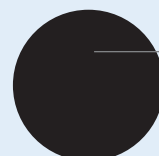
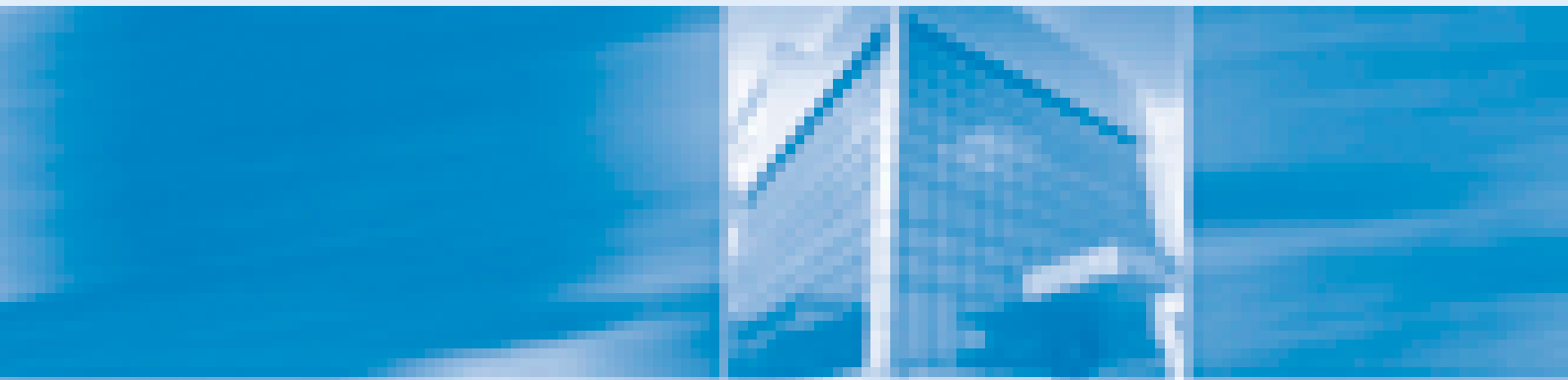


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Directors' Report

for the year ended 31 December 2003

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 2003.

Principal activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 26 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group	Company
	RM'000	RM'000
Net profit for the year	11,929	3,357

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year.

Dividends

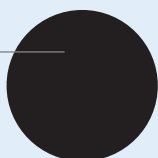
Since the end of the previous financial year, the Company paid a final dividend of 5% tax exempt totalling RM2,226,050 in respect of the financial year ended 31 December 2002 on 15 July 2003.

The Directors recommend the payment of a final dividend of 5% tax exempt and a special dividend of 2% tax exempt totalling RM3,139,500 in respect of the year ended 31 December 2003.

Directors of the Company

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

Lt. Jen. (B) Datuk Hj. Abdul Aziz bin Hassan
Chan Fook Kong
Mej. Jen. (B) Datuk Abdul Kadir bin Nordin
Mej. Jen. (B) Dato' Mohamed Dahalan bin Sulaiman
Geh Cheng Hooi
Dr. Lai Mei Ling
Tan Teng Man
Wong Weng Foo
Dato' Syed Md Amin bin Syed Jan Aljeffri (appointed on 15.8.2003)
Peter Roderick Downing (appointed on 25.8.2003)
James Campbell Irvine (resigned on 17.6.2003)
Chan Choon Ngai (resigned on 17.6.2003)
Yap Swee Hee (alternate Director to James Campbell Irvine; ceased from 17.6.2003)



The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2003	Bought	Sold	At 31.12.2003
<i>Shareholdings in which Directors have direct interest</i>				
Interest of Chan Fook Kong in:				
Tien Wah Press Holdings Berhad	-	50,000	-	50,000
Interest of Mej. Jen. (B) Datuk Abdul Kadir bin Nordin in:				
Angkaganda Sdn. Bhd.	510	-	-	510
<i>Shareholdings in which Directors have deemed interests</i>				
Interest of Wong Weng Foo in:				
Tien Wah Press Holdings Berhad	11,025,000	-	-	11,025,000
Paper Base Converting Sdn. Bhd.	1,020,000	-	-	1,020,000
Interbobbin (Malaysia) Sdn. Bhd.	2,550,000	-	(1,050,000)	1,500,000
Angkaganda Sdn. Bhd.	490	-	-	490
Interest of Chan Fook Kong in:				
Paper Base Converting Sdn. Bhd.	980,000	-	-	980,000

In respect of the fourth offer of Company's ESOS on 24 February 2003, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the Directors' names and the number of options granted during the period.

None of the other Directors holding office at 31 December 2003 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

for the year ended 31 December 2003

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.

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 other than the Company's Executive Share Option Scheme ("ESOS").

Issue of shares

During the financial year, the Company issued 1,166,000 ordinary shares of RM1 each at issue prices ranging from RM1.30 to RM1.93 per share for cash pursuant to exercise of entitlement under the ESOS.

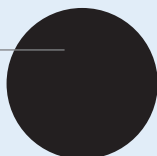
Options granted over unissued shares

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

The Company's ESOS was approved by the shareholders at an Extraordinary General Meeting held on 5 February 1998. Authorisation was given to the Board of Directors of the Company to establish and administer the ESOS for the benefit of eligible executives and full-time executive Directors of the Company and its subsidiaries. The ESOS was approved by the Securities Commission on 21 October 1997.

The salient features of the ESOS are as follows:

- (i) The total number of shares to be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (ii) All eligible executives including the full time executive Directors of the Group who have been employed for at least twelve (12) months of continuous service as at the Date of Offer while all full time foreign executives must have served for at least five (5) years as at the date of offer.
- (iii) No option shall be granted for less than 1,000 shares nor for more than 500,000 shares.
- (iv) The Option Price shall be determined by the average of the mean market quotation of the ordinary shares of the Company as quoted and shown in the Daily Official List issued by the Malaysian Securities Exchange Berhad (formerly known as KLSE) for the five (5) preceding market days prior to the Date of the Offer or at the par value of the ordinary shares of the Company, whichever is higher.
- (v) The ESOS shall continue to be in force for a duration of up to five (5) years commencing from the date of receipt of the last requisite approvals.



The movement in the options to take up the unissued ordinary shares of RM1 each and the option prices are as follows:

Number of options over ordinary shares of RM1 each					
Options	Option price	At 1.1.03	Granted during the year	Exercised during the year	At 31.12.03
1st	1.30	1,996,400	—	(678,000)	1,318,400
2nd	1.80	394,800	—	(112,000)	282,800
3rd	1.93	142,800	—	(58,000)	84,800
4th	1.32	—	820,000	(318,000)	502,000
		2,534,000	820,000	(1,166,000)	2,188,000

On 2 January 2003, the Company has obtained the approval from the Securities Commission for the proposed extension of the existing ESOS for another five (5) years from 5 February 2003 until 4 February 2008 ("Proposed Extension"). The Proposed Extension was approved by shareholders of the Company at Extraordinary General Meeting held on 29 January 2003.

