NEW TOYO
International Holdings Ltd

INFINITE
POSSIBILITIES

NEW TOYO International Holdings Ltd

Annual Report 2011

Introduction

Founded in 1975, today New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region. Our operations are strategically located in Singapore, Malaysia, Vietnam, Australia, China and Thailand to serve both multinational corporations and local customers.

For over 30 years, we have built and continue to build a business which is focused on improving and perfecting the quality of our products and meeting our customers' needs. Today with numerous applications for packaging materials, we are constantly upgrading our capabilities to stay abreast of the latest changes and improving productivity to stay competitive.

MISSION

To grow shareholder value through quality packaging solutions & services

VISION

To be the preferred supplier of consistently high quality packaging materials

VALUES

- CREATIVITY
- TEAMWORK
- EXCELLENCE
- HONESTY + INTEGRITY
- INNOVATION

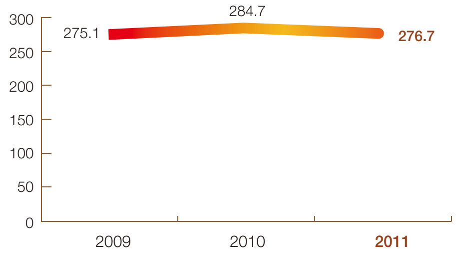
Contents

Gary Yen
Chairman

On behalf of the Board of Directors, we are pleased to present to you, our shareholders, the Group's 2011 annual report.

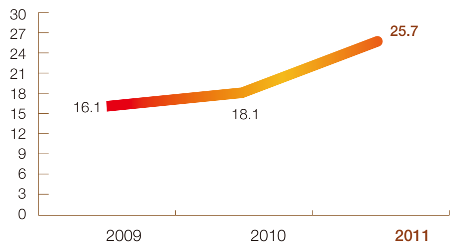
Three Year Highlights – Revenue

in S$ millions



Three Year Highlights – Net Profit After Tax

in S$ millions



Having faced a number of external economic and market challenges, as well as managing an internal leadership transition involving our head of board and management positions, we are pleased to present to you a set of solid results, driven mainly by our printed carton and labels business.

New Toyo Group's net profit after tax increased 42.0% to $25.7m. This was the best result achieved in the recent years.

Earnings per share was 4.51 cents, an increase of 15.3% over the previous year's 3.91 cents. The net asset value per ordinary share was 36.49 cents, an increase of 10.2% over the previous year's 33.10 cents.

The Group generated healthy operating cash flow of $43.0m following the positive core business performances.

The healthy operating cash flow and higher earnings per share have enabled the Board to maintain and propose the same total cash dividend payment of $8.5m compared to previous year. This would result in a final dividend of 0.97 cents per share, bringing the full year dividend to 1.94 cents per share.

We would like to thank all our employees for their dedication and contribution.

We also like to thank all of New Toyo's stakeholders, including customers, shareholders and suppliers for the continued support.

Looking ahead at 2012, the economic conditions appear uncertain but the business sentiments in our industries and markets are still positive. We will continue to work closely with our key customers for sustainability and pursue new opportunities whenever possible for growth. Depending on the final cash proceeds available to the company from the sale of its business from our associated company, Shanghai Asia Holdings Limited, we will also review our strategic position.

Group Performance

The Group's revenue for the year of $276.7m was a decrease of 2.8% over the previous year's $284.7m, mainly due to difficult market conditions faced by the Specialty Paper Business.

Operating profit was $25.7m, an increase of 42.0% compared to the previous year's $18.1m mainly due to strong contributions from the Printed Cartons and Labels Business.

As a result, the Group's balance sheet was further strengthened with an improved net debt to equity of 29.6% compared to 48.6% in the previous year.

Specialty Papers ("SP") Business Performance

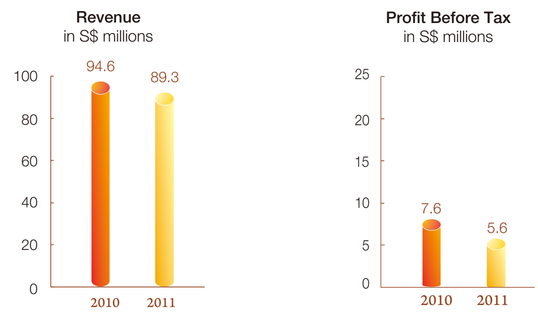
The SP business produces coated and laminated paper with materials such as foil, metallised-polyesters and paper cones. The business currently has plants in four countries (Singapore, Malaysia, Vietnam and Thailand) and a contract manufacturing base in China.

The SP business result in 2011 was affected by both material cost increases and the loss of business in two key markets.

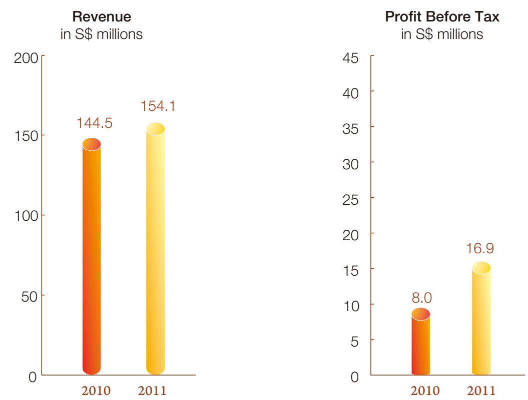
This resulted in a decrease in revenue of 5.6% to $89.3m compared to previous year of $94.6m. Profit before tax also decreased by 26.3% to $5.6m compared to previous year of $7.6m, mainly due to the increasing cost of materials as well as higher cost of production. The SP business accounted for 32.3% of the Group's total revenue.

George Lee Chee Whye
Acting Chief Executive Officer & Head of Business Specialty Papers

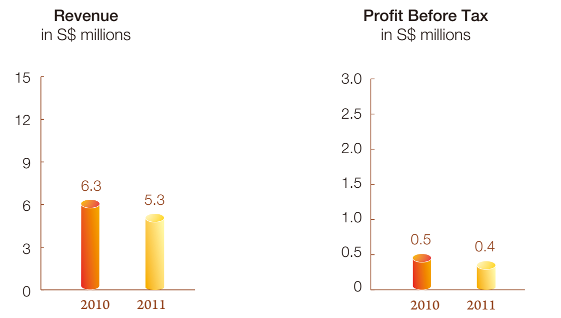
SPECIALTY PAPER DIVISION



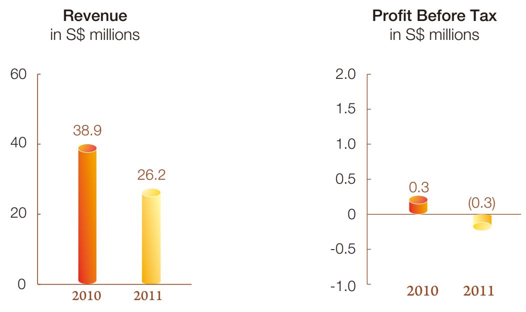
PRINTED CARTONS AND LABELS DIVISION



CORRUGATED CONTAINERS



TRADING



Printed Carton and Labels ("PCL") Business Performance

The PCL business produces mainly gravure and offset printed materials for fast moving consumer product packaging products such as cigarette cartons, cereal boxes and beer labels. The Group is the main supplier to a major tobacco customer in the Asia Pacific region, with a long term exclusive supply contract. The business currently has four plants in three countries (Australia, Malaysia and Vietnam).

The PCL business delivered an exceptional set of results in 2011. This was attributed to an increase in volume, a number of operational improvement initiatives and capital expenditures undertaken.

This resulted in an increase in Revenue of 6.6% to $154.1m compared to previous year of $144.5m. Profit before tax improved by 111.3% to $16.9m compared to previous year of $8.0m. The PCL revenue accounted for 55.7% of the Group's total revenue.

Other Performance

Other Performance represents the Corrugated Containers ("CC"), Trading and Printing Ink Businesses.

The CC business produces mainly corrugated cartons and sheets for general packaging in the fast moving consumer goods, electronics and furniture industries. This business currently operates one plant in Vietnam under a joint venture with a major tobacco customer.

The Trading business supports the core businesses of the Group, in countries where the Group operates. Some of the products that are traded are chemicals, foil, printed materials, paper and acetate-tow.

The Printing Ink business is a joint-venture setup to supply printing ink for the Group's internal requirements in the PCL and the SP businesses, as well as external customers.

In 2011, the performance of both CC and Printing Ink businesses were satisfactory. The Trading business suffered a loss mainly due to loss of volumes.

Leadership and Board Change

On 30 September 2011, the Company announced that Mr Yen Wen Hwa, the founder of the Group, retired from his position as Non-Executive Chairman. Mr Yen set up the first New Toyo company in 1975, served and built the Group for 36 years. We sincerely thank Mr Yen for his invaluable contribution.

At the same time, Mr Gary Yen, relinquished his Chief Executive Officer role and was appointed the Non-Executive Chairman. Mr George Lee, Head of Business SP, was appointed the Acting Chief Executive Officer.

The new leadership for both the board and management are exciting as we look forward towards an ambitious future.

Gary Yen Chairman	George Lee Acting CEO

Key Figures

Revenue
S$276.7 million

Total Assets
S$321.5 million

Profit Before Tax
S$28.9 million

Operating Cashflow
S$43.0 million

Net Asset Value Per Share
36.49 cents

Earnings Per Share
4.51 cents

Dividend Per Share
1.94 cents

Board of Directors

Tengku Tan Sri
Dr Mahaleel bin Tengku Ariff

Lee Chang Leng Brian

Gary Yen

Tang See Chim

Tay Joo Soon

Gary Yen

Chairman

Mr. Yen was appointed as Non-Executive Chairman on 1 October 2011. Prior to this appointment, Mr. Yen served as the Chief Executive Officer of the Company. He is also a member of the Nominating Committee. Mr. Yen has over 15 years experience in the cigarette packaging and paper industries. He holds a Bachelor Degree in Commerce (Accounting) from the University of Flinders. He is a certified member of the Singapore Institute of Directors and presently sits on the board of other public listed companies including Tien Wah Press Holdings Ltd and Shanghai Asia Holdings Ltd.

Tang See Chim

Non-Executive and Independent Director

Mr. Tang is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees of the Company. He is an Advocate and Solicitor of the Supreme Court of Singapore and is presently the Consultant to the law firm of David Lim & Partners LLP. He holds a BSc (Econ) (Hons) degree from LSE (University of London). He sits on the board of other public listed companies, namely, City Developments Limited, Dutech Holdings Limited and G K Goh Holdings Ltd. His other appointments include honorary legal adviser to Ren Ci Community Hospital, Singapore Hospice Council and Nanyang Girls' High School.

Lee Chang Leng Brian

Non-Executive and Independent Director

Professor Lee Chang Leng Brian is a member of the Audit and Remuneration Committees of the Company. Professor Lee has also served as Vice President and Member of the Board of Trustees and Council of the Institution of Electrical Engineers, United Kingdom. He is a Fellow of the Institution of Engineering and Technology, United Kingdom; and Institution of Engineers, Singapore. Professor Lee is also a registered Professional Engineer in Singapore and a Chartered Engineer in the United Kingdom. Professor Lee holds Bachelor of Engineering and Master of Engineering Science degrees in electrical engineering from the University of New South Wales, Sydney, Australia. He has had 18 years of engineering and manufacturing experience in the electrical and electronic industry in Australia and Singapore at both senior technical and management levels prior to joining the Nanyang Technological University as the founding dean of the School of Electrical and Electronic Engineering. Professor Lee is the Non-Executive Chairman of Tai Sin Electric Limited, which is a public listed company.

Tay Joo Soon

Non-Executive and Independent Director

Mr. Tay is the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee of the Company.

Mr. Tay is a proprietor of his own firm, Tay Joo Soon & Co., which was founded in 1970. A practising Certified Public Accountant, he has over 30 years of experience in the fields of accounting, auditing, taxation and company secretarial work in diverse industries such as manufacturing and retail. He sits on the board of other public listed companies, namely, Shanghai Asia Holdings Limited and Tai Sin Electric Limited.

Mr. Tay is a Fellow of the Institute of Certified Public Accountants of Singapore, a Fellow of the Institute of Chartered Accountants in Australia, a member of the Malaysian Institute of Certified Public Accountants and a Member of CPA Australia.

