but not contracted for | 10,327 | 7,421 |
| Contracted but not provided for | 23,697 | 13,890 |
| | 34,024 | 21,311 |

30. 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.

| | Company | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Corporate guarantee | | |
| <i>Corporate guarantee to subsidiaries</i> | | |
| Short term borrowings | 38,468 | 21,229 |
| Long term borrowings | 6,829 | 5,684 |
| | 45,297 | 26,913 |

Contingent assets

Pursuant to the Conditional Share Purchase Agreement dated 18 September 2007 ("SPA") made between the Company and New Toyo International Holdings Ltd. ("NTIH") for the acquisition of New Toyo Investments Pte. Ltd. ("NTIV") and, by extension, its wholly-owned subsidiary Alliance Print Technologies Co., Ltd. ("APT"), NTIH had guaranteed to the Company that on completion of the said acquisition (which took place on 21 December 2007), based on the audited accounts as adjusted in accordance with the provision in the SPA, the net profit after tax ("NPAT") of APT derived from activities conducted in its ordinary course of business for three (3) financial years ending on 31 December 2008, 31 December 2009 and 31 December 2010 for such financial years, will be USD1.8 million, USD2.0 million and USD2.2 million respectively ("NPAT Target").

In the event that the NPAT Target is not achieved in any financial year, NTIH agrees that they shall pay to the Company, within 30 days from the date of presentation of the relevant audited accounts of APT to NTIH (as adjusted in accordance with the provisions in the SPA), any difference between the NPAT or loss after tax of APT and the NPAT Target.

On 31 March 2010, the Board of Directors of the Company executed a supplemental agreement with NTIH ("Supplemental Agreement") to vary the method of calculating the profit guarantee pursuant to the SPA ("Variation").

Pursuant to the Supplemental Agreement, the Company and NTIH have agreed that the following elements are to be included by way of an addition to and not a subtraction from the NPAT for the FYE 31 December 2009 and 2010:

- (i) gross profits that are attributable to all business that is transferred from APT to all companies within the Group on the basis of proportion of turnover;
- (ii) any discount on the sub-contracting price by Max Ease International Limited ("MEIL"), a 51% owned subsidiary of the Company, to APT in respect of all businesses that are sub-contracted by MEIL to APT; and

30. Contingencies (continued)**Contingent assets (continued)**

- (iii) gross profits that are attributable to all businesses that should have been directed to APT in the first place, but are then diverted by MEIL directly to Toyo (Viet) Paper Product Co., Ltd., a wholly-owned subsidiary of the Company, based on a decision by the Company to refuse such businesses for APT for reasons that may include insufficient production capacity on the part of APT.

There is no profit guarantee payable by NTIH to the Company for the financial year ended 31 December 2010 and 31 December 2009 respectively.

31. 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 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 or common significant influence. 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 includes 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 21), are as follows:

| Group | Amount transacted for the year ended 31 December | | Net balance outstanding at 31 December | |
|---|---|----------------|--|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Ultimate holding company | | | | |
| New Toyo International Holdings Ltd. | | | (47,594) | (22,324) |
| Management fees | 2,244 | 2,199 | | |
| Interest paid | 177 | 42 | | |
| Related companies | | | | |
| New Toyo International Co. (Pte) Ltd. | | | (3,415) | 1,111 |
| Sales | (11,633) | (8,233) | | |
| Purchases | 8,261 | - | | |
| New Toyo Aluminium Paper Product Co. (Pte) Ltd. | | | - | (7,362) |
| Sales | (489) | (87) | | |
| Purchases | 4,622 | 220 | | |
| New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd. | | | (1) | - |
| Sales | (2) | - | | |
| Purchases | 163 | 8 | | |
| Toyo (Viet) Paper Product Co., Ltd. (Pre-acquisition) | | | - | - |
| Sales | - | (220) | | |
| Purchases | - | 1 | | |
| Rental of warehouse | - | 290 | | |