In respect of the fourth offer of Company's ESOS on 24 February 2003, the Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options in aggregate of less than 100,000 options. The names of option holders and the number of options granted which in aggregate are 100,000 options and above are set out below:

Number of options over ordinary shares of RM1 each

Name of Option Holder	Granted during the year
Ow Chee Fook	125,000

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

Directors' Report

for the year ended 31 December 2003

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.

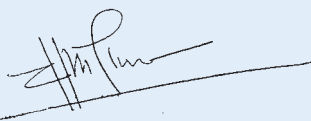
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 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.

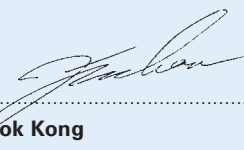
Auditors

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

Signed in accordance with a resolution of the Directors:



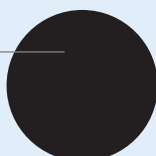
.....
Lt. Jen. (B) Datuk Hj. Abdul Aziz bin Hassan



.....
Chan Fook Kong

Petaling Jaya,

Date: 26 February 2004




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 63 to 96 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
Lt. Jen. (B) Datuk Hj. Abdul Aziz bin Hassan



.....
Chan Fook Kong

Petaling Jaya,


Date: 26 February 2004

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 63 to 96 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 abovenamed in Kuala Lumpur on 26 February 2004



.....
Lilian Leong Lai Yoong

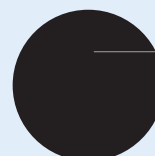
Before me:

Barathan A/L Sinniah @ Chinniah

Commissioner of Oaths

Kuala Lumpur

Date: 26 February 2004



Report of the Auditors

to the members of Tien Wah Press Holdings Berhad

(Company No.340434-K) (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 63 to 96. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- i) the state of affairs of the Group and of the Company at 31 December 2003 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758

Chartered Accountants

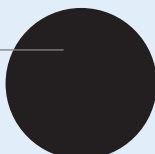
Abdullah Abu Samah

Partner

Approval Number: 2013/06/04(J)

Kuala Lumpur

Date: 26 February 2004



Balance Sheets

at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Property, plant and equipment	2	63,407	70,725	63	148
Investments in subsidiaries	3	-	-	56,711	59,261
Investment in an associate	4	2,721	-	1,500	-
Loan receivable	5	-	777	-	-
Current assets					
Inventories	6	30,525	33,287	-	-
Trade and other receivables	7	8,358	17,101	26,708	25,838
Other investment	8	3,000	-	3,000	-
Cash and cash equivalents	9	29,763	14,872	14	13
		71,646	65,260	29,722	25,851
Current liabilities					
Trade and other payables	10	7,398	11,362	81	92
Borrowings	11	596	3,363	-	-
Employee benefits	12	176	750	-	-
Taxation		523	408	-	-
		8,693	15,883	81	92
Net current assets		62,953	49,377	29,641	25,759
		129,081	120,879	87,915	85,168
Financed by:					
Capital and reserves					
Share capital	13	44,850	43,684	44,850	43,684
Reserves	14	64,310	54,157	43,065	41,484
Shareholders' funds		109,160	97,841	87,915	85,168
Minority shareholders' interests	15	10,911	12,519	-	-
Long term and deferred liabilities					
Borrowings	11	-	1,196	-	-
Deferred tax liabilities	16	6,183	5,776	-	-
Employee benefits	12	2,827	3,547	-	-
		129,081	120,879	87,915	85,168

The financial statements were approved and authorised for issue by the Board of Directors on 26 February 2004.

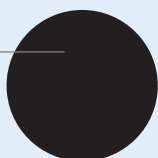
The notes set out on pages 68 to 96 form an integral part of, and, should be read in conjunction with, these financial statements.

Income Statements

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue					
- sale of goods		117,587	133,654	-	-
- gross dividend		-	-	2,561	9,510
		117,587	133,654	2,561	9,510
Cost of sales		(93,040)	(111,061)	-	-
Gross profit		24,547	22,593	2,561	9,510
Other operating income		3,253	2,250	1,450	-
Distribution costs		(2,334)	(2,140)	-	-
Administrative expenses		(5,971)	(5,867)	(640)	(381)
Other operating expenses		(79)	(157)	(14)	(21)
Operating profit	17	19,416	16,679	3,357	9,108
Financing costs	19	(179)	(385)	-	-
Interest income		462	301	-	-
Share of profit of associates		638	-	-	-
Profit before taxation		20,337	16,595	3,357	9,108
Tax expense	20	(5,370)	(4,594)	-	-
Profit after taxation		14,967	12,001	3,357	9,108
Less: Minority interests		(3,038)	(3,514)	-	-
Net profit for the year		11,929	8,487	3,357	9,108
Basic earnings per ordinary share (sen)	21	26.9	19.4		
Diluted earnings per ordinary share (sen)	21	26.4	19.4		
Dividend per ordinary share - net (sen)	22	7.0	5.0	7.0	5.0

The notes set out on pages 68 to 96 form an integral part of, and, should be read in conjunction with, these financial statements.



Statements of changes in Equity

for the year ended 31 December 2003

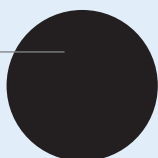
Note	Non-Distributable				Distributable	
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2002	43,617	31,091	4,897	1,000	10,038	90,643
Effect of adopting:						
- MASB 25	-	-	(245)	-	-	(245)
- MASB 29	-	-	-	-	(39)	(39)
Restated balance	43,617	31,091	4,652	1,000	9,999	90,359
Net profit for the year	-	-	-	-	8,487	8,487
Dividends - 2001 final	22	-	-	-	(1,092)	(1,092)
Issue of shares						
- Exercise of share options	67	20	-	-	-	87
At 31 December 2002	43,684	31,111	4,652	1,000	17,394	97,841
Group						
At 1 January 2003	43,684	31,111	4,897	1,000	17,529	98,221
Effect of adopting:						
- MASB 25	-	-	(245)	-	-	(245)
- MASB 29	-	-	-	-	(135)	(135)
Restated balance	43,684	31,111	4,652	1,000	17,394	97,841
Net profit for the year	-	-	-	-	11,929	11,929
Dividends - 2002 final	22	-	-	-	(2,226)	(2,226)
Issue of shares						
- Exercise of share options	1,166	450	-	-	-	1,616
At 31 December 2003	44,850	31,561	4,652	1,000	27,097	109,160
Company						
At 1 January 2002	43,617	31,091	-	-	2,357	77,065
Net profit for the year	-	-	-	-	9,108	9,108
Dividends - 2001 final	22	-	-	-	(1,092)	(1,092)
Issue of shares						
- Exercise of share options	67	20	-	-	-	87
At 31 December 2002	43,684	31,111	-	-	10,373	85,168
Net profit for the year	-	-	-	-	3,357	3,357
Dividends - 2002 final	22	-	-	-	(2,226)	(2,226)
Issue of shares						
- Exercise of share options	1,166	450	-	-	-	1,616
At 31 December 2003	44,850	31,561	-	-	11,504	87,915
	Note 13	Note 14	Note 14	Note 14	Note 14	