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff

Non-Executive Director

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff has a diverse career, having started his career in Nestle, then joining Shell Malaysia for 20 years, and then Proton Holdings Berhad as the Group Chief Executive Officer. He is now the Non-Executive Chairman of Tien Wah Press Holdings Berhad ("TWPH"). He has over 35 years experience in the food, paper cigarette, oil, marine, aviation, car and motorcyle industries and has represented Malaysia in the Asia Pacific Economic Council and the Asean Business Advisory Council. Tengku Tan Sri Dr Mahaleel graduated from the University of Malaya in 1970 with a Bachelor of Arts (Honours), and has attended courses at Harvard, London School of Economics and the Manchester Business School on Strategy, Strategic Management and Marketing. He sits on the board of other public listed companies including TWPH and Nestle Malaysia Berhad. He is also a trustee of Perdana Global Peace Foundation.

Senior Management

George Lee Chee Whye

Acting Chief Executive Officer & Head of Business Specialty Papers

Mr. Lee is currently assuming dual positions as the Acting CEO of the Group as well as Business Head of Specialty Papers Division. He first joined New Toyo Aluminium Paper Product Co (Pte), a subsidiary of New Toyo International Holdings Ltd, as the Operations Manager in March 2005 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006. With the transformation of senior management structure, he was appointed as Acting CEO of the Group in October 2011. He holds a Bachelor's degree in Computer Science with Business and has more than 15 years of senior management experience. Prior to joining the Group, he was also the General Manager of a SME in Singapore.

Sundraj Naidu

Chief Financial Officer

Mr. Naidu is responsible for the Group's corporate finance activities, investor relations, and all aspects of the treasury, financial and accounting functions. He joined the Group in January 2005. He is a Chartered Accountant with the Institute of Chartered Accountants of New Zealand. He holds a Master of Applied Finance from Macquarie University in Sydney, Australia, a Master in Social Science from Edith Cowan University in Perth, Australia and a Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand. He has worked for PricewaterhouseCoopers both in New Zealand and Singapore. Before joining the Group, he was with international banks for 10 years.

Jacco Dijke

Head of Business Printed Cartons and Labels

Mr. Dijke is responsible for the Group's Printed Cartons and Labels Division in his position as Group General Manager of Tien Wah Press Holdings Berhad. He has held this position since August 2011. He holds a Bachelor of Engineering Degree from University of Newcastle, Australia. Mr. Dijke has been with the ultimate holding company, New Toyo International Holdings Ltd ("NTIH") since April 2010 working in a sales management position. He has over 16 years of experience as a sales management professional and his experience includes sales and business development through close collaboration with large MNC customers. Prior to joining the Group, he worked with international packaging companies throughout Australasia.

New Toyo's Business Divisions

Specialty Papers

The Specialty Papers product range includes laminated aluminium foil paper, coated paper and metalised paper and metalised polyethylene teraphthalate. These products are applied mainly in cigarette packaging, food, beverages, wine and liquor, tissue boxes, cosmetic packaging and gift-wrapping.

- **Vietnam**
  - Vina Toyo Company Ltd
  - New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd
- **Malaysia**
  - Paper Base Converting Sdn Bhd
- **Singapore**
  - New Toyo Aluminium Paper Product Co. (Pte) Ltd
- **Thailand**
  - Thai Toyo Aluminium Packaging Co., Ltd*
- **China**
  - New Toyo Paper Products (Shanghai) Co., Ltd

Printed Cartons & Labels

The Printed Cartons and Labels business division has two main types of printing, gravure and lithography. Gravure printing is a specialised high speed printing process used for the printing of high quality paper prints mainly for cigarette packaging. Lithography or offset printing is mainly suited for the supply of folded cartons and labels for fast moving consumer products.

- **Vietnam**
  - Alliance Print Technologies Co., Ltd
  - Toyo (Viet) Paper Product Co., Ltd
- **Malaysia**
  - Tien Wah Press (Malaya) Sdn Bhd
- **Australia**
  - Anzpac Services (Australia) Pty Ltd
- **Hong Kong**
  - Max Ease International Limited
- **China**
  - Shanghai Asia Holdings Limited*

Others

Others include the Corrugated Containers, the Trading, the Printing Ink businesses and the investment holdings companies.

- **Vietnam**
  - Vina Toyo Company Ltd
- **Singapore**
  - New Toyo International Co (Pte) Ltd
  - New Toyo International Holdings Ltd
  - Alliance Innovative Solutions Pte Ltd
- **Malaysia**
  - Tien Wah Press Holdings Bhd
- **Hong Kong**
  - Fast Win Enterprise Limited

*Note: Includes only major subsidiaries and associates (marked with an *) of the Group*

Financial Highlights

Three-Year Financial Summary

	2011	2010	2009
Condensed Consolidated Profit & Loss Information (S$'000)			
Revenue	**276,670**	284,685	275,110
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**45,025**	36,143	35,946
Profit before interest and tax	**32,344**	24,642	25,198
Profit from ordinary activities before taxation	**28,885**	20,300	20,377
Net profit for the year	**25,685**	18,053	16,093
Attribute to:			
Equity holders of the company	**19,806**	15,101	12,105
Non-controlling interests	**5,879**	2,952	3,988
Condensed Consolidated Balance Sheet Information (S$'000)			
Total assets	**321,463**	310,669	315,810
Net indebtedness (Total borrowing and finance leases less cash)	**47,440**	70,616	90,512
Total liabilities	**123,092**	130,174	161,872
Shareholders' equity	**160,367**	145,439	123,112
Cashflow Information (S$'000)			
Operating cashflow	**43,011**	18,574	33,144
Per Share Data (S$ cents)			
Earnings per share			
– basic	**4.51**	3.91	3.53
– fully diluted	**4.51**	3.91	3.53
Net asset value per share	**36.49**	33.10	44.83
Dividend per share	**1.94**	1.94	2.00
Share Information			
Number of shares in issue ('000)	**439,425**	439,425	274,640
Weighted average number of shares in issue ('000)			
– basic	**439,425**	385,964	343,300
– fully diluted	**439,425**	385,964	343,300

NEW TOYO
International Holdings Ltd

STATUTORY REPORTS

Directors' Report

Year ended 31 December 2011

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2011.

Directors

The directors in office at the date of this report are as follows:

Gary Yen
Tang See Chim
Tay Joo Soon
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Prof Lee Chang Leng Brian (Appointed on 4 March 2011)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations, other than wholly-owned subsidiaries are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Gary Yen		
The Company		
– ordinary shares		
– interests held	99,939	99,939
– deemed interests	1,693,200	1,693,200
Tay Joo Soon		
The Company		
– ordinary shares		
– interests held	1,920,604	1,920,604
– deemed interests	144,000	144,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the 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.

Except as disclosed in note 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Tang See Chim (Chairman), non-executive director
- Tay Joo Soon, non-executive director
- Prof Lee Chang Leng Brian, non-executive director (Appointed on 4 March 2011)

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held five meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

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

On behalf of the Board of Directors

Gary Yen
Director

Tang See Chim
Director

26 March 2012

Statement by Directors

Year ended 31 December 2011

In our opinion:

(a) the financial statements set out on pages 20 to 91 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Gary Yen
Director

Tang See Chim
Director

26 March 2012

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Members of the Company
New Toyo International Holdings Ltd

Report on the financial statements

We have audited the accompanying financial statements of New Toyo International Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 20 to 91.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 management, 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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
26 March 2012

Statements of Financial Position

As at 31 December 2011

	Note	Group		Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Non-current assets					
Property, plant and equipment	4	**107,211**	102,773	**218**	286
Investment properties	5	**12,347**	15,605	**–**	2,256
Subsidiaries	6	**–**	–	**118,190**	120,636
Associates	7	**65,450**	56,895	**1,294**	1,294
Other investments	8	**2,107**	2,028	**626**	562
Intangible assets	9	**13,495**	14,545	**–**	–
Deferred tax assets	19	**1,960**	2,053	**–**	–
		202,570	193,899	**120,328**	125,034
Current assets					
Inventories	10	**49,115**	49,475	**–**	–
Trade and other receivables	11	**43,593**	45,497	**17,322**	14,365
Asset held for sale	12	**–**	3,163	**–**	–
Cash and cash equivalents	13	**26,185**	18,635	**908**	451
		118,893	116,770	**18,230**	14,816
Total assets		**321,463**	310,669	**138,558**	139,850
Equity attributable to equity holders of the Company					
Share capital	14	**132,102**	132,102	**132,102**	132,102
Other reserves	14	**(1,838)**	(5,484)	**77**	77
Accumulated profits/(losses)		**30,103**	18,821	**(19,710)**	(20,414)
		160,367	145,439	**112,469**	111,765
Non-controlling interests		**38,004**	35,056	**–**	–
Total equity		**198,371**	180,495	**112,469**	111,765
Non-current liabilities					
Trade and other payables	15	**859**	719	**–**	–
Financial liabilities	18	**23,994**	30,045	**607**	3,441
Deferred tax liabilities	19	**3,995**	4,383	**11**	11
		28,848	35,147	**618**	3,452
Current liabilities					
Trade and other payables	15	**42,332**	35,255	**6,677**	6,759
Financial liabilities	18	**49,631**	59,206	**18,663**	17,846
Current tax payable		**2,281**	566	**131**	28
		94,244	95,027	**25,471**	24,633
Total liabilities		**123,092**	130,174	**26,089**	28,085
Total equity and liabilities		**321,463**	310,669	**138,558**	139,850

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Revenue	20	**276,670**	284,685
Cost of sales		**(227,520)**	(240,686)
Gross profit		**49,150**	43,999
Other income	23	**8,841**	5,739
Distribution expenses		**(8,708)**	(8,941)
Administrative expenses		**(19,638)**	(19,376)
Other expenses	24	**(6,168)**	(3,299)
Results from operating activities		**23,477**	18,122
Finance income		**538**	352
Finance costs		**(3,997)**	(4,694)
Net finance costs	21	**(3,459)**	(4,342)
Share of profit of associates, net of tax		**8,867**	6,520
Profit before income tax	22	**28,885**	20,300
Income tax expense	25	**(3,200)**	(2,247)
Profit for the year		**25,685**	18,053
Attributable to:			
Equity holders of the Company		**19,806**	15,101
Non-controlling interests		**5,879**	2,952
Profit for the year		**25,685**	18,053
Earnings per share (cents)			
Basic	26	**4.51**	3.91
Diluted	26	**4.51**	3.91

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

	2011 $'000	2010 $'000
Profit for the year	**25,685**	18,053
Other comprehensive income		
Foreign currency translation differences for foreign operations	**3,234**	(5,031)
Net change in fair value of available-for-sale securities	**31**	60
Effect on currency translation reserve on liquidation of a subsidiary	**–**	323
Other comprehensive income for the year, net of income tax	**3,265**	(4,648)
Total comprehensive income for the year	**28,950**	13,405

	2011 $'000	2010 $'000
Attributable to:		
Equity holders of the Company	**23,452**	10,682
Non-controlling interests	**5,498**	2,723
Total comprehensive income for the year	**28,950**	13,405

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

2010	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2010	112,571	564	77	(1,952)	246	11,606	123,112	30,826	153,938
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	15,101	15,101	2,952	18,053
Other comprehensive income									
Effect on currency translation reserve on liquidation of a subsidiary	–	–	–	633	–	–	633	(310)	323
Foreign currency translation differences	–	–	–	(5,112)	–	–	(5,112)	81	(5,031)
Net change in fair value of equity securities available-for-sale	–	–	–	–	60	–	60	–	60
Total other comprehensive income	–	–	–	(4,479)	60	–	(4,419)	(229)	(4,648)
Total comprehensive income for the year	–	–	–	(4,479)	60	15,101	10,682	2,723	13,405
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Rights issue (net of rights issue expenses)	19,531	–	–	–	–	–	19,531	–	19,531
Dividends									
– one-tier tax exempt final dividend of 1.27 cents per share for the financial year 2009	–	–	–	–	–	(3,488)	(3,488)	–	(3,488)
– one-tier tax exempt interim dividend of 0.97 cents per share for the financial year 2010	–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,908)	(1,908)
Total contributions by and distributions to owners	19,531	–	–	–	–	(7,750)	11,781	(1,908)	9,873
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(136)	(136)	(220)	(356)
Capital contribution by non-controlling interests for a newly incorporated subsidiary	–	–	–	–	–	–	–	203	203
Capital contribution by non-controlling interests pursuant to rights issue of a subsidiary	–	–	–	–	–	–	–	6,087	6,087
Effect of liquidation of a subsidiary	–	–	–	–	–	–	–	(2,655)	(2,655)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(136)	(136)	3,415	3,279
At 31 December 2010	132,102	564	77	(6,431)	306	18,821	145,439	35,056	180,495