31. Related parties (continued)

Identity of related parties (continued)

| Group | Amount transacted for the year ended 31 December | | Net balance outstanding at 31 December | |
|---|--|----------------|--|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Related companies (continued) | | | | |
| Toyoma Aluminium Foil Packaging Sdn. Bhd. | | | (154) | (171) |
| Rental of warehouse | 144 | 146 | | |
| Purchase of fixed assets | - | 206 | | |
| Vina Toyo Company Ltd. | | | (1) | (182) |
| Sales | - | (188) | | |
| Purchases | 208 | 507 | | |
| Paper Base Converting Sdn. Bhd. | | | (459) | (223) |
| Sales | (485) | (394) | | |
| Rental income of office and factory building | (597) | (597) | | |
| Purchases | 6,779 | 4,354 | | |
| New Toyo Pulppy (Hong Kong) Ltd. | | | (5) | (5) |
| Outsourcing of sales administrative and accounting work | 155 | 140 | | |
| New Toyo Pulppy (Vietnam) Co., Ltd. | | | 11 | 80 |
| Sales of waste paper | (229) | (532) | | |
| Tien Wah Holdings (1990) Sdn. Bhd | | . | (28) | (515) |
| Transactions | - | - | | |

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.

31. Related parties (continued)**Identity of related parties (continued)**

| Company | Amount transacted for the year ended 31 December | | Net balance outstanding at 31 December | |
|--|--|----------------|--|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Subsidiaries | | | | |
| Tien Wah Press (Malaya) Sdn. Bhd | | | (5,533) | (20,013) |
| Dividend income | (18,412) | - | | |
| Interest paid | 207 | 494 | | |
| Tien Wah Properties Sdn. Bhd. | | | 26,686 | 25,519 |
| Interest Income | (1,167) | (999) | | |
| Max Ease International Limited | | | 38,403 | 15,356 |
| Interest income | (60) | (111) | | |
| Alliance Print Technologies Co., Ltd. | | | - | - |
| Dividend income | (3,255) | - | | |
| Associate company | | | | |
| Benkert (Malaysia) Sdn. Bhd. | | | - | - |
| Dividend income | (360) | - | | |
| Related companies | | | | |
| New Toyo Aluminium Paper Product Co (Pte) Ltd. | | | - | (7,362) |
| Purchase of Toyo (Viet) | - | 12,837 | | |

All of the above outstanding balances are expected to be settled in cash by the related parties.

32. Acquisition of a subsidiary**Business combination**

On 31 July 2009, the Company acquired the entire equity interest in Toyo (Viet) Paper Product Co., Ltd. for a cash consideration of RM12,853,475 (equivalent to USD3,650,000). The company was dormant in the months leading up to its acquisition. In the five months to 31 December 2009, the subsidiary contributed profit of RM908,000 to the Group. If the acquisition had occurred on 1 January 2009, management estimates that consolidated profit for the year would have been RM14,325,000.

32. Acquisition of a subsidiary (continued)

Business combination (continued)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

| | Note | Recognised values on acquisition RM'000 |
|---|------|--|
| Property, plant and equipment | 3 | 6,003 |
| Receivables, deposits and prepayments | | 7,777 |
| Inventories | | 42 |
| Cash and cash equivalents | | 605 |
| Trade and other payables | | (1,674) |
| Net identifiable assets and liabilities | | 12,753 |
| Goodwill on acquisition | 4 | 106 |
| Consideration paid, satisfied in cash | | 12,859 |
| Cash acquired | | (606) |
| Net cash outflow | | 12,253 |

33. Significant changes in accounting policies

33.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Intercompany loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

33. Significant changes in accounting policies (continued)

33.2 FRS 139, Financial Instruments: Recognition and Measurement

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables 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.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

Consequently, the adoption of FRS 139 does not affect the basic earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption of FRS 139 to the current year's basic earnings per share.

33.3 FRS 123, Borrowing Costs (revised)

Before 1 January 2010, borrowing costs were all expensed to profit or loss as and when they were incurred. With the adoption of FRS 123, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction and production of a qualifying asset as part of the cost of the asset for which the commencement date of capitalisation is on or after 1 January 2010.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of the revised FRS 123.

Hence, the adoption of the revised FRS 123 does not affect the basic earnings per ordinary share for prior periods and has no material impact to current year's basic earnings per ordinary share.