The notes set out on pages 68 to 96 form an integral part of, and, should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 December 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash flows from operating activities				
Profit before taxation	20,337	16,595	3,357	9,108
Adjustments for:				
Depreciation	6,525	7,826	85	84
Gain on disposal of property, plant and equipment	(1,170)	(1,555)	-	-
Interest expense	179	385	-	-
Interest income	(462)	(301)	-	-
Provision for retirement benefits	(412)	591	-	-
Property, plant and equipment written off	34	120	-	-
Dividend income	-	-	(2,561)	(9,510)
Unrealised foreign exchange losses	-	16	-	-
Gain on disposal of a subsidiary	(1,503)	-	(1,450)	-
Share of results of an associate	(638)	-	-	-
Operating profit/(loss) before working capital changes	22,890	23,677	(569)	(318)
Changes in working capital:				
Inventories	(842)	3,502	-	-
Trade and other receivables	4,677	355	420	(1,608)
Trade and other payables	2,072	(5,018)	(11)	(7,740)
Cash generated from/(used in) operations	28,797	22,516	(160)	(9,666)
Income taxes paid	(4,488)	(5,541)	-	-
Retirement benefits paid	(747)	(335)	-	-
Dividends received	-	-	1,271	10,677
Net cash generated from operating activities	23,562	16,640	1,111	1,011
Cash flows from investing activities				
Other investments	(3,000)	-	(3,000)	-
Purchase of property, plant and equipment	(4,449)	(9,804)	-	-
Proceeds from disposal of property, plant and equipment	1,329	2,613	-	-
Interest received	462	247	-	-
Proceeds from disposal of a subsidiary	1,184	-	2,500	-
Net cash used in investing activities	(4,474)	(6,944)	(500)	-



	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash flows from financing activities				
Interest paid	(179)	(385)	-	-
Proceeds from term loans	-	1,884	-	-
Repayment of term loans	-	(4,222)	-	-
Payment of hire purchase liabilities	-	(43)	-	-
Bankers' acceptances	(2,086)	93	-	-
Dividends paid to shareholders	(2,226)	(1,092)	(2,226)	(1,092)
Dividends paid to minority shareholders	(1,221)	(245)	-	-
Proceeds from issuance of shares by the Company	1,616	87	1,616	87
Proceeds from issuance of shares to minority shareholder of subsidiary	-	-	-	-
Net cash used in financing activities	(4,096)	(3,923)	(610)	(1,005)
Net increase in cash and cash equivalents	14,992	5,773	1	6
Cash and cash equivalents at beginning of year	(i) 14,175	8,402	13	7
Cash and cash equivalents at end of year	(i) 29,167	14,175	14	13

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	1,063	2,572	14	13
Deposits with licensed banks	28,700	12,300	-	-
Bank overdrafts	(596)	(697)	-	-
	29,167	14,175	14	13

The notes set out on pages 68 to 96 form an integral part of, and, should be read in conjunction with, these financial statements.

Notes to the Financial Statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 25, Income Taxes;
- (ii) MASB 27, Borrowing Costs; and
- (iii) MASB 29, Employee Benefits.

In addition to the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are disclosed in Note 32 to these financial statements.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

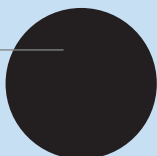
(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting except for Tien Wah Press (Malaya) Sdn. Bhd. which was consolidated using the merger method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair value of subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.



1. Summary of significant accounting policies (continued)

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

The Group revalues its property comprising land and buildings every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

Surpluses arising from revaluation are dealt with in the property 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 other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Leasehold land is amortised in equal instalments over the period of the respective leases which ranges from 63 to 67 years while buildings are depreciated on a straight line basis over the shorter of 40 years or the lease period. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets over the term of their estimated useful lives.

The principal annual rates used are as follows:

Renovations	2% - 10%
Plant and machineries	7 1/2% - 33 1/3%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 20%
Air conditioners	10%

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(e) Hire purchase

Hire purchase assets where the Group assumes substantially all the risks and rewards of ownership are classified as property, plant and equipment. Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses, if any.

In calculating the present value of the minimum hire purchase payments, the discount rate is the interest rate implicit in the hire purchase, if this is practicable to determine; if not, the Group's incremental borrowing rate is used.

(f) Investments

Long term investments other than investments in subsidiaries and associates, are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associates are stated at cost in the Company, less impairment loss where applicable.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

(h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

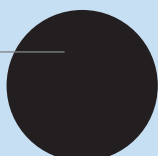
Known bad receivables are written off and specific allowance is made for any receivables considered to be doubtful of collection.

(i) Cash and cash equivalents

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

(j) Liabilities

Borrowings and trade and other payables are stated at cost.



1. Summary of significant accounting policies (continued)

(k) Impairment

The carrying amounts of the Group's assets, other than inventories and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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 has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(l) Affiliated companies

For purpose of these financial statements an "affiliated company" refers to a company which holds an effective interest of not less than 20% and not exceeding 50% in the Company or its subsidiary and includes the investing company's related corporations.

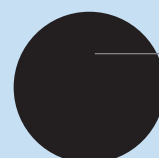
(m) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.



Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined benefit scheme

The Group operates an unfunded defined benefits scheme for eligible employees. Provision for retirement benefits is determined by a qualified actuary using the projected unit credit method which is calculated based on the estimated future benefit that employees have earned in return for their service in the current and prior periods. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds.

Actuarial valuation on the scheme is carried out every three years. The most recent valuation was at 31 December 2003.

Equity and equity related compensation benefits

The share option programme allows eligible employees of the Group to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

(o) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

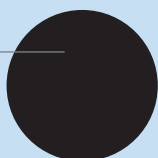
The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1USD	RM3.80	(2002 :	1USD	RM3.80)
1SGD	RM2.23	(2002 :	1SGD	RM2.21)
1CHF	RM3.06	(2002 :	1CHF	RM2.77)
1EUR	RM4.78	(2002 :	1EUR	RM4.02)
1AUS	RM2.85	(2002 :	1AUS	RM2.17)

(p) Forward foreign exchange contracts

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risk arising from operational activities.

Forward foreign exchange contracts used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.



1. Summary of significant accounting policies (continued)

(q) Revenue

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

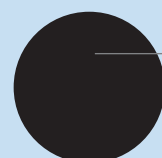
Dividend income is recognised when the right to receive payment is established.

iii) Interest income

Interest income is recognised in the income statement on as it accrues, taking into account the effective yield on the asset.

(r) Financing costs

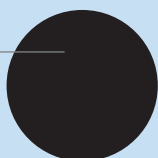
All interest and other costs incurred in connection with borrowings, are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.