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

2011	Share capital $'000	Capital reserve $'000	Other reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to equity holders of the parent $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2011	132,102	564	77	(6,431)	306	18,821	145,439	35,056	180,495
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	19,806	19,806	5,879	25,685
Other comprehensive income									
Foreign currency translation differences	–	–	–	3,615	–	–	3,615	(381)	3,234
Net change in fair value of available-for-sale securities	–	–	–	–	31	–	31	–	31
Total other comprehensive income	–	–	–	3,615	31	–	3,646	(381)	3,265
Total comprehensive income for the year	–	–	–	3,615	31	19,806	23,452	5,498	28,950
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends									
– one-tier tax exempt final dividend of 0.97 cents per share for the financial year 2010	–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
– one-tier tax exempt interim dividend of 0.97 cents per share for the financial year 2011	–	–	–	–	–	(4,262)	(4,262)	–	(4,262)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(2,550)	(2,550)
Total contributions by and distributions to owners	–	–	–	–	–	(8,524)	(8,524)	(2,550)	(11,074)
At 31 December 2011	132,102	564	77	(2,816)	337	30,103	160,367	38,004	198,371

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Profit before income tax	**28,885**	20,300
Adjustments for:		
Depreciation and amortisation	**12,681**	11,501
Dividend income from quoted securities	**(25)**	(57)
Loss on liquidation of a subsidiary	**–**	624
Gain on disposal of investment properties	**(860)**	(614)
Gain on disposal of property, plant and equipment	**(845)**	(485)
Impairment loss on available-for-sale securities	**13**	22
Impairment loss on property, plant and equipment	**653**	–
Property, plant and equipment written off	**215**	17
Reversal of provision for profit guarantee	**–**	(203)
Interest income	**(538)**	(352)
Interest expense	**3,997**	4,694
Share of profit of associates	**(8,867)**	(6,520)
	35,309	28,927
Changes in working capital:		
Inventories	**385**	(5,336)
Trade and other receivables	**1,748**	7,366
Trade and other payables	**7,139**	(7,639)
Cash generated from operations	**44,581**	23,318
Income taxes paid	**(1,570)**	(4,744)
Net cash flows from operating activities	**43,011**	18,574
Cash flows from investing activities		
Interest received	**538**	352
Purchase of property, plant and equipment	**(16,003)**	(12,531)
Purchase of investment property	**(224)**	(978)
Proceeds from disposal of investment properties	**3,910**	2,338
Proceeds from disposal of property, plant and equipment	**4,009**	736
Proceeds from disposal of subsidiaries	**–**	896
Dividends received	**25**	57
Dividends received from associates	**3,075**	1,582
Net cash flows used in investing activities	**(4,670)**	(7,548)
Balance carried forward	**38,341**	11,026

The accompanying notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Balance brought forward		**38,341**	11,026
Cash flows from financing activities			
Proceeds from rights issue net of expenses		**–**	19,531
Proceeds from bank borrowings and trust receipts		**44,788**	41,123
Repayment of bank borrowings and trust receipts		**(60,397)**	(61,037)
Principal repayment of finance lease obligations		**(66)**	(86)
Interest paid		**(3,997)**	(4,694)
Dividends paid		**(8,524)**	(7,750)
Dividends paid to non-controlling shareholders		**(2,550)**	(1,908)
Acquisition from non-controlling interest		**–**	(356)
Capital contribution by non-controlling interests		**–**	6,290
Liquidation proceeds paid to non-controlling interest of a subsidiary		**–**	(2,956)
Net cash flows used in financing activities		**(30,746)**	(11,843)
Net increase/(decrease) in cash and cash equivalents		**7,595**	(817)
Cash and cash equivalents at beginning of year		**18,411**	19,394
Effect of exchange rate changes on balances held in foreign currency		**179**	(166)
Cash and cash equivalents at end of year	13	**26,185**	18,411

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2012.

1 Domicile and activities

New Toyo International Holdings Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 80 Robinson Road, #02-00, Singapore 068898.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are shown in note 6.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities as described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 9.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

(i) Identification of related party relationships and related party disclosures

From 1 January 2011, the Group applied the revised FRS 24 Related Party Disclosures (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) does not have any material impact on the financial statements.

(ii) Other new/revised standards and interpretations

The Group adopted other new/revised standards and interpretations that came into effect from 1 January 2011. The initial application of those standards and interpretations does not have any material impact on the financial statements.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisition from entities under common control

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

(iv) Loss of control

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

(v) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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 investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3 Summary of significant accounting policies (cont'd)

(vi) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

(vii) 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 associates 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.

(viii) Accounting for subsidiaries and associates by the Company

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the 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 at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

3 Summary of significant accounting policies (cont'd)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the 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. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Hedge of a net investment in foreign operation

A hedge of net investment is a hedge in the interest of the net assets of a foreign operation.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

3 Summary of significant accounting policies (cont'd)

3.3 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

Subsequent costs

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

3 Summary of significant accounting policies (cont'd)

Depreciation

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

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

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

Freehold buildings	25 to 40 years
Leasehold properties	15 to 50 years
Leasehold improvements	5 to 6 years
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Office equipment and computers	2 to 10 years
Motor vehicles	5 to 10 years

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

Constructions-in-progress are stated at cost. Expenditure relating to the constructions-in-progress are capitalised when incurred. No depreciation is charged on constructions-in-progress until they are completed and ready for use and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

3 Summary of significant accounting policies (cont'd)

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiary is included in intangible assets and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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.

Contract value

Contract value relates to a seven-year exclusive supply 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 by an additional three years.

Contract value is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss so as to reduce the cost of contract value to zero on a systematic basis over its estimated useful life of ten years.

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

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Assets under construction are not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives (or lease terms, if shorter). The estimated useful lives of the investment properties range from 35 to 68 years. Rental income from investment properties is accounted for in the manner described in note 3.15.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

3 Summary of significant accounting policies (cont'd)

Cash and cash equivalents comprise cash on hand, bank balances and bank deposits. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Interest-free inter-company loans

Loans to subsidiaries

In the Company's financial statements, interest-free loans to subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

Non-derivative financial liabilities

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trust receipts, bank overdrafts and trade and other payables.

3 Summary of significant accounting policies (cont'd)

Loans from subsidiaries

In the Company's financial statements, the interest-free inter-company loans from the subsidiaries are stated at fair value at inception. The difference between the fair values and the loan amounts at inception is recognised as a distribution income in profit or loss. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest expense in profit or loss over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Summary of significant accounting policies (cont'd)

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment loss attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually 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 CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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 each reporting date 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. 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.8 Non-current assets held for sale

Non-current assets 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 are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

3.9 Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amounts of the financial guarantees are transferred to profit or loss.

3.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 Summary of significant accounting policies (cont'd)

3.11 Leased assets

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

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the 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 manufactured inventories and work-in-progress, 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 selling expenses.

3 Summary of significant accounting policies (cont'd)

3.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. 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 the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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 any future refunds from the plan or reductions in the 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 on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit related 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.

3 Summary of significant accounting policies (cont'd)

Short-term benefits

Short-term employee benefit obligations 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 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.

3.15 Revenue

Goods sold

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

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rental income

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

Dividend income

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

3.16 Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

3.17 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. 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.

3 Summary of significant accounting policies (cont'd)

3.18 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.

3.19 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on 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;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Summary of significant accounting policies (cont'd)

3.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman, CEO and senior management to make decisions and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.22 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

4 Property, plant and equipment

	Note	Freehold land and buildings $'000	Leasehold properties $'000	Leasehold improvements $'000	Plant and machinery $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group										
Cost										
At 1 January 2010		22,900	20,610	2,586	115,027	3,974	2,183	1,687	1,722	170,689
Additions		3	1,042	35	7,185	1,069	312	455	2,430	12,531
Disposals/Write-off		–	–	–	(3,583)	–	(28)	(197)	–	(3,808)
Translation differences on consolidation		(35)	(1,127)	(143)	480	128	(95)	(63)	(324)	(1,179)
Transfer to investment properties	5	–	–	–	–	–	–	–	(1,509)	(1,509)
Transfer to asset held for sale	12	(3,395)	–	–	–	–	–	–	–	(3,395)
Transfer/reclassification		–	–	–	909	–	–	–	(909)	–
At 31 December 2010		19,473	20,525	2,478	120,018	5,171	2,372	1,882	1,410	173,329
Additions		–	317	553	12,749	1,078	204	217	885	16,003
Disposals/Write-off		–	–	(402)	(2,031)	(452)	(32)	(146)	–	(3,063)
Translation differences on consolidation		187	388	34	(326)	(52)	(23)	(24)	(90)	94
Transfer/reclassification		–	596	278	364	–	85	–	(1,323)	–
At 31 December 2011		19,660	21,826	2,941	130,774	5,745	2,606	1,929	882	186,363
Accumulated depreciation and impairment losses										
At 1 January 2010		540	4,860	2,334	51,108	3,041	1,549	1,077	–	64,509
Depreciation for the year		502	841	35	7,472	569	256	196	–	9,871
Disposals/Write-off		–	–	–	(3,329)	–	(24)	(187)	–	(3,540)
Translation differences on consolidation		(10)	(350)	(96)	334	107	(22)	(15)	–	(52)
Transfer to asset held for sale	12	(232)	–	–	–	–	–	–	–	(232)
At 31 December 2010		800	5,351	2,273	55,585	3,717	1,759	1,071	–	70,556
Depreciation for the year		347	716	108	8,465	631	249	253	–	10,769
Disposals/Write-off		–	–	(381)	(1,847)	(423)	(24)	(123)	–	(2,798)
Impairment for the year		540	7	44	14	47	1	–	–	653
Translation differences on consolidation		31	209	8	(203)	(39)	(18)	(16)	–	(28)
Transfer/reclassification		–	17	–	134	(151)	–	–	–	–
At 31 December 2011		1,718	6,300	2,052	62,148	3,782	1,967	1,185	–	79,152
Carrying amount										
At 1 January 2010		22,360	15,750	252	63,919	933	634	610	1,722	106,180
At 31 December 2010		18,673	15,174	205	64,433	1,454	613	811	1,410	102,773
At 31 December 2011		17,942	15,526	889	68,626	1,963	639	744	882	107,211

4 Property, plant and equipment (cont'd)

	Leasehold improvements $'000	Furniture and fittings $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Company						
Cost						
At 1 January 2010	318	40	200	367	926	1,851
Additions	23	–	1	–	461	485
Transfer to investment properties	–	–	–	–	(1,387)	(1,387)
At 31 December 2010	341	40	201	367	–	949
Additions	35	–	5	–	–	40
At 31 December 2011	376	40	206	367	–	989
Accumulated depreciation						
At 1 January 2010	299	37	180	45	–	561
Depreciation for the year	18	2	9	73	–	102
At 31 December 2010	317	39	189	118	–	663
Depreciation for the year	25	1	9	73	–	108
At 31 December 2011	342	40	198	191	–	771
Carrying amount						
At 1 January 2010	19	3	20	322	926	1,290
At 31 December 2010	24	1	12	249	–	286
At 31 December 2011	34	–	8	176	–	218

Certain property, plant and equipment in the Group are pledged as securities for banking facilities granted to the Group, details of which are provided in note 18.

The carrying amounts of property, plant and equipment acquired under finance leases are as follows:

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Motor vehicles	**192**	285	**176**	249

Impairment

During 2011, the Group recorded an impairment loss of $653,000, including $547,000 on a leasehold building and a freehold building of the subsidiaries to reflect their recoverable amounts estimated based on independent valuation. The remaining impairment loss of $106,000 on leasehold improvement, plant and machinery, furniture and fittings, office equipment and computers of a subsidiary was made due to relocation of an office.