33.4 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114₂₀₀₄ Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

33.5 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

33. Significant changes in accounting policies (continued)

33.6 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

34. Comparative figures

34.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statements of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statements of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

34.2 FRS 117, Leases

Following adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

| | Group | | | |
|-------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|
| | 31.12.2009 | | 1.1.2009 | |
| | As restated RM'000 | As previously stated RM'000 | As restated RM'000 | As previously stated RM'000 |
| Cost | | | | |
| Property, plant and equipment | 241,927 | 225,032 | 208,711 | 191,767 |
| Prepaid lease payments | - | 16,895 | - | 16,944 |

35. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.33 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profit or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

35. Supplementary information on the breakdown of realised and unrealised profits or losses (continued)

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

| | Group 31.12.2010 RM'000 | Company 31.12.2010 RM'000 |
|--|--|--|
| Total retained profits of the Company and its subsidiaries:- | | |
| - realised | 212,042 | 47,313 |
| - unrealised | (25,060) | - |
| | 186,982 | 47,313 |
| Total share of retained profits from an associate company: | | |
| - realised | 8,136 | - |
| - unrealised | (556) | - |
| | 194,562 | 47,313 |
| Less: Consolidated adjustments | (126,006) | - |
| Total retained earnings | 68,556 | 47,313 |

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.

Comparative figures are not required in the first financial year of complying with the disclosure.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

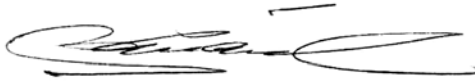
In the opinion of the Directors, the financial statements set out on pages 59 to 115 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 35 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:



Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff



Yen Wen Hwa

Petaling Jaya, Selangor

Date: 25 March 2011

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 59 to 115 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 25 March 2011.



Lilian Leong Lai Yoong

Before me:

Charanjit Kaur
Commissioner of Oaths
Kuala Lumpur
Date: 25 March 2011

Independent Auditors' Report

to the members of Tien Wah Press Holdings Berhad

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 2010 of the Group and of the Company, and the statements of 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 59 to 115.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are 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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2010 and of their financial performance and cash flows for the year then ended.

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 the Note 5 to the financial statements.

Independent Auditors' Report

to the members of Tien Wah Press Holdings Berhad

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 35 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. 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: 25 March 2011



Abdullah Abu Samah

Approval Number: 2013/06/12(J)
Chartered Accountant

Analysis of Shareholdings

as at 29 April 2011

| | | |
|----------------------------------|---|--------------------------------|
| 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 Holdings | No. of Shareholders/ Depositors | % of Shareholders/ Depositors | No. of Shares held | % of Issued Capital |
|---------------------|------------------------------------|----------------------------------|--------------------|---------------------|
| 1 – 99 | 21 | 0.84 | 537 | 0.00 |
| 100 – 1,000 | 177 | 7.12 | 104,615 | 0.11 |
| 1,001 – 10,000 | 1,777 | 71.45 | 7,029,960 | 7.29 |
| 10,001 – 100,000 | 482 | 19.38 | 12,227,450 | 12.67 |
| 100,001 – 3,446,249 | 27 | 1.09 | 8,859,320 | 9.18 |
| 3,446,250 and above | 3 | 0.12 | 68,273,118 | 70.75 |
| TOTAL | 2,487 | 100.00 | 96,495,000 | 100.00 |

Substantial shareholders as per the register of substantial shareholders as at 29 April 2011

| 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 | 16,069,858 | 16.65 | - | - |
| 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 Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd 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

Directors' interests as per register of directors' shareholding as at 29 April 2011

| 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 | - | - | - | - |
| Dato' Gan Nyap Liou @ Gan Nyap Liou | - | - | - | - |
| Goh Seng Chuan | - | - | - | - |
| Mej Jen (B) Datuk Abdul Kadir bin Nordin | - | - | - | - |
| Mej Jen (B) Dato' Mohamed Dahalan bin Sulaiman | - | - | - | - |
| Tung Kum Hon | - | - | - | - |
| Yen Wen Hwa | - | - | 52,203,260 | 54.10 |