Notes to the Financial Statements

2. Property, plant and equipment

<i>Group</i>	Long term leasehold land	Buildings	Renovations	Plant and machineries	Motor vehicles	Furniture, fittings and office equipment	Air conditioners	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2003	15,000	11,827	1,691	96,638	2,006	6,504	1,117	134,783
Additions	-	53	66	3,762	133	419	16	4,449
Disposals	-	-	-	(266)	(36)	(27)	-	(329)
Written off	-	-	-	(597)	-	-	-	(597)
Disposal of a subsidiary	-	-	(979)	(31,931)	(302)	(1,278)	(104)	(34,594)
At 31 December 2003	15,000	11,880	778	67,606	1,801	5,618	1,029	103,712
Representing items at								
Cost	-	396	778	67,606	1,801	5,618	1,029	77,228
Directors' valuation	15,000	11,484	-	-	-	-	-	26,484
At 31 December 2003	15,000	11,880	778	67,606	1,801	5,618	1,029	103,712
Accumulated depreciation								
At 1 January 2003	263	397	105	57,349	989	4,120	835	64,058
Charge for the year	263	403	81	5,025	328	397	28	6,525
Disposals	-	-	-	(112)	(37)	(22)	-	(171)
Written off	-	-	-	(563)	-	-	-	(563)
Disposal of a subsidiary	-	-	(48)	(28,734)	(196)	(542)	(24)	(29,544)
At 31 December 2003	526	800	138	32,965	1,084	3,953	839	40,305
Net book value								
At 31 December 2003	14,474	11,080	640	34,641	717	1,665	190	63,407
At 31 December 2002	14,737	11,430	1,586	39,289	1,017	2,384	282	70,725
Depreciation charge for the year ended								
31 December 2002	263	399	86	6,249	312	472	45	7,826



2. Property, plant and equipment (continued)

Company

At cost	Motor vehicles RM'000
At 1 January 2003	421
Addition	-
At 31 December 2003	421
Accumulated depreciation	
At 1 January 2003	273
Charge for the year	85
At 31 December 2003	358
Net book value	
At 31 December 2003	63
At 31 December 2002	148
Depreciation charge for the year ended 31 December 2002	84

Revaluation

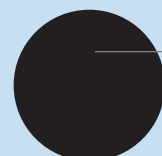
Leasehold land and buildings of the Group are stated at Directors' valuation at 31 December 2001 based on a professional valuation made by a registered valuer, on the open market basis conducted in December 2001.

Had the leasehold land and buildings which are carried at valuation been stated at historical cost, the net book value of the leasehold land and buildings would be RM1,648,000 (2002 - RM1,678,000) and RM5,648,000 (2002 - RM5,890,000) respectively.

3. Investments in subsidiaries

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	56,711	59,261

Details of the subsidiaries are set out in Note 26 to the financial statements.



Notes to the Financial Statements

4. Investment in an associate

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares	1,500	-	1,500	-
Group's share of post-acquisition reserves	1,221	-	-	-
	2,721	-	1,500	-
Represented by:				
Group's share of net assets	2,721	-		

Details of the associate are as follows:

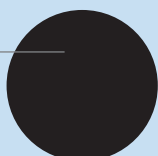
Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2003 %	2002 %
Interbobbin (Malaysia) Sdn. Bhd.	Manufacture and sales of standard and perforated tipping papers.	Malaysia	30	- *

* Accounted for as a subsidiary in previous years (refer to Note 26).

5. Loan receivable

The loan was an advance made in the previous year by one of the subsidiaries to a contractor for the factory project in Pusat Bandar Puchong which the subsidiary was renting. The loan was unsecured and subject to interest at 9% per annum on the principal advanced of RM600,000.

On 1 April 2002, the subsidiary has become an associate of the Company.



6. Inventories

Group

	2003 RM'000	2002 RM'000
Raw materials	17,223	20,550
Goods in transit	487	281
Work-in-progress	4,486	3,250
Manufactured inventories	7,587	8,143
Consumable stores and spares	742	1,063
	<hr/>	<hr/>
	30,525	33,287

Included in the above are inventories carried at net realisable values as follows:

Work-in-progress	-	30
Spares	405	460

7. Trade and other receivables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	7,287	6,460	-	-
Other receivables, deposits and prepayments	1,071	1,082	138	132
Affiliated companies- trade	-	9,559	-	-
Subsidiaries - non-trade	-	-	24,770	25,196
Dividend receivable	-	-	1,800	510
	<hr/>	<hr/>	<hr/>	<hr/>
	8,358	17,101	26,708	25,838

8. Other investment

	Group and Company	
	2003 RM'000	2002 RM'000
Unit trusts	3,000	-
Market value	3,171	-

Notes to the Financial Statements

9. Cash and cash equivalents

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash and bank balances	1,063	2,572	14	13
Deposits with licensed banks	28,700	12,300	-	-
	29,763	14,872	14	13

10. Trade and other payables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	4,387	7,646	-	-
Other payables and accruals	3,011	3,320	81	92
Affiliated company - non-trade	-	396	-	-
	7,398	11,362	81	92

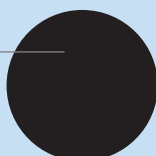
11. Borrowings (unsecured)

	Group	
	2003 RM'000	2002 RM'000
Current		
Term loans	-	776
Bankers' acceptances	-	1,890
Bank overdrafts	596	697
	596	3,363
Non-current		
Term loans	-	1,196

The bank overdrafts bear variable interest ranging from 7.00% to 7.40% (2002 - 7.40%) per annum.

The bankers' acceptances bear variable interest ranging from 3.50% to 3.63% (2002 - 3.49% to 3.53%) per annum.

The term loans are granted to a former subsidiary and bear interest ranging from 6.45% to 7.40% per annum in the previous year.



12. Employee benefits

	Group	
	2003 RM'000	2002 RM'000
Present value of unfunded obligations	3,003	4,297
Recognised liability for defined benefit obligations	3,003	4,297
Less: Current portion	(176)	(750)
Non-current portion	2,827	3,547

Liability for defined benefit obligations

The Group operates a defined benefit scheme that provides pension benefits for employees upon retirement. Under the scheme, eligible employees are entitled to retirement benefits of an amount equal to 86% of the last drawn monthly basic salary for each completed year of service upon the retirement age of 55 for male and 50 for female employees.

Movements in the net liability for defined benefit obligations recognised in the balance sheet

	Group	
	2003 RM'000	2002 RM'000
Net liability at 1 January	4,297	4,041
Benefits paid	(747)	(335)
Expense recognised in the income statement	462	591
Actuarial gain on obligations	(874)	-
Disposal of a subsidiary	(135)	-
Net liability at 31 December	3,003	4,297

Notes to the Financial Statements

12. Employee benefits (continued)

Expense recognised in the income statement

	Group	
	2003	2002
	RM'000	RM'000
Defined benefit scheme		
Current service cost	249	386
Interest on obligation	213	205
Actuarial gain on obligation	(874)	-
	<u>(412)</u>	<u>591</u>
Defined contribution plans		
Employees Provident Fund contributions	882	962
	<u>470</u>	<u>1,553</u>

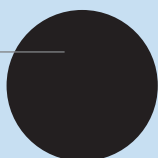
The expense is recognised in the following line items in the income statement:

	Group	
	2003	2002
	RM'000	RM'000
Cost of sales	235	1,122
Distribution expenses	15	66
Administrative expenses	220	365
	<u>470</u>	<u>1,553</u>