5 Investment properties

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Cost					
At 1 January		**24,054**	24,200	**2,304**	–
Additions		**224**	978	**–**	917
Disposals		**(3,191)**	(1,994)	**(2,304)**	–
Transfer from property, plant and equipment	4	**–**	1,509	**–**	1,387
Translation differences on consolidation		**586**	(639)	**–**	–
At 31 December		**21,673**	24,054	**–**	2,304
Accumulated depreciation and impairment losses					
At 1 January		**8,449**	8,138	**48**	–
Disposals		**(141)**	(270)	**(110)**	–
Depreciation for the year		**782**	807	**62**	48
Translation differences on consolidation		**236**	(226)	**–**	–
At 31 December		**9,326**	8,449	**–**	48
Carrying amount		**12,347**	15,605	**–**	2,256

Investment properties comprise a number of commercial lots and offices, residential apartments, factories and industrial and warehouse buildings.

The investment properties are mostly leased to third parties. Each of the leases contains an average non-cancellable period of 2 years, with certain annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average, renewal periods are 2 years. No contingent rents are charged.

The investment properties have an estimated market value of $25,641,000 at 31 December 2011 (2010: $28,375,000) which is based on independent valuations obtained from 2010-2011 by property agents on an open market value basis.

The valuations were performed by independent valuers who are certified real estate appraisers. The valuers used the direct comparison and capitalisation methods. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.

Gross rental income of $1,623,000 (2010: $1,665,000) was derived from the investment properties during the financial year.

6 Subsidiaries

		Company	
		2011	2010
		$'000	$'000
Investment in subsidiaries, at cost		**75,217**	62,783
Impairment losses		**(6,745)**	(6,362)
		68,472	56,421
Discount implicit in the interest-free loans to subsidiaries		**1,041**	1,041
Total investment in subsidiaries		**69,513**	57,462
Loans to subsidiaries, at cost	(i)	**50,965**	54,350
Loans to subsidiaries (unsecured)			
– interest bearing	(ii)	**–**	11,022
– interest-free	(iii)	**4,674**	4,758
Impairment losses		**(6,962)**	(6,956)
		48,677	63,174
		118,190	120,636

(i) The loans to subsidiaries are unsecured and interest-free. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans are, in substance, a part of the Company's net investments in the subsidiaries.

(ii) In 2010, an unsecured loan to a subsidiary bore interest at SIBOR +0.5% and was due between 30 June 2013 and 31 December 2016. The loan was fully repaid in 2011.

(iii) The loan to a subsidiary is unsecured, interest-free and due in December 2014. The effective interest rates used to discount the inter-company loans to its fair value at inception are the prevailing market interest rates of similar loans.

Investments in certain subsidiaries are pledged as securities for banking facilities granted to the Group, details of which are provided in note 18.

6 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2011 %	Effective equity held by the Group 2010 %
	Held by the Company				
#	New Toyo Aluminium Paper Product Co (Pte) Ltd	Manufacturing of specialty papers	Singapore	**100**	100
#	New Toyo Corrugated Products Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo International Co (Pte) Ltd	Trading of paper products, tissue paper products, machinery and equipment	Singapore	**100**	100
#	New Toyo Ventures Pte Ltd	Investment holding	Singapore	**100**	100
#	Singapore Pacific Investments Pte Ltd	Investment holding	Singapore	**100**	100
#	New Toyo Lamination (M) Pte Ltd	Investment holding	Singapore	**100**	100
∞	New Toyo Adelaide Pty Ltd	Investment holding	Australia	**100**	100
∞	Sealink International Limited	Inactive	Hong Kong	**100**	100
∞	Pacific Eagle Investment Limited	Investment holding	Hong Kong	**100**	100
∞	Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	Investment holding	Malaysia	**100**	100
+	New Toyo (Vietnam) Aluminium Paper Packaging Co., Ltd	Manufacturing of specialty papers and paper core	Vietnam	**100**	100
+	New Toyo Pakistan Aluminium (Private) Ltd	Manufacturing of specialty papers	Pakistan	**80**	80
∞	Fast Win Enterprise Limited	Trading of aluminium foil and paper products	Hong Kong	**100**	100
	Held by subsidiaries				
∞	Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	**100**	100
+	Tien Wah Press Holdings Berhad	Investment holding	Malaysia	**54**	54
+	Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	**54**	54
+	Tien Wah Properties Sdn Bhd	Investment property	Malaysia	**54**	54

6 Subsidiaries (cont'd)

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2011 %	2010 %
	Held by subsidiaries (cont'd)				
+	Paper Base Converting Sdn Bhd	Manufacturing of specialty papers	Malaysia	**100**	100
∞	New Toyo Paper Products (Shanghai) Co., Ltd	Manufacturing of specialty papers	China	**100**	100
∞	Wuhu New Asia Paper Products Co., Ltd	Investment holding	China	**100**	100
+	Vina Toyo Company Ltd	Manufacturing of specialty papers and corrugated containers	Vietnam	**50****	50**
#	New Toyo Investments Pte Ltd	Investment holding	Singapore	**54**	54
+	Alliance Print Technologies Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
+	Toyo (Viet) Paper Product Co., Ltd	Manufacturing of printed cartons and labels	Vietnam	**54**	54
∞	Max Ease International Limited	Trading of printed cartons and labels	Hong Kong	**76***	76*
+	Anzpac Services (Australia) Pty Ltd	Manufacturing of printed cartons and labels	Australia	**76***	76*
∞	Alliance Innovative Solutions Pte Ltd	Supplies of printing ink	Singapore	**50****	50**

* The Company and its 54% subsidiary, Tien Wah Press Holdings Berhad jointly hold Anzpac Services (Australia) Pty Ltd through Max Ease International Limited, a company in which the proportionate interest of the Company and Tien Wah Press Holdings Berhad was 49% and 51% respectively.

** Deemed to be a subsidiary as the Group controls the financial and operating policies of the entity.

\# Audited by KPMG LLP, Singapore

\+ Audited by other member firms of KPMG International

∞ Audited by other accounting firms

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

7 Associates

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Quoted equity shares, at cost	**25,628**	25,628	**–**	–
Unquoted equity shares, at cost	**2,093**	2,093	**2,093**	2,093
Impairment losses	**–**	–	**(799)**	(799)
	27,721	27,721	**1,294**	1,294
Share of post acquisition reserves	**37,729**	29,174	**–**	–
	65,450	56,895	**1,294**	1,294

The Group's share of profit in its associates for the year was $8,867,000 (2010: $6,520,000). Dividends received amounted to $3,075,000 (2010: $1,582,000).

As at 31 December 2011, the market value of the quoted equity shares in an associate held by the Group amounted to $52,407,000 (2010: $50,910,000).

Summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group, are as follows:

	2011	2010
	$'000	$'000
Assets and liabilities		
Total assets	**477,769**	374,428
Total liabilities	**288,072**	183,070
Results		
Revenue	**288,919**	269,699
Profit after income tax	**26,318**	19,011

Investments in associates include goodwill arising from acquisition of $3,657,000 (2010: $3,657,000).

In 2010, certain shares of the public-listed associate held by the Group were pledged as securities for banking facilities granted, details of which are provided in note 18. These loans were fully repaid in 2011.

The Group's share of the capital commitments of the associates amounted to $5,293,000 (2010: $40,551,000).

7 Associates (cont'd)

Details of the associates are as follows:

	Name of associates	Principal activities	Country of incorporation	Effective equity held by the Group 2011 %	2010 %
	Held by the Company				
∞	Toyoma Aluminium Foil Packaging Sdn Bhd	Investment holding	Malaysia	**30**	30
∞	Thai Toyo Aluminium Packaging Company Limited	Manufacturing of specialty papers	Thailand	**49**	49
	Held by subsidiaries				
#	Shanghai Asia Holdings Limited	Investment holding	Singapore	**34**	34
∞	Benkert (Malaysia) Sdn Bhd	Manufacture and sales of standard and perforated tipping papers	Malaysia	**16^^**	16^^

^^ 30% held by a 54% owned subsidiary
# Audited by KPMG LLP, Singapore
∞ Audited by other accounting firms

KPMG LLP is the auditor of the significant Singapore-incorporated associate. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

8 Other investments

		Group		Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Available-for-sale, at fair value					
– quoted equity securities		**449**	413	**–**	–
– unquoted equity securities	(i)	**385**	425	**–**	–
		834	838	**–**	–
Club memberships, at cost		**1,308**	1,225	**626**	562
Impairment losses		**(35)**	(35)	**–**	–
		1,273	1,190	**626**	562
Total investments		**2,107**	2,028	**626**	562

(i) An impairment loss of $13,000 (2010: $22,000) on one of the Group's available-for-sale investments has been recognised in other expenses in profit or loss to reflect the present value of estimated future cash flows of the investment. The carrying amount of the investment, net of impairment at 31 December 2011 is $385,000 (2010: $425,000).

8 Other investments (cont'd)

Fair value hierarchy

The above available-for-sale quoted equity shares are carried at fair value, using Level 1 valuation method, which is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

The above available-for-sale unquoted equity securities are carried at fair value, using Level 3 valuation method, which is based on cash flows discounted at rates based on the market interest rates adjusted for risk premiums specific to the securities.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2011.

	Note	$'000
At 1 January		**425**
Impairment loss recognised in profit or loss	24	**(13)**
Translation difference		**(27)**
Closing balance		**385**

Sensitivity analysis – equity price risk

The Group's quoted equity investments are listed on the Bursa Malaysia. For such investments, a 5% increase in the share price at the reporting date would have increased equity by $22,000 (2010: $21,000); an equal change in the opposite direction would have decreased equity by the same amount. The analysis is performed on the same basis for 2010 and assumes that all other variables remain the same.

9 Intangible assets

	Goodwill on consolidation $'000	Contract value $'000	Total $'000
Group			
Cost			
At 1 January 2010	3,663	13,275	16,938
Translation differences on consolidation	–	(1,232)	(1,232)
At 31 December 2010	3,663	12,043	15,706
Translation differences on consolidation	–	138	138
At 31 December 2011	3,663	12,181	15,844
Accumulated amortisation			
At 1 January 2010	–	427	427
Amortisation for the year	–	823	823
Translation differences on consolidation	–	(89)	(89)
At 31 December 2010	–	1,161	1,161
Amortisation for the year	–	1,130	1,130
Translation differences on consolidation	–	58	58
At 31 December 2011	–	2,349	2,349
Carrying amount			
At 1 January 2010	3,663	12,848	16,511
At 31 December 2010	3,663	10,882	14,545
At 31 December 2011	3,663	9,832	13,495

The amortisation was recognised in other expenses.

Impairment tests for cash-generating units containing goodwill and contract value

For the purpose of impairment testing, goodwill is principally allocated to the Group's cash-generating unit (CGU) identified according to the business segment as follows:

	2011			2010		
	Specialty papers $'000	**Printed cartons and labels $'000**	**Total $'000**	Specialty papers $'000	Printed cartons and labels $'000	Total $'000
Goodwill	**22**	**3,641**	**3,663**	22	3,641	3,663

9 Intangible assets (cont'd)

The goodwill on consolidation and contract value are allocated to Tien Wah Press Holdings Berhad ("TWPH") and its subsidiaries which include Max Ease International Limited ("MEIL").

The contract value relates to a seven-year exclusive supply contracts between MEIL and British American Tobacco ("BAT") to supply printed cartons in several locations in the Asia Pacific Region. MEIL has a right to extend the supply period by an additional three years.

The recoverable amount of the CGU was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the discounted cashflow projections

- Cash flow projections were over a period of 10 years from 2012 to 2021.
- Cash flows were projected based on the 1-year financial budget approved by management. Management has considered and determined the factors applied in the financial budget. The budgeted gross margin is based on past experience. Anticipated revenue growth rates of 5% per annum were used in the cash flow projections from 2012 to 2016 based on growth rates in the past 3 years. Cash flows beyond 2017 were extrapolated assuming zero growth in demand.
- The pre-tax discount rate of 8.04% (2010: 9.05%) was applied in determining the recoverable amounts of the CGU. This represents the CGU's weighted average cost of capital.
- No terminal value was used.

The values assigned to the key assumptions represent management's assessment of future trends of the industry in which the CGUs operate and are based on both external sources and internal sources (historical data).

As the carrying amounts of the CGUs were determined to be lower than their recoverable amounts, no impairment loss was recognised.

10 Inventories

	Group	
	2011	2010
	$'000	$'000
Finished goods	**8,528**	8,085
Work-in-progress	**3,828**	3,665
Raw materials	**35,921**	36,823
Consumables	**2,042**	2,001
	50,319	50,574
Allowance for inventories obsolescence	**(1,204)**	(1,099)
	49,115	49,475

Allowance for inventories is made taking into account market trends, inventory ageing and conditions as well as historical experience.