Analysis of Shareholdings

as at 29 April 2011

Thirty largest shareholders/depositors as at 29 April 2011

| 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 | 16,069,858 | 16.65 |
| 4. Yap Ah Fatt | 2,500,000 | 2.59 |
| 5. Tan Kim Onm | 841,000 | 0.87 |
| 6. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Progress Fund (4082) | 630,000 | 0.65 |
| 7. Public Invest Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte Ltd (Clients) | 541,500 | 0.56 |
| 8. Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client A/C-NR) | 353,800 | 0.37 |
| 9. Public Nominees (Asing) Sdn Bhd Pledged Securities Account for Loh Cheek Leng (KLC/TAS) | 330,000 | 0.34 |
| 10. Lim Kian Huat | 275,900 | 0.29 |
| 11. Geoffrey Lim Fung Keong | 252,400 | 0.26 |
| 12. Malaysian Assurance Alliance Berhad As Beneficial Owner (Vulture Fund) | 252,000 | 0.26 |
| 13. Lim Seng Qwee | 236,880 | 0.25 |
| 14. Chan Heng Koon | 234,000 | 0.24 |
| 15. Lim Khuan Eng | 212,100 | 0.22 |
| 16. Yong Kim Siong | 202,500 | 0.21 |
| 17. Foo Khen Ling | 200,000 | 0.21 |
| 18. Alpha Banyan Holdings Sdn Bhd | 192,000 | 0.20 |
| 19. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Heng Kit (E-KLC) | 189,000 | 0.20 |
| 20. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (Margin) | 186,500 | 0.19 |
| 21. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lu Yeep Hing | 186,300 | 0.19 |
| 22. HLG Nominee (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Tan Chong Meng | 150,000 | 0.16 |
| 23. Key Development Sdn. Berhad | 138,740 | 0.14 |
| 24. Hong Weng Hwa | 115,500 | 0.12 |
| 25. Song Kue Wa @Chong Kwee Wah | 115,000 | 0.12 |
| 26. Lee Leck Boon | 111,000 | 0.12 |
| 27. Lim Kooi Chang | 105,000 | 0.11 |
| 28. OSK Nominees (Tempatan) Sdn Berhad Lim Geok Joo @ Lim York Joo | 105,000 | 0.11 |
| 29. Kenaga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Tan Kah Chye (53/56053) | 102,000 | 0.10 |
| 30. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Chan Hiok Khiang (PB) | 101,200 | 0.10 |
| TOTAL | 77,132,438 | 79.93 |

Breakdown of Shareholdings

| Type of ownership | No. of Shareholders | No. of Shares | % of Issued Capital |
|--|---------------------|---------------|---------------------|
| Malaysian Individual | | | |
| - Bumiputra | 96 | 216,310 | 0.22 |
| - Chinese | 1,988 | 19,903,871 | 20.63 |
| - Indian | 38 | 221,140 | 0.23 |
| - Other Races | 4 | 82,350 | 0.09 |
| Subtotal | 2,126 | 20,423,671 | 21.17 |
| Malaysian Corporate | | | |
| Government Agencies/Institutions Private Limited Co | 1 | 16,069,858 | 16.65 |
| - Non-Bumiputra | 41 | 1,522,820 | 1.58 |
| Subtotal | 42 | 17,592,678 | 18.23 |
| Foreign Individual | | | |
| - United States of America | 1 | 5,400 | 0.01 |
| - Singapore | 22 | 476,880 | 0.49 |
| - Permanent Resident of Malaysia | 7 | 50,600 | 0.05 |
| Subtotal | 30 | 532,880 | 0.55 |
| Foreign Corporate | | | |
| - Hong Kong | 1 | 2,520 | 0.00 |
| - Others | 4 | 52,237,560 | 54.13 |
| Subtotal | 5 | 52,240,080 | 54.13 |
| Nominee Company | | | |
| - Malaysian Bumiputra Beneficiaries | 120 | 1,103,040 | 1.14 |
| - Malaysian Non-Bumiputra Beneficiaries | 147 | 3,225,950 | 3.34 |
| - Foreign Beneficiaries | 17 | 1,376,701 | 1.43 |
| Subtotal | 284 | 5,705,691 | 5.91 |
| Grand Total | 2,487 | 96,495,000 | 100.00 |