Liability for defined benefit obligations

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	2003	2002
Discount rate	7%	5%
Future salary increases	6%	5%



12. Employee benefits (continued)

Equity compensation benefits

Share option plan

The Group offers vested share options over ordinary shares to Directors and other senior employees with more than one's year service. Movements in the number of share options held by employees are as follows:

	Group and Company	
	2003 Number	2002 Number
Outstanding at 1 January	2,534,000	2,601,000
Granted	820,000	-
Exercised	(1,166,000)	(67,000)
Outstanding at 31 December	2,188,000	2,534,000

Details of the share options granted during the year:

Expiry date	04.02.2008	-
Exercise price per ordinary share (RM)	1.32	-
Aggregate issue proceeds (RM'000)	1,082	-

Details of share options exercised during the year:

Expiry date	04.02.2008	04.02.2008
Exercise price per ordinary share (RM)	1.30 to 1.93	1.30
Aggregate proceeds if shares are issued (RM'000)	1,616	87
Fair value at the date of issue (RM'000)	2,592	97

Terms of the options outstanding at 31 December:

Expiry date	Exercise price	2003 Number	2002 Number
4 February 2008	1.30	1,318,400	1,996,400
4 February 2008	1.80	282,800	394,800
4 February 2008	1.93	84,800	142,800
4 February 2008	1.32	502,000	-
		2,188,000	2,534,000

The Group received proceeds of RM1,616,000 in respect of the 1,166,000 options exercised during the year: RM1,166,000 was credited to share capital (refer to Note 13) and RM450,000 was credited to share premium (refer to Note 14).

Notes to the Financial Statements

13. Share capital

	Group and Company	
	2003 RM'000	2002 RM'000
Ordinary shares of RM1.00 each:		
Authorised	100,000	100,000
Issued and fully paid:		
Opening balance	43,684	43,617
Shares issued under share option scheme	1,166	67
Closing balance	44,850	43,684

14. Reserves

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Non-distributable:				
Share premium	31,561	31,111	31,561	31,111
Capital reserve	1,000	1,000	-	-
Revaluation reserve	4,652	4,652	-	-
Distributable:				
Retained profits	27,097	17,394	11,504	10,373
	64,310	54,157	43,065	41,484

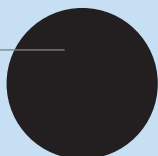
Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2003, if paid out as dividends.

The non-distributable capital reserve arose from the capitalisation of retained profits of a subsidiary for bonus share issue in year 2000.

The revaluation reserve represents the surplus on revaluation of leasehold land and buildings at 31 December 2001 as described in Note 2.

15. Minority shareholders' interests

This consists of minority shareholders' proportion of share capital and reserves of subsidiaries.



16. Deferred tax liabilities

The amounts, after appropriate offsetting, are as follows:

	Group and Company	
	2003	2002
	RM'000	RM'000
Deferred tax liabilities	8,004	8,002
Deferred tax assets	(1,821)	(2,226)
	6,183	5,776

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1.1.2003 RM'000	Charged/ (credited) to Income Statement RM'000	Disposal of subsidiary RM'000	At 31.12.2003 RM'000
Deferred tax liabilities				
Property, plant and equipment				
- capital allowance	7,757	275	(282)	7,750
- revaluation	245	-	-	245
Other items	-	9	-	9
Total	8,002	284	(282)	8,004
Deferred tax assets				
Other provisions	(1,338)	457	37	(844)
Unutilised tax losses	(447)	-	-	(447)
Unabsorbed capital allowances	(441)	(89)	-	(530)
Total	(2,226)	368	37	(1,821)
Balance after appropriate offsetting	5,776	652	(245)	6,183

(Note 20)

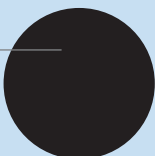
Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Notes to the Financial Statements

17. Operating profit

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration	60	63	10	8
Allowance for doubtful debts	-	158	-	-
Bad debts written off	302	458	-	-
Company's Directors' emoluments				
- fees	231	249	127	130
- salaries and allowances	439	413	67	29
Subsidiaries' Directors' emoluments				
- fees	64	69	-	-
- salaries and allowances	114	137	-	-
Depreciation (Note 2)	6,525	7,826	85	84
Commission payable	-	117	-	-
Rental of properties	582	1,317	-	-
Provision for retirement benefits (net of actuarial gain on obligations)	(412)	591	-	-
Property, plant and equipment written off	34	120	-	-
Royalty payable	-	79	-	-
Realised loss on foreign exchange	26	28	-	-
Unrealised loss on foreign exchange	-	16	-	-
and crediting:				
Bad debts recovered	7	-	-	-
Gain on disposal of a subsidiary	1,503	-	1,450	-
Realised gain on foreign exchange	2	-	-	-
Reversal of allowance for doubtful debts	274	443	-	-
Gross dividend income from unquoted subsidiaries	-	-	2,561	9,510
Gain on disposal of property, plant and equipment	1,170	1,555	-	-

The estimated monetary value of Directors' benefits-in-kind is RM56,577 (2002 - RM59,000).



18. Employee information

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Staff costs	13,133	14,710	194	159

The number of employees of the Group and of the Company (including Directors) at the end of the year was 332 (2002 - 417) and 10 (2002 - 10) respectively.

19. Financing costs

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest payable:				
Term loans	31	341	-	-
Bank overdrafts	29	18	-	-
Hire purchase	-	3	-	-
Bankers' acceptances	119	23	-	-
	179	385	-	-

20. Tax expense

	Group	
	2003 RM'000	2002 RM'000
Current tax expense		
- current year	4,771	3,212
- prior years	(75)	59
	4,696	3,271
Deferred tax expense		
- Origination and reversal of temporary differences	779	1,225
- prior years	(127)	98
	652	1,323
Tax expense on share of profit of an associate	22	-
	5,370	4,594

There is no tax expense provided for the Company as the Company's profit is derived from tax exempt dividends.