In 2011, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $190,379,000 (2010: $211,147,000).

Included in cost of sales is an allowance for inventories obsolescence of $179,000 (2010: $449,000) due to a write-down of inventories to net realisable value.

Certain inventories in the Group have been pledged as securities for banking facilities granted, details of which are provided in note 18.

11 Trade and other receivables

		Group		Company	
		2011	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Trade receivables		**35,696**	33,276	**–**	–
Impairment losses		**(498)**	(469)	**–**	–
Net trade receivables		**35,198**	32,807	**–**	–
Deposits		**545**	3,875	**8**	10
Tax recoverable		**1,004**	1,172	**–**	467
Other receivables		**2,451**	3,107	**127**	126
Amounts due from subsidiaries					
– trade		**–**	–	**1,308**	1,675
– non-trade	(i)	**–**	–	**780**	1,899
Amounts due from associates					
– trade		**413**	453	**–**	–
– non-trade	(i)	**959**	1,004	**11**	11
Amounts due from other related parties*					
– trade		**910**	1,269	**–**	–
– non-trade	(i)	**387**	302	**3**	3
Loan to subsidiaries	(i)	**–**	–	**15,591**	10,158
Impairment of loan to subsidiary		**–**	–	**(519)**	–
		41,867	43,989	**17,309**	14,349
Prepayments		**1,726**	1,508	**13**	16
		43,593	45,497	**17,322**	14,365

* the amount due from other related parties also includes amount receivables from entities which are wholly owned or partially owned by close family members of one of the Company's directors and a member of the key management personnel of a subsidiary.

(i) The non-trade amounts due from subsidiaries, associates and other related parties and loans to subsidiaries are unsecured, interest-free and repayable on demand.

11 Trade and other receivables (cont'd)

Except as described below, concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed and mainly engage in similar manufacturing and distribution activities.

The maximum exposure to credit risk for loans and receivables at the reporting date by geographical distribution is as follow:

	Group	
	2011	2010
	$'000	$'000
Singapore	**12,074**	10,790
Vietnam	**7,318**	9,246
Malaysia	**6,669**	8,980
Australia	**5,333**	5,895
United Arab Emirates	**3,931**	1,552
China	**1,047**	619
Pakistan	**1,278**	1,001
India	**1,382**	799
Yemen	**–**	938
Myanmar	**–**	429
Others	**2,835**	3,740
	41,867	43,989

As at 31 December 2011, the amount receivable from the top five customers of the Group represents 52% (2010: 44%) of total loans and receivables.

11 Trade and other receivables (cont'd)

Impairment losses

The ageing of loans and receivables at the reporting date is:

	2011		2010	
	Gross	Impairment losses	Gross	Impairment losses
	$'000	$'000	$'000	$'000
Group				
Not past due	34,618	–	34,455	–
Past due 0 – 30 days	6,393	–	7,741	–
Past due 31 – 180 days	702	6	1,828	43
More than 180 days	652	492	434	426
	42,365	498	44,458	469
Company				
Not past due	15,874	–	12,548	–
Past due 0 – 30 days	167	–	355	–
Past due 31 – 180 days	318	–	487	–
More than 180 days	1,469	519	959	–
	17,828	519	14,349	–

The allowance accounts in respect of loans and receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2011, the Group and the Company does not have any collective impairment on its loans and receivables (2010: Nil).

The change in impairment losses in respect of loans and receivables during the year is as follows:

		Group	
	Note	2011	2010
		$'000	$'000
At 1 January		469	617
Impairment loss recognised	22	29	41
Bad debts written off against provision		–	(163)
Translation differences on consolidation		–	(26)
At 31 December		498	469

The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses.

12 Asset held for sale

In 2010, a freehold property of the Group was presented as an asset held for sale following the commitment of the Group's management to a plan to sell the freehold property to an external party. The sale was completed in 2011. At 31 December 2010, the carrying amount of the asset held for sale was $3,163,000.

13 Cash and cash equivalents

		Group		Company	
	Note	**2011**	2010	**2011**	2010
		$'000	$'000	**$'000**	$'000
Cash at bank and in hand		**25,904**	18,301	**908**	451
Deposits with banks		**281**	334	**–**	–
Cash and cash equivalents		**26,185**	18,635	**908**	451
Bank overdrafts	18	**–**	(224)		
Cash and cash equivalents in the cash flow statement		**26,185**	18,411		

Details of interest rate at which the deposit with banks reprice are set out in note 29.

14 Share capital and reserves

	Company	
	No. of shares	
	2011	2010
	('000)	('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January	**439,425**	274,640
Rights issue for cash	**–**	164,785
In issue at 31 December	**439,425**	439,425

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 are rank equally with regard to the Company's residual assets.

On 24 August 2010, the Company issued new ordinary shares through a renounceable non-underwritten rights issue at 3 right shares for every 5 existing ordinary shares. 164,784,226 shares were issued at $0.12 per share. Proceeds (net of expenses of $243,000) of $19,531,000 were received from the rights issue.

14 Share capital and reserves (cont'd)

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interests. The Board also monitors the level of dividends to ordinary shareholders.

The Board monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. Concurrently, the Board of Directors reviews the capital to debt ratio to achieve the dual objective of a strong capital base and an acceptable level on the return on capital.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Other reserves

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Capital reserve	**564**	564	**–**	–
Fair value reserve	**337**	306	**–**	–
Translation reserve	**(2,816)**	(6,431)	**–**	–
Others	**77**	77	**77**	77
	(1,838)	(5,484)	**77**	77

Capital reserve

The capital reserve of the Group comprises statutory reserves transferred from accumulated profits by certain foreign subsidiaries as required by statutory legislations in their countries of incorporation. The percentage of transfer of accumulated profits is determined by the board of directors of these foreign subsidiaries based on the statutory requirements and these reserves can only be distributed upon approval by the relevant authorities.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

14 Share capital and reserves (cont'd)

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations and exchange differences on monetary items which form part of the Group's net investments in the foreign operations.

Others

Other reserve comprises the value of unexercised warrants of the Company which has been transferred from capital reserve to other reserve.

Dividends

The following exempt (one-tier) dividends were declared and/or paid:

	Company	
	2011	2010
	$'000	$'000
One-tier tax exempt interim dividend of 0.97 cents for the year ended 2011 (2010: 0.97 cents) per share	**4,262**	4,262

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Company	
	2011	2010
	$'000	$'000
One-tier tax exempt final dividend of 0.97 cents for the year ended 2011 (2010: 0.97 cents) per share	**4,262**	4,262

15 Trade and other payables

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current liabilities					
Employee benefits	16	**401**	367	**–**	–
Provision	17	**312**	288	**–**	–
Other payables		**146**	64	**–**	–
		859	719	**–**	–
Current liabilities					
Trade payables		**20,875**	19,958	**–**	–
Loans from subsidiaries	(i)	**–**	–	**1,877**	1,858
Amounts due to					
– subsidiaries (non-trade)	(i)	**–**	–	**661**	2,759
– associates					
– trade		**290**	230	**–**	–
– non-trade	(i)	**133**	219	**2**	2
– other related corporations					
– trade		**2,534**	1,093	**–**	–
– non-trade	(i)	**7**	7	**4**	5
– directors (non-trade)	(i)	**–**	2	**–**	–
Accrued operating expenses		**9,173**	7,629	**1,883**	2,135
Advances from customers		**1,414**	–	**–**	–
Accrued Ex-gratia payment to the former Chairman of the Group	(ii)	**2,250**	–	**2,250**	–
Employee benefits	16	**8**	61	**–**	–
Provision	17	**1,850**	1,762	**–**	–
Other payables		**3,798**	4,294	**–**	–
		42,332	35,255	**6,677**	6,759
		43,191	35,974	**6,677**	6,759

(i) The loans from subsidiaries and non-trade amounts due to subsidiaries, associates, other related corporations and directors are unsecured, interest-free and repayable on demand.

(ii) The amount of the ex-gratia payment is subject to shareholders' approval in the forthcoming annual general meeting.

The Group and the Company's exposure to liquidity and currency risk related to trade and other payables are disclosed in notes 18 and 29 respectively.

16 Employee benefits

	Group 2011 $'000	Group 2010 $'000
Recognised liability for defined benefit obligations		
Present value of unfunded obligations	**409**	428
Analysed as:		
– Current	**8**	61
– Non-current	**401**	367
	409	428

A subsidiary, Tien Wah Press Holdings Berhad, makes contributions to a non-contributory defined benefit plan that provides pension for eligible employees upon retirement. The plan entitles a retired employee to receive a lump sum payment equal to 86% of final monthly salary for each year of service the employee provided.

Movement in the present value of the defined benefit obligations

	Note	Group 2011 $'000	Group 2010 $'000
At 1 January		**428**	457
Benefits paid by the plan		**(82)**	(86)
Expense recognised in profit or loss	22	**63**	57
At 31 December		**409**	428

Actuarial assumptions

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

	Group 2011	Group 2010
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 the age of 55 for males and 50 for females.

17 Provision

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

	Group	
	2011	2010
	$'000	$'000
At 1 January 2011	**2,050**	1,911
Provision made	**92**	63
Translation differences in consolidation	**20**	76
At 31 December 2011	**2,162**	2,050
Current	**1,850**	1,762
Non-current	**312**	288
	2,162	2,050

18 Financial liabilities

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Non-current liabilities				
Non-current portion of long-term bank loans				
– secured	**17,287**	24,831	**–**	1,478
– unsecured	**6,666**	5,121	**569**	1,886
Finance lease liabilities	**41**	93	**38**	77
	23,994	30,045	**607**	3,441
Current liabilities				
Bank overdrafts				
– unsecured	**–**	224	**–**	224
Bank loans				
– secured	**4,675**	6,678	**–**	–
– unsecured	**35,154**	39,039	**17,303**	16,227
Current portion of long-term bank loans				
– secured	**3,919**	7,975	**–**	89
– unsecured	**3,788**	2,814	**1,317**	1,253
Trust receipts (unsecured)	**2,039**	2,406	**–**	–
Finance lease liabilities	**56**	70	**43**	53
	49,631	59,206	**18,663**	17,846
	73,625	89,251	**19,270**	21,287

18 Financial liabilities (cont'd)

The Group's secured bank loans are secured on the following assets, stated at their carrying amounts:

	Group	
	2011	2010
	$'000	$'000
Plant and machinery	**3,882**	3,821
Freehold land and buildings	**1,198**	3,236
Inventories	**5,709**	7,604
Investment in associate*	**–**	7,835
Investment in subsidiary*	**55,248**	54,680
	66,037	77,176

* *These are stated at cost*

The details of interest rates at which the interest-bearing liabilities reprice are set out in note 29.

The bank loans are repayable between 2012 to 2016, details of which are provided in the following tables.

Finance lease liabilities

As at 31 December, the Group and the Company have obligations under finance leases that are repayable as follows:

	Principal 2011 $'000	**Interest 2011 $'000**	**Future minimum lease payments 2011 $'000**	Principal 2010 $'000	Interest 2010 $'000	Future minimum lease payments 2010 $'000
Group						
Repayable:						
Within 1 year	**56**	**4**	**60**	70	6	76
After 1 year but within 5 years	**41**	**1**	**42**	93	4	97
	97	**5**	**102**	163	10	173
Company						
Repayable:						
Within 1 year	**43**	**3**	**46**	53	5	58
After 1 year but within 5 years	**38**	**1**	**39**	77	4	81
	81	**4**	**85**	130	9	139

The Group and the Company lease certain motor vehicles from financial institutions under finance leases. The finance leases are secured on certain property, plant and equipment as disclosed in note 4.