List Of Properties Owned By Tien Wah Press Group

The properties held by the TWP Group as at 31 December 2010 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 2010 | Age of Building | Date of Acquisition/Last Revaluation |
|--|-----------|--|---|---|---|--------------------|--|
| Lot 4, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan | Leasehold | 112,468/ 103,356 | 48 Years/ 16-08-2059 | Office/Factory bearing address No. 11 Jalan Semangat Petaling Jaya, Selangor Darul Ehsan | 14,844,409 | 51 years | 17-08-1960/ 31-12-2006 |
| Lot 30, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan | Leasehold | 27,899/ 67,812 | 48 Years/ 10-11-2059 | Office/Factory bearing address No. 9 Jalan Semangat Petaling Jaya, Selangor Darul Ehsan | 9,013,446 | 19 years | 05-12-1989/ 31-12-2006 |
| Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan | Leasehold | 1,658/ 1,374 | 63 Years/ 22-07-2074 | Residential quarters for staff bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan | 358,284 | 35 years | 30-08-2004/ 31-12-2006 |
| PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan | Leasehold | 1,650/ 1,840 | 52 Years/ 10-01-2063 | Residential quarters for staff bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan | 368,736 | 39 years | 17-04-2006/ 31-12-2006 |
| Lot 307, 308, 309 Vietnam – Singapore Industrial Park | Leasehold | 401,280/ 119,090 | 43 Years/ 08-08-2054 | Office/Factory bearing address 38 Huu Nghi Street, Vietnam –Singapore Industrial Park, Vietnam | 7,795,210 | 5 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 | 46,956,614 | 20 years | 12-03-1993 |
| Plot No. 590, Binh Chieu Industrial Park, Thu Duc District | Leasehold | 129,167/ 77,938 | 10 Years/ 04-04-2021 | Office/Factory bearing address A Street, Binh Chieu Industrial Park, Thu Duc District, Ho Chi Minh City, Vietnam | 2,183,947 | 14 years | 16-06-2009 |
| Plot No. 636, Binh Chieu Industrial Park, Thu Duc District | Leasehold | 23,196/ 13,348 | 9 Years/ 01-03-2020 | Office/Factory bearing address Plot A, Binh Chieu Industrial Park, Thu Duc District, Ho Chi Minh City, Vietnam | 343,841 | 11 years | 16-06-2009 |
| Total Value | | | | | 81,864,487 | | |

Property held for sale as at 31 December 2010 is 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 2010 | Age of Building | Date of Acquisition/Last Revaluation |
|--|----------|--|---|---|---|--------------------|--|
| Lot 5007, Mukim Kapar, Daerah Klang | Freehold | 130,679/ 63,750 | Not applicable | Office/Factory bearing address Lot 5007, Batu 5 ½, Jalan Meru, Klang, Selangor Darul Ehsan | 7,584,000 | 11 years | 22-08-2006/ 31-12-2010 |



PROXY FORM

| | |
|-----------------|--|
| No. of Shares | |
| CDS account No. | |

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(s) of the 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 Sixteenth Annual General Meeting of the Company, to be held at Arcadia 1 and 2, Level 3, Armada Hotel, Lorong Utara C, Section 52,
 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 9 June 2011 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below.

| | RESOLUTIONS | FOR | AGAINST |
|-----------------------|---|-----|---------|
| | ORDINARY BUSINESS | | |
| Ordinary Resolution 1 | Adoption of Audited Financial Statements for the financial year ended 31 December 2010 and Directors' and Auditors' Reports. | | |
| Ordinary Resolution 2 | Declaration of a final dividend of 14.80 sen gross per share less tax of 25% in respect of the financial year ended 31 December 2010. | | |
| Ordinary Resolution 3 | Re-appointment of Mej Jen (B) Dato' Mohamed Dahalan Bin Sulaiman who is retiring under Section 129(6) of the Companies Act, 1965. | | |
| Ordinary Resolution 4 | Re-appointment of Mr Goh Seng Chuan who is retiring under Section 129(6) of the Companies Act, 1965. | | |
| Ordinary Resolution 5 | Re-election of Mej Jen (B) Datuk Abdul Kadir Bin Nordin who is retiring under Article 86.1 of the Articles of Association of the Company. | | |
| Ordinary Resolution 6 | Re-election of Mr Yen Wen Hwa 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 Directors' Fees | | |
| Ordinary Resolution 9 | Proposed Renewal of Shareholders' Mandate and Additional 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:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy 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. 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.
4. 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

www.tienwah.com

TIEN WAH PRESS HOLDINGS BERHAD

(COMPANY NO. 340434-K)

No. 9 & 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan

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