Notes to the Financial Statements

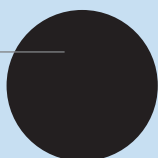
20. Tax expense (continued)

Reconciliation of effective tax expense

Group	2003 RM'000	2002 RM'000
Profit before taxation	20,337	16,595
Income tax using Malaysian tax rates	5,694	4,647
Tax effect on:		
Non-deductible expenses	651	551
Tax incentives	(360)	(630)
Tax exempt income	(413)	-
Other items	-	(131)
	5,572	4,437
(Over)/Under provision in prior years:		
Current tax expense	(75)	59
Deferred tax expense	(127)	98
Tax expense	5,370	4,594

Reconciliation of effective tax expense

Company	2003 RM'000	2002 RM'000
Profit before taxation	3,357	9,108
Income tax using Malaysian tax rates	940	2,550
Tax effect on:		
Non-deductible expenses	183	113
Tax exempt income	(1,123)	(2,663)
Tax expense	-	-



21. Earnings per ordinary share

Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the Group profit after taxation and minority shareholders' interests of approximately RM11,929,000 (2002 - RM8,487,000) by the weighted average number of ordinary shares during the financial year of 44,378,107 (2002 - 43,660,567) calculated as follows:

Weighted average number of ordinary shares

	2003 RM'000	2002 RM'000
Issued ordinary shares at beginning of the year	43,684	43,617
Effect of shares issued in year 2003/2002 in relation to Executive Share Option Scheme	694	44
Weighted average number of ordinary shares	44,378	43,661

Diluted earnings per share

The calculation of diluted earnings per share for 2003 is based on the net profit attributable to ordinary shareholders of approximately RM11,929,000 (2002- RM8,487,000) and the weighted average number of ordinary shares outstanding in 2003 of 45,190,000 (2002- 43,669,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2003 RM'000	2002 RM'000
Weighted average number of ordinary shares (basic)	44,378	43,661
Effect of share options	812	8
Weighted average number of ordinary shares (diluted)	45,190	43,669

22. Dividends

	Group and Company	
	2003 RM'000	2002 RM'000
Ordinary		
Final paid:		
2002 - 5% (2001 - 2.5%) per share tax exempt	2,184	1,090
Underprovision in prior year	42	2
	2,226	1,092

Notes to the Financial Statements

22.Dividends (continued)

The proposed final dividend of 5% tax exempt and a special dividend of 2% tax exempt totalling RM3,139,500 (2002 - 5% tax exempt totalling RM2,184,200) have not been accounted for in the financial statements.

23.Significant related party transactions

Controlling related party relationship is with its subsidiaries as disclosed in Note 26.

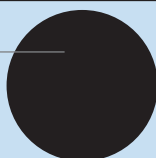
Significant transactions and non-trade balances with related parties, other than those disclosed elsewhere in the financial statements, are as follows:

Transactions	Group	
	2003 RM'000	2002 RM'000
Affiliated companies		
British American Tobacco (Malaysia) Berhad and its subsidiaries		
Sales	(36,170)	(89,011)
Interbobbin (UK) Ltd.		
Purchase of plant and machinery	36	797
Purchase of materials	71	192
Management fee payable	122	117
Royalty payable	26	79

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.

Related party relationships between the Group and the British American Tobacco Group have ceased effective from 17 June 2003, while related party relationships between Interbobbin (M) Sdn. Bhd. and Interbobbin (UK) Ltd. have ceased effective from 1 April 2003.

Non-trade balances	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Affiliated company				
Interbobbin (UK) Ltd.				
Amount owing to	-	396	-	-
Subsidiaries				
Amount owing by				
Tien Wah Press (Malaya) Sdn. Bhd.	-	-	1,103	1,537
Tien Wah Press (KL) Sdn. Bhd.	-	-	23,604	23,596
Tien Wah Press Packaging Sdn. Bhd.	-	-	63	63



23. Significant related party transactions (continued)

The amount owing to an affiliated company is unsecured, interest free and has no fixed terms of repayment.

The amounts owing by subsidiaries are unsecured, interest free and have no fixed terms of repayment.

24. Foreign exchange contracts

As at 31 December 2003, the Group has an open position in respect of forward foreign exchange contracts for sale totalling RM1,132,687 (2002 - RM787,283). Under these contracts, the Group has obligations to deliver in full the amount contracted with the banker within the contracted period. The maturity of these contracts are due within three months.

25. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's and of the Company's business. The Board of Directors of the Company and subsidiaries reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

Exposure to credit risk is monitored by management on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

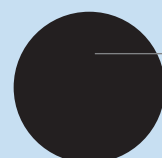
At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset.

Interest rate risk

In the current low interest rate scenario, the Group borrows for operations at variable rates using its overdrafts facilities, and uses fixed rate term loans to finance capital expenditure.

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US dollars. In view of the government's "peg", there would only be a minimal exposure to foreign currency risk. However, the Board keeps this policy under review.



Notes to the Financial Statements

25. Financial instruments (continued)

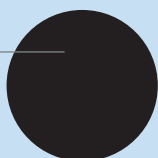
Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	----- 2003 -----		
		Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Financial assets				
Deposits with licensed banks	2.57	28,700	28,700	-
Financial liabilities				
Bank overdrafts (unsecured)	7.00	596	596	-
----- 2002 -----				
Group	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000
Financial assets				
Loan receivable	9.00	777	-	777
Deposits with licensed banks	2.55	12,300	12,300	-
Financial liabilities				
Bank overdrafts (unsecured)	7.40	697	697	-
Bankers' acceptances (unsecured)	3.50	1,890	1,890	-
Terms loans (unsecured)				
- fixed rate	6.45	1,610	460	1,150
- variable rate of 1% above base lending rates	7.40	362	316	46



25. Financial instruments (continued)

Fair values

Recognised financial instruments

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

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 31 December are represented in the following table.

Group	2003		2002	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Other investment	3,000	3,171	-	-
Loan receivable	-	-	777	772
Financial liabilities				
Term loans (unsecured)				
- fixed rate	-	-	1,610	1,544
- variable rate of 1% above base lending rate	-	-	362	352

Fair values

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

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

Group	2003		2002	
	Contracted amount RM'000	Fair value RM'000	Contracted amount RM'000	Fair value RM'000
Forward foreign exchange contracts	1,133	1,133	787	787

Notes to the Financial Statements

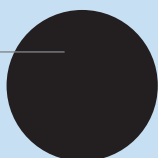
26. Companies in the Group

The principal activities of the companies in the Group, their places of incorporation and the effective interest held by the Company are shown below:

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2003 %	2002 %
Tien Wah Press (Malaya) Sdn. Bhd.	Rotogravure printing specialising in cigarette cartons and consumer goods packaging.	Malaysia	100	100
Tien Wah Press (KL) Sdn. Bhd.	Photo-lithography printing and specialised book printing and commercial works, consumer goods packaging and carton converter.	Malaysia	100	100
Paper Base Converting Sdn. Bhd.	Manufacture and sales of laminated paper or foil products and other paper converting activities.	Malaysia	51	51
Interbobbin (Malaysia) Sdn. Bhd.	Manufacture and sales of standard and perforated tipping papers.	Malaysia	- *	51
Tien Wah Press Packaging (M) Sdn. Bhd.	Ceased operations since year 2001.	Malaysia	100	100
Angkaganda Sdn. Bhd.^	Dormant.	Malaysia	49	49

* During the year, the Group disposed of 21% out of the 51% equity interest held in Interbobbin (Malaysia) Sdn. Bhd.. Subsequent to the disposal, the Group equity interest in Interbobbin (Malaysia) Sdn. Bhd. reduced from 51% to 30%. Accordingly, Interbobbin (Malaysia) Sdn. Bhd. has been accounted for as an associate (refer to Note 4).

^ Although the Group owns less than half of the voting power of Angkaganda Sdn. Bhd., the remaining voting shares are held by a Director of the Company. In the opinion of the Directors, the Group is able to govern the financial and operating policies of Angkaganda Sdn. Bhd. by virtue of board control. As such, Angkaganda Sdn. Bhd. is deemed to be a subsidiary.