18 Financial liabilities (cont'd)

Liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	After 5 years $'000
Group					
Non-derivative financial liabilities					
2011					
Secured bank loans	**25,881**	**(29,082)**	**(10,015)**	**(19,067)**	**–**
Unsecured bank loans	**45,608**	**(46,386)**	**(39,484)**	**(6,902)**	**–**
Finance lease liabilities	**97**	**(102)**	**(60)**	**(42)**	**–**
Trade and other payables*	**40,620**	**(40,620)**	**(40,620)**	**–**	**–**
Trust receipts	**2,039**	**(2,050)**	**(2,050)**	**–**	**–**
	114,245	**(118,240)**	**(92,229)**	**(26,011)**	**–**
2010					
Secured bank loans	39,484	(45,152)	(16,790)	(26,979)	(1,383)
Unsecured bank loans	46,974	(47,894)	(42,497)	(5,397)	–
Finance lease liabilities	163	(173)	(76)	(97)	–
Trade and other payables*	33,496	(33,496)	(33,496)	–	–
Unsecured bank overdrafts	224	(224)	(224)	–	–
Trust receipts	2,406	(2,418)	(2,418)	–	–
	122,747	(129,357)	(95,501)	(32,473)	(1,383)

* *Excludes employee benefits and provisions*

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to $42,329,000 (2010: $48,740,000).

18 Financial liabilities (cont'd)

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	After 5 years $'000
Company					
Non-derivative financial liabilities					
2011					
Unsecured bank loans	**19,189**	**(19,303)**	**(18,728)**	**(575)**	**–**
Finance lease liabilities	**81**	**(86)**	**(46)**	**(40)**	**–**
Trade and other payables	**6,677**	**(6,677)**	**(6,677)**	**–**	**–**
Recognised financial liabilities	**25,947**	**(26,066)**	**(25,451)**	**(615)**	**–**
Intra-group financial guarantee	**–**	**(27,994)**	**(27,994)**	**–**	**–**
	25,947	**(54,060)**	**(53,445)**	**(615)**	**–**
2010					
Secured bank loans	1,567	(2,168)	(154)	(631)	(1,383)
Unsecured bank loans	19,366	(19,656)	(17,699)	(1,957)	–
Finance lease liabilities	130	(139)	(58)	(81)	–
Trade and other payables	6,759	(6,759)	(6,759)	–	–
Unsecured bank overdrafts	224	(224)	(224)	–	–
Recognised financial liabilities	28,046	(28,946)	(24,894)	(2,669)	(1,383)
Intra-group financial guarantee	–	(34,946)	(34,946)	–	–
	28,046	(63,892)	(59,840)	(2,669)	(1,383)

The maturity analyses show the undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

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

Intra-group financial guarantee

Intra-group financial guarantee comprises guarantees granted by the Company to certain banks in respect of banking facilities amounting to $27,994,000 (2010: $34,946,000) granted to subsidiaries. The financial guarantees do not expire within the next 5 years.

19 Deferred tax

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

	At 1/1/2010 $'000	Recognised in profit or loss (note 25) $'000	Exchange differences $'000	At 31/12/2010 $'000	**Recognised in profit or loss (note 25) $'000**	**Exchange differences $'000**	**At 31/12/2011 $'000**
Group							
Deferred tax assets							
Property, plant and equipment	736	(70)	(17)	649	**(354)**	**6**	**301**
Inventories	180	16	(3)	193	**52**	**–**	**245**
Trade and other payables	1,263	5	40	1,308	**41**	**9**	**1,358**
Others	90	44	(5)	129	**65**	**(4)**	**190**
	2,269	(5)	15	2,279	**(196)**	**11**	**2,094**
Deferred tax liabilities							
Property, plant and equipment	(4,127)	90	(48)	(4,085)	**300**	**66**	**(3,719)**
Trade and other payables	–	(3)	–	(3)	**3**	**–**	**–**
Others	(584)	73	(10)	(521)	**167**	**(56)**	**(410)**
	(4,711)	160	(58)	(4,609)	**470**	**10**	**(4,129)**
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	**–**	**–**	**3**
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	**–**	**–**	**(14)**

19 Deferred tax (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**1,960**	2,053	**–**	–
Deferred tax liabilities	**3,995**	4,383	**11**	11

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits:

	Group	
	2011	2010
	$'000	$'000
Deductible temporary differences	**430**	439
Tax losses	**4,885**	5,518
	5,315	5,957

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.

20 Revenue

	Group	
	2011	2010
	$'000	$'000
Sale of manufactured packaging products	**250,494**	245,812
Trading of packaging products	**26,176**	38,873
	276,670	284,685

21 Finance income and finance costs

	Group 2011 $'000	Group 2010 $'000
Interest income from bank deposits	**538**	352
Finance income	**538**	352
Interest paid and payable to		
– banks	**(3,995)**	(4,648)
– others	**(2)**	(46)
Finance costs	**(3,997)**	(4,694)
Net finance costs recognised in profit or loss	**(3,459)**	(4,342)

22 Profit before income tax

The following items have been included in arriving at profit before income tax:

	Note	Group 2011 $'000	Group 2010 $'000
Allowance for inventories obsolescence		**503**	449
Inventories written off		**839**	215
Allowance for doubtful receivables	11	**29**	41
Depreciation of property, plant and equipment	4	**10,769**	9,871
Depreciation of investment properties	5	**782**	807
Directors' fees		**433**	470
Audit fees paid to			
– auditors of the Company		**249**	229
– other auditors		**204**	215
Non-audit fees paid to			
– auditors of the Company		**72**	57
– other auditors		**20**	46
Operating lease expenses		**974**	889
Staff costs		**39,031**	37,718
Contributions to defined contribution plans included in staff costs		**2,483**	2,542
Expenses related to defined benefits plan	16	**63**	57
Operating expenses arising from rental of investment properties		**409**	334

23 Other income

	Group 2011 $'000	Group 2010 $'000
Dividend income on available-for-sale securities	**25**	57
Fee income	**1,893**	–
Gain on disposal of investment properties	**860**	614
Gain on disposal of property, plant and equipment (net)	**845**	485
Jobs credit scheme income	**–**	38
Insurance claim recovery	**705**	–
Rental income	**1,623**	1,665
Scrap sales	**2,237**	2,038
Reversal of provision for profit guarantee	**–**	203
Others	**653**	639
	8,841	5,739

24 Other expenses

	Note	Group 2011 $'000	Group 2010 $'000
Amortisation of intangible asset	9	**1,130**	823
Ex-gratia payment to the former Chairman of the Group		**2,250**	–
Impairment of property, plant and equipment	4	**653**	–
Impairment loss on available-for-sale securities	8	**13**	22
Loss on liquidation of a subsidiary		**–**	624
Net foreign exchange loss		**1,222**	1,372
Property, plant and equipment written off		**215**	17
Inventory written off due to fire at a third party warehouse		**543**	–
Others		**142**	441
		6,168	3,299

25 Tax expense

	Group	
	2011	2010
	$'000	$'000
Current tax expense		
Current year	**4,183**	2,454
Over provision in prior years	**(709)**	(52)
	3,474	2,402
Deferred tax credit		
Origination and reversal of temporary differences	**(274)**	(155)
Total tax expense	**3,200**	2,247

Reconciliation of effective tax rate

	Group	
	2011	2010
	$'000	$'000
Profit excluding tax	**28,885**	20,300
Tax using the Singapore tax rate of 17%	**4,910**	3,451
Effect of tax rates in foreign jurisdictions	**1,183**	122
Non-deductible expenses	**967**	811
Tax exempt income	**(2,665)**	(1,713)
Reinvestment allowances and other tax incentives	**(256)**	(174)
Deferred tax assets not recognised	**73**	96
Utilisation of tax losses previously not recognised	**(303)**	(294)
Over provision in prior years	**(709)**	(52)
	3,200	2,247

26 Earnings per share

	Group	
	2011	2010
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders ($'000)	**19,806**	15,101

Weighted average number of ordinary shares	Group	
	2011	2010
	'000	'000
Issued ordinary shares at 1 January	**439,425**	274,640
Effect of rights issue	**–**	111,324
Weighted average number of ordinary shares during the year	**439,425**	385,964

There are no unexercised share options or warrants issued by the Company.

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

27 Related parties

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2011	2010
	$'000	$'000
Short-term employment benefits		
– directors	**1,369**	1,439
– key executives	**1,078**	762
Post-employment benefits (including CPF)	**48**	36
Ex-gratia payment to the former Chairman of the Group	**2,250**	–
	4,745	2,237

27 Related parties (cont'd)

Other significant related party transactions

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

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group with its related parties in the normal course of business on terms agreed between the parties.

	Group	
	2011	2010
	$'000	$'000
Sale of raw materials and finished goods to associates	**–**	582
Purchase of raw materials and finished goods from associates	**(5,161)**	(7,704)
Purchase of spare parts and consumables from associates	**–**	(8)
Rental paid to associates	**(36)**	(61)
Transactions with companies in which certain directors have significant influence		
– sale of raw materials and finished goods	**357**	639
– purchase of raw materials and finished goods	**(8)**	–
– sale of scrap	**15**	97
– service fee paid	**(79)**	(67)
– rental received	**31**	28
– professional fee paid	**(6)**	(5)
Transactions with companies in which certain directors of subsidiaries have significant influence		
– sale of finished goods	**975**	1,110
– purchase of raw materials	**(1,563)**	(1,449)
– purchase of plant and equipment	**(430)**	(183)
– transportation fee	**(415)**	(403)
Consultancy fees paid to a director of the Company	**(20)**	(62)

All transactions and outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 12 months of the reporting date. None of the balances are secured.

28 Operating segments

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Chairman, CEO and senior management. The following summary describes the operations of each of the Group's reportable segments:

Specialty papers	:	The manufacture and sale of laminated aluminium paper products and other packaging products.
Printed cartons and labels	:	The printing and sale of paper packaging materials.
Corrugated containers	:	The manufacture and sale of corrugated boxes and sheets.
Trading	:	The sale of laminated aluminium paper products, corrugated boxes, tissue and other packaging products.
Investment holding	:	Investing activities, including investment in associates and investment properties.

Inter-segment pricing is determined on an arm's length basis.

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

28 Operating segments (cont'd)

Information about reportable segments

	Specialty papers		Corrugated containers		Printed cartons and labels		Trading		Investment holding		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenues	89,326	94,576	5,291	6,320	154,138	144,541	26,176	38,873	–	–	274,931	284,310
Inter-segment revenue	10,241	9,684	–	–	52,434	41,975	20,005	20,381	–	–	82,680	72,040
Interest income	79	71	–	–	538	277	18	–	309	431	944	779
Interest expense	(616)	(488)	(23)	(10)	(2,867)	(3,321)	(79)	(100)	(818)	(1,202)	(4,403)	(5,121)
Reportable segment profit before tax	5,637	7,579	371	511	16,868	8,018	(307)	251	2,590	3,486	25,159	19,845
Share of profit of associates	–	–	–	–	–	–	–	–	8,867	6,520	8,867	6,520
Other material non-cash items:												
– Reversal of provision for profit guarantee	–	–	–	–	–	–	–	–	–	(203)	–	(203)
– Amortisation	–	–	–	–	1,130	823	–	–	–	–	1,130	823
– Depreciation	1,396	1,619	13	17	9,139	8,318	1	1	727	573	11,276	10,528
– Impairment loss on property, plant and equipment	106	–	–	–	547	–	–	–	–	–	653	–
Capital expenditure	3,069	3,311	–	–	12,875	8,731	–	3	–	–	15,944	12,045
Investment in associates	–	–	–	–	–	–	–	–	65,450	56,895	65,450	56,895
Reportable segment assets	53,382	47,910	3,980	5,608	173,007	173,920	9,275	8,325	10,310	10,902	249,954	246,665
Reportable segment liabilities	19,041	17,150	983	2,655	64,696	72,123	8,316	7,540	289	2,177	93,325	101,645

28 Operating segments (cont'd)

Reconciliations of information about reportable segments

	2011 $'000	2010 $'000
Revenues		
Total revenue of reportable segments	**357,611**	356,350
Other revenue	**1,739**	375
Elimination of inter-segment revenue	**(82,680)**	(72,040)
Consolidated revenue	**276,670**	284,685
Profit or loss		
Total profit for reportable segments	**25,159**	19,845
Other profit or loss	**1,080**	(785)
	26,239	19,060
Elimination of inter-segment profits	**(514)**	(1,399)
Share of profit of associates	**8,867**	6,520
Unallocated amounts:		
– other corporate expenses	**(5,707)**	(3,881)
Consolidated profit before income tax	**28,885**	20,300
Assets		
Total assets for reportable segments	**249,954**	246,665
Other assets	**2,222**	1,322
Investment in associates	**65,450**	56,895
Unallocated amounts:		
– other corporate assets	**873**	2,562
– income tax assets	**2,964**	3,225
Consolidated total assets	**321,463**	310,669
Liabilities		
Total liabilities of reportable segments	**93,325**	101,645
Other liabilities	**81**	152
Other unallocated amounts:		
– other corporate liabilities	**23,410**	23,428
– income tax liabilities	**6,276**	4,949
Consolidated total liabilities	**123,092**	130,174
Depreciation		
Total depreciation of reportable segments	**11,276**	10,528
Others	**275**	150
Consolidated depreciation	**11,551**	10,678
Capital expenditure		
Total capital expenditure of reportable segments	**15,944**	12,045
Others	**59**	486
Consolidated capital expenditure	**16,003**	12,531

28 Operating segments (cont'd)

Reconciliations of information about reportable segments (cont'd)

	2011			2010		
	Reportable Segment Total $'000	**Adjustment $'000**	**Consolidated Total $'000**	Reportable Segment Total $'000	Adjustment $'000	Consolidated Total $'000
Interest income and expense						
Interest income	**944**	**(406)**	**538**	779	(427)	352
Interest expense	**(4,403)**	**406**	**(3,997)**	(5,121)	427	(4,694)
Consolidated net interest expense	**(3,459)**	**–**	**(3,459)**	(4,342)	–	(4,342)

Geographical segments

The specialty papers, printed cartons and labels, corrugated containers, trading and investment holding segments operate in a number of principal countries. For specialty papers, the Group has plants in Singapore, Vietnam, Malaysia and China, while for printed cartons and labels, the Group has plants in Vietnam, Malaysia and Australia. For trading, the Group has sales offices in Singapore and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment non-current assets are based on the geographical location of the assets. Inter-segment pricing is determined on mutually agreed terms.

Geographical information

	2011		2010	
	External revenues $'000	**Non-current assets* $'000**	External revenues $'000	Non-current assets* $'000
Singapore	**38,704**	**65,261**	44,371	59,825
Vietnam	**45,380**	**38,180**	50,055	31,163
Hong Kong	**85,450**	**10,251**	71,927	12,624
Australia	**60,338**	**42,837**	63,741	45,555
Malaysia	**41,998**	**37,618**	50,983	35,493
China	**3,067**	**6,454**	3,233	7,082
Pakistan	**1,733**	**9**	375	104
Total	**276,670**	**200,610**	284,685	191,846

Revenues of approximately $152.8 million (2010: $136.9 million) are derived from a single external customer, attributable to the Specialty Papers and Printed Cartons and Labels segments.

* *Excludes deferred tax assets*

Certain comparatives have been amended to conform with the reports reviewed by the Group's Chairman, CEO, and senior management for making strategic decisions in the current year.

29 Financial risk management

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligation to the Group, as and when the obligation falls due. The Group's primary exposure to credit risk arises from its loans and receivables.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. Details of credit risk by different factors, including geographical, can be found in note 11.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit facilities. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer. These limits are reviewed regularly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. Specific allowance and write-offs of trade and other receivables are made as and when it is considered necessary.

The Group does not require collateral in respect of 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.

Cash and fixed deposits are placed with financial institutions which are regulated.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

29 Financial risk management (cont'd)

Intra-group financial guarantees

The Company has issued letters of financial support and financial guarantees on behalf of some of its subsidiaries to secure certain banking facilities. In the event of a default of those banking facilities by the subsidiaries, the Company would be responsible for the repayment of the amount owing to the bank.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily in Singapore dollar, United States dollar, Vietnamese dong and Australian dollar.

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an on-going 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.

As at 31 December 2011, the Company has outstanding forward exchange contracts with notional amounts of approximately $913,000 (2010: $ Nil).

29 Financial risk management (cont'd)

The Group's and Company's exposures to foreign currency risk are as follows:

	Singapore dollar $'000	United States dollar $'000	Vietnamese dong $'000	Australian dollar $'000
Group				
2011				
Trade and other receivables	**438**	**3,695**	**625**	**1,666**
Cash and cash equivalents	**844**	**1,976**	**71**	**2,311**
Financial liabilities	**–**	**(29,220)**	**–**	**(18,470)**
Trade and other payables	**(1,194)**	**(5,949)**	**(828)**	**(220)**
Net exposure	**88**	**(29,498)**	**(132)**	**(14,713)**
2010				
Trade and other receivables	466	3,965	1,389	819
Cash and cash equivalents	562	2,939	18	3
Financial liabilities	(730)	(21,793)	–	(26,144)
Trade and other payables	(902)	(3,319)	(1,250)	(634)
Net exposure	(604)	(18,208)	157	(25,956)
Company				
2011				
Trade and other receivables	**–**	**10,771**	**–**	**–**
Cash and cash equivalents	**–**	**680**	**–**	**–**
Financial liabilities	**–**	**(15,324)**	**–**	**–**
Trade and other payables	**–**	**(3)**	**–**	**(6)**
Net exposure	**–**	**(3,876)**	**–**	**(6)**
2010				
Trade and other receivables	–	27,220	–	–
Cash and cash equivalents	–	444	–	–
Financial liabilities	–	(11,967)	–	–
Trade and other payables	–	(79)	–	(31)
Net exposure	–	15,618	–	(31)

29 Financial risk management (cont'd)

Sensitivity analysis

A 5% strengthening of Singapore dollar against United States dollar, and 2% strengthening of Singapore dollar against Vietnamese dong and Australian dollar at the reporting date would increase (decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	Group Profit/(Loss)		Company Profit/(Loss)	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Group				
Singapore dollar	**4**	(30)	**–**	–
United States dollar	**1,475**	910	**194**	(781)
Vietnamese dong	**3**	(3)	**–**	–
Australian dollar	**294**	519	**–**	1

A 5% weakening of Singapore dollar against United States dollar, and 2% weakening of Singapore dollar against Vietnamese dong and Australian dollar at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost. There are credit facilities available to the Group and the Company to support part of the working capital requirements. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Group and the Company.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

29 Financial risk management (cont'd)

Effective interest rates and repricing/maturity analysis

	Average interest rate %	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	Fixed interest rate maturing: 1 to 5 years $'000	Fixed interest rate maturing: After 5 years $'000	Total $'000
Group						
2011						
Assets						
Fixed deposits	**0.1-2.9**	**–**	**281**	**–**	**–**	**281**
Liabilities						
Unsecured bank loans	**3.2-5.0**	**43,723**	**1,317**	**568**	**–**	**45,608**
Trust receipts	**2.5**	**2,039**	**–**	**–**	**–**	**2,039**
Secured bank loans	**5.1-17.1**	**25,881**	**–**	**–**	**–**	**25,881**
Finance lease liabilities	**2.7**	**–**	**56**	**41**	**–**	**97**
		71,643	**1,373**	**609**	**–**	**73,625**
2010						
Assets						
Fixed deposits	0.1-2.8	–	334	–	–	334
Liabilities						
Unsecured bank overdrafts	4.3	224	–	–	–	224
Unsecured bank loans	3.2-16.0	42,694	1,910	2,370	–	46,974
Trust receipts	2.4	2,406	–	–	–	2,406
Secured bank loans	2.5-15.2	37,917	89	365	1,113	39,484
Finance lease liabilities	2.6	–	70	93	–	163
		83,241	2,069	2,828	1,113	89,251

29 Financial risk management (cont'd)

	Average interest rate %	Floating interest $'000	Fixed interest rate maturing Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
Company						
2011						
Liabilities						
Unsecured bank loans	**1.8-5.0**	**17,304**	**1,317**	**568**	**–**	**19,189**
Finance lease liabilities	**2.7**	**–**	**43**	**38**	**–**	**81**
		17,304	**1,360**	**606**	**–**	**19,270**
2010						
Assets						
Loans due from subsidiaries	1.1-4.5	11,022	–	–	–	11,022
Liabilities						
Unsecured bank overdrafts	4.3	224	–	–	–	224
Unsecured bank loans	1.6-3.5	16,227	1,253	1,886	–	19,366
Secured bank loans	3.9	–	89	365	1,113	1,567
Finance lease liabilities	2.7	–	53	77	–	130
		16,451	1,395	2,328	1,113	21,287

Sensitivity analysis

For variable rate financial assets and liabilities, a change of 100bp in interest rate at the reporting date would increase (decrease) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

29 Financial risk management (cont'd)

	Profit or loss			
	Group		Company	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
31 December 2011				
Variable rate instruments	**(716)**	**716**	**(173)**	**173**
31 December 2010				
Variable rate instruments	(832)	832	(54)	54

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Interest-bearing obligations

The fair value of interest-bearing obligations at floating interest rates is assumed to approximate carrying amount.

The fair value of other interest-bearing obligations, 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 reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

The fair value of loans due to/from subsidiaries, 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 reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The fair value and the basis of estimation for investments are set out in note 8. All other financial assets and liabilities are discounted to determine their fair values.

29 Financial risk management (cont'd)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve as at 31 December 2011 plus an adequate constant credit spread, and are as follows:

	2011	2010
	%	%
Bank loans (fixed interest rate)	**3.3**	3.3
Finance lease liabilities	**3.3**	3.0
Loans to/from subsidiaries	**3.3**	3.3

The aggregate net fair values of recognised financial assets and liabilities carried at cost or amortised cost which differ from their carrying amounts are represented in the following table:

	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
Group				
Financial liabilities carried at amortised cost				
Bank loans (fixed interest rate)	**(1,885)**	**(1,894)**	(5,847)	(5,273)
Finance lease liabilities	**(97)**	**(96)**	(163)	(161)
Total	**(1,982)**	**(1,990)**	(6,010)	(5,434)
Unrecognised (losses)/gains		**(8)**		576
Company				
Financial assets carried at amortised cost				
Loans to subsidiaries	**4,674**	**4,811**	15,780	14,725
Financial liabilities carried at amortised cost				
Bank loans (fixed interest rate)	**(1,885)**	**(1,894)**	(4,706)	(4,144)
Loans from subsidiaries	**(1,877)**	**(1,942)**	(1,858)	(1,746)
Finance lease liabilities	**(81)**	**(80)**	(130)	(128)
Total	**(3,843)**	**(3,916)**	(6,694)	(6,018)
	831	**895**	9,086	8,707
Unrecognised gains/(losses)		**64**		(379)

29 Financial risk management (cont'd)

Classification of financial assets and liabilities

Group	Note	Loans and receivables $'000	Available-for-sale $'000	Liabilities at amortised cost $'000	Total carrying amount $'000
31 December 2011					
Available-for-sale investments	8	**–**	**834**	**–**	**834**
Trade and other receivables	11	**41,867**	**–**	**–**	**41,867**
Cash and cash equivalents	13	**26,185**	**–**	**–**	**26,185**
		68,052	**834**	**–**	**68,886**
Trade and other payables*	15	**–**	**–**	**(40,620)**	**(40,620)**
Financial liabilities	18	**–**	**–**	**(73,625)**	**(73,625)**
		–	**–**	**(114,245)**	**(114,245)**
31 December 2010					
Available-for-sale investments	8	–	838	–	838
Trade and other receivables	11	43,989	–	–	43,989
Cash and cash equivalents	13	18,635	–	–	18,635
		62,624	838	–	63,462
Trade and other payables*	15	–	–	(33,496)	(33,496)
Financial liabilities	18	–	–	(89,251)	(89,251)
		–	–	(122,747)	(122,747)

29 Financial risk management (cont'd)

Company	Note	Loans and receivables $'000	Available-for-sale $'000	Liabilities at amortised cost $'000	Total carrying amount $'000
31 December 2011					
Trade and other receivables	11	**17,309**	**–**	**–**	**17,309**
Cash and cash equivalents	13	**908**	**–**	**–**	**908**
		18,217	**–**	**–**	**18,217**
Trade and other payables*	15	**–**	**–**	**(6,677)**	**(6,677)**
Financial liabilities	18	**–**	**–**	**(19,270)**	**(19,270)**
		–	**–**	**(25,947)**	**(25,947)**
31 December 2010					
Trade and other receivables	11	14,349	–	–	14,349
Cash and cash equivalents	13	451	–	–	451
		14,800	–	–	14,800
Trade and other payables*	15	–	–	(6,759)	(6,759)
Financial liabilities	18	–	–	(21,287)	(21,287)
		–	–	(28,046)	(28,046)

* *Excludes employee benefits and provisions*

30 Contingent liabilities–unsecured

Company
As at the reporting date:

(i) the Company has issued $27,994,000 (2010: $34,946,000) unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries by those banks;

(ii) the Company has issued unsecured guarantee to a bank in favour of a supplier of a subsidiary amounting to $1,581,200 (2010: $1,249,400); and

(iii) the Company has an unsecured contingent liability in respect of an undertaking to provide continuing financial support to certain subsidiaries, to enable the subsidiaries to continue their operations for at least the next twelve months. The net current liabilities of the subsidiaries as at 31 December 2011 were $13,195,000 (2010: $8,420,000).