27. Disposal of a subsidiary

Effect of disposal

On 1 April 2003, the Group disposed of 21% out of the 51% equity interest held in Interbobbin (Malaysia) Sdn. Bhd. for RM2,500,000. The subsidiary contributed RM418,000 and RM184,000 to the consolidated net profit for the year ended 31 December 2002 and for the three (3) months ended 31 March 2003.

The fair values of assets and liabilities disposed in the disposal and the cash flow effects are as follows:

	2003 RM'000
Non current assets	
Property, plant and equipment	5,050
Current assets	9,191
Current liabilities	(5,845)
Long term and deferred liabilities	(1,379)
Net assets at the date of disposal	7,017
Less: Minority interests	(3,915)
Less: Portion retained as investment in an associate	(2,105)
Net assets disposed of	997
Gain on disposal	1,503
Consideration received, satisfied in cash	2,500
Cash disposed of	(1,316)
Net cash inflow	1,184

Notes to the Financial Statements

28. Capital commitments

	2003 RM'000	Group 2002 RM'000
Property, plant and equipment		
Authorised but not contracted for	11,657	6,115
Contracted but not provided for in the financial statements	1,272	151
	12,929	6,266

29. Rental commitments

Total future minimum rental payments under non-cancellable leases are as follows:

	2003 RM'000	Group 2002 RM'000
Less than one year	-	365
Between one and five years	-	1,095
	-	1,460

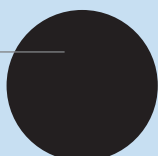
In the previous year, one of the subsidiaries rented a factory building with a six years period with an option to renew the rental after that date at 31 December 2006 and option to purchase the asset at any time during the tenancy period. The subsidiary has been disposed of during the year. (refer to Note 27).

30. Segmental information

The Group operates principally in the printing industry and predominantly in Malaysia and therefore segmental reporting is not applicable.

31. Significant event during the year

On 1 July 2003, the Company entered into a conditional Share Sale Agreement with Segar Pesona Sdn. Bhd. to acquire 980,000 ordinary shares of RM1 each representing the remaining 49% of the issued and paid-up share capital in its subsidiary, Paper Base Converting Sdn. Bhd., for a total cash consideration of RM12,146,077 payable in three equal yearly installments. The completion date for the proposed acquisition has been extended up to 30 April 2004 via the execution of a letter of extension dated 16 February 2004. The proposed acquisition is subject to the approval of the shareholders.



32.Changes in accounting policies and prior year adjustments

Changes in accounting policies

In the current financial year, the Group and the Company adopted three new MASB Standards. The adoption of these new standards resulted in changes in accounting policies as follows:

- (a) MASB 25, Income Taxes and MASB 29, Employee Benefits which have been adopted retrospectively. Comparative figures have been adjusted to reflect the change in these accounting policies; and
- (b) MASB 27, Borrowing Costs which is applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the new accounting standard.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter.

The adoption of MASB 29 has resulted in the recognition in full of the present value of the Group's obligations under its defined benefit plan calculated based on the valuation carried out by a qualified actuary. Previously, difference between the amount provided by the Directors and the amount determined by actuarial valuation was not adjusted in the financial statements.

This change in accounting policies, applied retrospectively, has the following impact on the results:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Net profit before change in accounting policies	11,929	8,583	-	-
Effect of adopting MASB 25	-	-	-	-
Effect of adopting MASB 29	-	(96)	-	-
Net profit for the year	11,929	8,487	-	-

Prior year adjustments

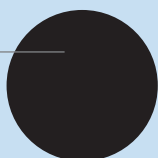
The change in accounting policies due to the adoption of MASB 25 and MASB 29 has been accounted for by restating comparatives and adjusting the opening balance of retained profits at 1 January 2003 as disclosed in Note 33 and the statement of changes in equity respectively.

Notes to the Financial Statements

33.Comparative figures

The following comparatives have been restated to reflect the change in accounting policies as explained in Note 32.

	As restated	As previously
	RM	stated
		RM
Income statement		
Administrative expenses	(5,867)	(5,771)
Operating profit	16,679	16,775
Profit before taxation	16,595	16,691
Profit after taxation	12,001	12,097
Net profit for the year	8,487	8,583
Operating profit		
Provision for retirement benefits	591	495
Employee Information		
Staff costs	14,224	14,710
Balance sheet		
Current		
Retirement benefits	750	-
Non-current		
Reserves	54,157	54,537
Deferred tax liabilities	5,776	5,531
Retirement benefits	3,547	4,162
Statement of Changes in Equity		
Retained profits at 1 January 2002	9,999	10,038
Retained profits at 31 December 2002	17,394	17,529
Revaluation reserve as at 1 January 2002	4,652	4,897
Revaluation reserve as at 31 December 2002	4,652	4,897
Cash flow statement		
Profit before taxation	16,595	16,691
Retirement benefits provision	591	495



Analysis of Shareholdings

as at 30 April 2004

Authorised Share Capital	: RM 100,000,000
Issued and Paid-Up Share Capital	: RM 45,062,000
Class of Shares	: Ordinary Shares of RM 1.00 each
Voting Rights	: One Vote per share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
1 - 99	1	0.0560	10	0.0000
100 - 1,000	208	11.6592	142,890	0.3171
1,001 - 10,000	1,439	80.6614	3,377,700	7.4957
10,001 - 100,000	111	6.2220	2,724,500	6.0461
100,001 - 2,253,099	22	1.2332	7,472,900	16.5836
2,253,100 and above	3	0.1682	31,344,000	69.5575
Total	1,784	100.0000	45,062,000	100.0000

SUBSTANTIAL SHAREHOLDERS as at 30 APRIL 2004

Name of Shareholders	No. of Shares	Percentage %
1. Tien Wah Holdings (1990) Sdn Bhd	11,025,000	24.4663
2. AMB Packaging Pte Ltd	11,025,000	24.4663
3. Lembaga Tabung Angkatan Tentera	9,294,000	20.6249
4. Wong Weng Foo	*11,025,000	24.4663

* Deemed to have an interest in the shares of Tien Wah Press Holdings Berhad held by other corporation by virtue of Section 6A(4)(c) of the Companies Act, 1965.

DIRECTORS' INTEREST as at 30 APRIL 2004

Name	No. of Shares
Lt Jen Datuk Hj Abdul Aziz bin Hassan	-
Chan Fook Kong	50,000
Mej Jen (B) Datuk Abdul Kadir bin Nordin	-
Mej Jen (B) Dato' Mohamed Dahalan bin Sulaiman	-
Geh Cheng Hooi	-
Tan Teng Man	-
Wong Weng Foo	**11,025,000
Dr Lai Mei Ling	-
Dato' Syed Md. Amin bin Syed Jan Aljeffri	-
Peter Roderick Downing	-

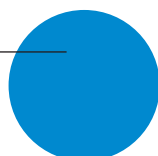
** Deemed to have an interest in the shares of Tien Wah Press Holdings Berhad held by other corporation by virtue of Section 6A(4)(c) of the Companies Act, 1965.

Analysis of Shareholdings

as at 30 April 2004

THIRTY LARGEST SHAREHOLDERS as at 30 APRIL 2004

Name of Shareholders	No. of Shares	Percentage %
1. Tien Wah Holdings (1990) Sdn Bhd	11,025,000	24.4663
2. Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for AMB Packaging Pte Ltd	11,025,000	24.4663
3. Lembaga Tabung Angkatan Tentera	9,294,000	20.6249
4. BHLB Trustee Berhad Pacific Recovery Fund	1,260,300	2.7968
5. HSBC Nominees (Asing) Sdn Bhd The Bank of N.T. Butterfield & Son Limited (HMLT B'Muda A/C)	700,000	1.5534
6. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund	616,500	1.3681
7. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund (029)	599,000	1.3293
8. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Mei Loon (Dealer 072)	521,000	1.1562
9. Cartaban Nominees (Asing) Sdn Bhd DBS Vickers (Hong Kong) Limited for Yen Wen Hwa	404,200	0.8970
10. Thong & Kay Hian Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Yim Mun Thong	326,000	0.7234
11. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd	320,000	0.7101
12. Malaysian Trustees Berhad Pacifimas Asset Management Sdn Bhd for Great Eastern Life Assurance (Malaysia) Berhad (Par1)	273,700	0.6074
13. HSBC Nominees (Asing) Sdn Bhd TNTC for Government of Singapore Investment Corporation Pte Ltd	262,600	0.5828
14. Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F5Y5 for Alfanar Investment Holdings NV	250,000	0.5548
15. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Magnum Corporation Bhd	230,000	0.5104
16. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd (032)	230,000	0.5104
17. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pheim Emerging Companies Balanced Fund (4033)	222,500	0.4938
18. Tan Kim Onm	188,800	0.4190
19. AllianceGroup Nominees (Asing) Sdn Bhd HSBC Trustee (S) Ltd for the Vittoria Fund Ltd	184,500	0.4094
20. Mayban Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Lee Hau Hian (A/C 39-220047)	170,000	0.3772
21. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shum Ah Lek	168,800	0.3746
22. Malaysia Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Pintaras Jaya Berhad (00-10032-000)	160,000	0.3551
23. Mayban Nominees (Tempatan) Sdn Bhd Hwang-DBS Asset Management (Malaysia) Sdn Bhd for Benta Wawasan Sdn Bhd (230129)	134,000	0.2974
24. AMMB Nominees (Asing) Sdn Bhd HSBC Trustee (S) Ltd for Asean Emerging Companies Growth Fund Ltd (7/17-5)	126,000	0.2796
25. Mayban Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Dialog Equity Sdn Bhd (A/C 81-220052)	125,000	0.2774



THIRTY LARGEST SHAREHOLDERS as at 30 APRIL 2004 (continued)

Name of Shareholders	No. of Shares	Percentage %
26. HSBC Nominees (Asing) Sdn Bhd HSBCIT HK for Eng Kong Treasuries Limited	100,000	0.2219
27. Poon Chuen Yeow	93,000	0.2064
28. Mayban Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Benta Wawasan Sdn Bhd (A/C 95-230135)	70,000	0.1553
29. AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Magnum Group Retirement Scheme	65,000	0.1442
30. Chee Soo Yew @ Choo Soo Seng	60,000	0.1331
Total	39,204,900	87.0022

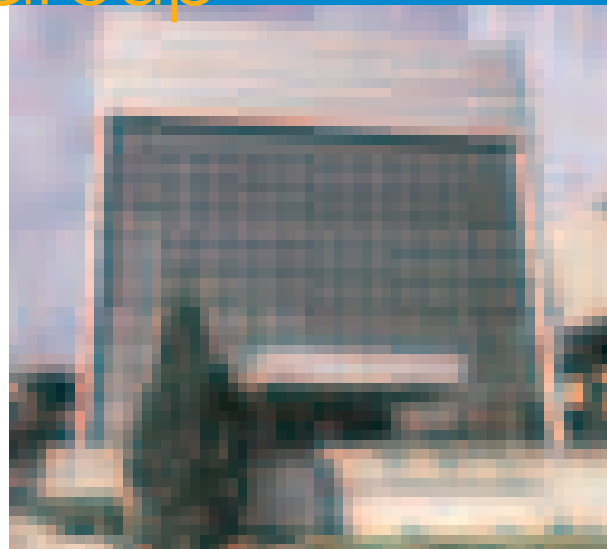
Breakdown of Shareholdings

Type of Ownership	No. of Shareholders	No. of Shares	% of Issued Capital
Malaysian Individual			
- Bumiputra Individual	139	199,900	0.4436
- Chinese	1,356	4,083,510	9.0620
- Indian	29	50,200	0.1114
- Other Individual	4	8,200	0.0182
Sub-Total	1,528	4,341,810	9.6352
Malaysian Corporate			
- Bumiputra Nominee Company	100	1,813,800	4.0251
- Non-Bumiputra Company	13	355,100	0.7880
- Nominee Company	86	3,122,390	6.9291
- Bumiputra Company	3	16,000	0.0355
- Government Agencies/Institutions	1	9,294,000	20.6249
- Body Corporate - Others	1	2,400	0.0053
- Investment Trust/Found'n/Charities	1	1,260,300	2.7968
- Bank/Finance Company	3	45,400	0.1008
Sub-Total	208	15,909,390	35.3056
Foreign Individual			
- Singapore	11	76,400	0.1695
- United States	2	15,600	0.0346
- Taiwan	1	8,000	0.0178
- Others Foreign	2	12,000	0.0266
Sub-Total	16	112,000	0.2485
Foreign Corporate			
- Singapore Co. - Others	1	10,000	0.0222
- Foreign Nominee Company	28	13,655,400	30.3036
- Foreign Co. - Others	3	11,033,400	24.4849
Sub-Total	32	24,698,800	54.8107
Grand Total	1,784	45,062,000	100.00

List of Properties Owned by Tien Wah Press Group



No: 11, Jalan Semangat, Petaling Jaya.



No: 9, Jalan Semangat, Petaling Jaya.

The properties held by the TWP Group as at 31 December 2003 are as follows:

Location	Lot 4, Section 13, Municipality of Petaling Jaya, Selangor Darul Ehsan	Lot 30, Section 13, Municipality of Petaling Jaya Selangor Darul Ehsan
Tenure	Leasehold	Leasehold
Land Area / Built-up Area (Square feet)	112,468 / 103,356	27,899 / 67,812
Remaining Lease Period / Expiry Date	56 Years / 16-08-2059	56 Years / 10-11-2059
Description / Existing Use	Office / Factory bearing address No: 11, Jalan Semangat, Petaling Jaya	Office / Factory bearing address No: 9, Jalan Semangat, Petaling Jaya
Net Book Value as at 31 December 2003	RM 15,649,000	RM 9,906,000
Age of Building	44 years	12 years
Date of Acquisition / Last Revaluation Date	17-08-1960 / 31-12-2001	05-12-1989 / 31-12-2001