31 Acquisition of non-controlling interests

In December 2010, the Group acquired the remaining 8% interest in Wuhu New Asia Paper Products Co., Ltd ("Wuhu") for a cash consideration of $356,000. The carrying amount of Wuhu's net assets in the Group's financial statements on the date of the acquisition was $1,212,000. The Group recognised a decrease in non-controlling interests of $97,000 and a decrease in retained earnings of $259,000.

The following summarises the effect of changes in the Group's ownership interest in Wuhu:

	2010 $'000
Group's ownership interest at the beginning of the year	4,795
Effect of increase in Group's ownership interest at year end	97
Group's ownership interest at the end of the year	4,892

32 Commitments

At the reporting date, the Group and the Company have the following commitments:

Capital commitments

	Group		Company	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Authorised but not contracted for	**7,044**	4,306	**–**	–
Contracted but not provided for	**1,075**	9,882	**–**	–
	8,119	14,188	**–**	–

32 Commitments (cont'd)

Operating lease commitments

Leases as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Payable:				
Within 1 year	**886**	950	**199**	147
After 1 year but within 5 years	**1,951**	1,357	**396**	12
After 5 years	**2,594**	2,718	**–**	–
	5,431	5,025	**595**	159

Operating lease commitments of the Group include commitment by a subsidiary for a land with lease expiring on 15 November 2029.

The Group and the Company lease lands, factories, office, warehouse, 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 the leases are re-negotiated.

Leases as lessor

The Group leases out its investment property. Non-cancellable operating lease rentals are receivable as follows:

	2011	2010
	$'000	$'000
Within 1 year	**997**	946
After 1 year but within 5 years	**809**	123
	1,806	1,069

Group Properties

List of Major Properties

Location	Description	Tenure
Lot 15,17,19 & 21 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	One office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 48.5 years from 3 December 2001 to 22 May 2050
Lot 24 – Road 3 Industrial Zone Linh Trung II EPZ Thu Duc District Ho Chi Minh City, Vietnam	Office and factory used by a subsidiary for its operations	Leasehold 40 years from 7 June 2010 to 22 May 2050
A street, Thu Duc District Ho Chi Minh City, Vietnam	Two storey office and ground floor factory used by a subsidiary for its operations	Leasehold 20 years from 30 July 1996
No. 16 Soon Lee Road Singapore 628079	A single-storey detached factory with ancillary structures used by a subsidiary for its operations	Leasehold 60 years commencing from 16 November 1969
38 Huu Nghi Street Vietnam – Singapore Industrial Park Thuan An, Binh Duong Ho Chi Minh City, Vietnam	Two-storey office, two factories and two warehouses used by a subsidiary for its operations	Leasehold 49 years expiring on 8 August 2054
No. 11 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 16 August 2059
No. 9 Jalan Semangat 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Leasehold 99 years expiring on 10 November 2059
No. 79 Section 14/20 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 22 July 2074
No. 8, Section 14/28 46100 Petaling Jaya Selangor Darul Ehsan, Malaysia	Residential quarters for staff of its subsidiary	Leasehold 99 years expiring on 10 January 2063
32 Britton Street, Smithfield NSW 2164 Australia	Office and factory used by a subsidiary for its operations	Freehold

Group Properties

List of Investment Properties

Location	Descriptions	Tenure
No. 190, 191, 210 and 211 Shanghai Ma Lu Industrial Park No. 58 Chan Bo Road, Ma Lu District Jia Ding County, Shanghai, PRC	Four similar semi-detached single-storey industrial/warehouse buildings	Leasehold 50 years expiring on 12 November 2043
No. 2461, BaoAn Road JiaDing District, Shanghai, PRC	Office, factory and warehouse	Leasehold 50 years from 7 July 1997
No. 16 Jin Pu Road, Block E Hui Dong International Plaza Nan Ning City, Guang Xi Province, PRC	11 units of commercial lots	Leasehold 70 years from 20 December 2002
No. 5 & 6 Yue Hai Industrial Area Nan Yu Road West, Nan Shan District Shenzhen, PRC	Two adjoining ground floor units of twin six-storey factory buildings	Leasehold 50 years from 1 March 1996
No. 78 Xin Hua Dong Road Inner Mongolia, PRC	3 units of residential apartments	Leasehold 70 years from 25 January 2006
No. 35 GangWan Road, Wuhu Economic Technology Development Park Wuhu City, Anhui Province, PRC	Office, factory and warehouse	Leasehold period from 13 December 2000 to 1 December 2047
Forest Hills, Block B-210, Mission Hill Golf Club Tangxia Town, Dongguan City Guangdong Province, PRC	Studio apartment	Leasehold 40 years expiring on 6 July 2049
Workshop B, 1/F., Block 1 Koon Wah Mirror Factory (6th) Industrial Building Nos. 7 – 9 Ho Tin Street, Tuen Mun New Territories, Hong Kong	Industrial premises	Leasehold 99 years from 1 July 1898, extended by the New Territories Leases (Extension) Ordinance until the expiry of 30 June 2047
No. 8, Lorong 19/1 A 46300 Petaling Jaya Selangor Darul Ehsan, Malaysia	Office, factory and warehouse	Leasehold 99 years from 24 July 1963
No. 41-43 Birralee Road Regency Park, SA 5010 Australia	Office, factory and warehouse	Freehold

Corporate Governance Statement

The Company is committed to good standards of corporate governance. This Statement outlines the corporate governance practices of the Company in relation to the Code of Corporate Governance 2005 ("Code").

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board of Directors of the Company ("Board") and its committees meet on a regular basis and as and when necessary to address any specific significant matters that may arise. Below is the attendance of the Directors at meetings of the Board and its committees in 2011:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	6	5	1	2
Directors		**No. of meetings attended**		
Yen Wen Hwa*	3	n.a.	n.a.	n.a.
Gary Yen	6	n.a.	1	n.a.
Tang See Chim	6	5	1	2
Tay Joo Soon	5	5	1	2
Prof. Brian Lee Chang Leng**	5	4	n.a.	1
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	5	n.a.	n.a.	n.a.

n.a. – not a member

* *ceased as director with effect from 30 September 2011*

** *appointed as director with effect from 4 March 2011*

The Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee to carry out various functions. Details of these committees are set out in this Statement.

Matters requiring Board approval include investments, divestments, major contracts, announcements of financial results, dividend payments and credit facilities.

Principle 2: Board Composition and Balance

The Board comprises five Directors, three of whom are non-executive and independent. They are:

Gary Yen	**(Non-Executive Chairman)**
Tang See Chim	**(Non-Executive and Independent Director)**
Tay Joo Soon	**(Non-Executive and Independent Director)**
Prof. Brian Lee Chang Leng	**(Non-Executive and Independent Director)**
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	**(Non-Executive Director)**

The present composition of the Board complies with the Code's guideline that independent directors make up at least one-third of the board of directors.

Principle 3: Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer are separate persons.

The Chairman's functions include leading the Board and setting its agenda, ensuring that the Directors receive accurate, timely and clear information, ensuring effective communication with shareholders, encouraging constructive relations between the Board and management, facilitating the effective contribution of non-executive Directors and promoting high standards of corporate governance.

With regard to Board proceedings, the Chairman ensures that Board meetings are held when necessary. Management staff who can provide additional insight into matters to be discussed are invited to attend such meetings.

Principle 4: Board Membership

The Nominating Committee ("NC") comprises three non-executive Directors, a majority of whom, including the Chairman, are independent. They are:

Tay Joo Soon (Chairman of the NC – Non-Executive and Independent Director)
Tang See Chim (Non-Executive and Independent Director)
Gary Yen (Non-Executive Director)

The duties and functions of the NC are as follows:

a. make recommendations to the Board on all board appointments and re-nominations having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);

b. ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

c. determine annually whether a Director is independent, having regard to the principles and guidelines contained in the Code;

d. decide whether a Director is able to and has adequately carried out his duties as a director of the Company, taking into account, where applicable, the competing time commitments that are faced by a Director having multiple board representations; and

e. decide how the Board's performance may be evaluated and propose objective performance criteria.

With respect to the appointment of any new director to the Board, the NC reviews the expertise and experience of candidates and recommends the most suitable candidate to the Board for approval.

Pursuant to the Articles of Association of the Company, one-third of the Directors will retire from office at each Annual General Meeting ("AGM") and be eligible for re-election. The Directors will submit themselves for re-nomination and re-election at regular intervals and at least every three years.

The NC considers Tang See Chim, Tay Joo Soon and Prof. Brian Lee Chang Leng to be independent Directors.

The NC has nominated Tang See Chim, Tay Joo Soon and Prof. Brian Lee Chang Leng for re-appointment at the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Chapter 50.

Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff is retiring as Director at the forthcoming AGM pursuant to the Articles of Association of the Company. The NC has nominated him for re-election at the forthcoming AGM.

The dates of first appointment and last re-election or re-appointment of the Directors are as follows:

Director	Date of appointment	Date of last re-election or re-appointment
Gary Yen	1 February 2002	26 April 2011
Tang See Chim	18 March 1997	26 April 2011
Tay Joo Soon	1 February 2002	26 April 2011
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	1 March 2007	26 April 2010
Prof. Brian Lee Chang Leng	4 March 2011	26 April 2011

Details of the Directors' academic and professional qualifications and directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments are set out on page 9 of this Annual Report.

Information regarding the Directors' shareholdings in the Company is set out on page 14 of this Annual Report.

Principle 5: Board Performance

The NC assesses the effectiveness of the Board and the contribution by each Director annually taking into account various considerations including the Directors' ability and character in resolving matters.

Principle 6: Access to Information

The Board has separate and independent access to the senior management and the company secretary and is informed of all material events and transactions as and when they occur. The Board requires the company secretary to attend board meetings.

If the Directors, whether individually or as a group, in the furtherance of their duties, need independent professional advice, the Company will, upon the direction of the Board, appoint a professional adviser to render such advice at the Company's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three Directors, all of whom, including the Chairman, are non-executive and independent. They are:

Tay Joo Soon (Chairman of the RC)
Tang See Chim
Prof. Brian Lee Chang Leng

The duties and functions of the RC include:

a. recommending to the Board a framework of remuneration for the Board and key executives; and

b. determining specific remuneration packages for each executive Director and the CEO.

The RC reviews and recommends to the Board the remuneration packages of Directors and key executives of the Group. No Director is involved in deciding his own remuneration.

The RC, in carrying out its duties, has access to the Company's resources and/or external professional advice.

Principle 8: Level and Mix of Remuneration

The Company entered into a consultancy agreement on 21 September 2011 with Mr Gary Yen, our Non-Executive Chairman, pursuant to which, he, *inter alia*, advises the Acting Chief Executive Officer on corporate and business strategies for the Group and the Company pays him S$20,000 every quarter for such services. Save as aforesaid, Non-Executive Directors do not have service contracts with the Company and their terms are specified in the Articles of Association of the Company which contain retirement and re-election provisions.

Non-Executive Directors are paid directors' fees subject to the approval of the Company at the AGM. Executive Directors do not receive directors' fee.

The remuneration packages of the Chief Executive Officer and other key executives include bonuses tied to the performance of the Group or the relevant subsidiary or department and his performance.

The Company currently does not have any long-term incentive scheme.

Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year 2011 is as follows:

Remuneration Band	Directors' Fees (%)	Base/ Fixed Salary (%)	Variable or performance-related income/ bonuses (%)	Benefits in Kind (%)
S$750,000 – S$1,000,000				
Executive Director & Non-Executive Director				
Gary Yen[(a)]	6%[(b)]	35%	57%	2%
Below S$250,000				
Non-Executive Directors				
Yen Wen Hwa	100%	Nil	Nil	Nil
Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff	86%[(c)]	Nil	8%[(d)]	6%[(d)]
Non-Executive and Independent Directors				
Tang See Chim	100%	Nil	Nil	Nil
Tay Joo Soon	100%	Nil	Nil	Nil
Prof. Brian Lee Chang Leng	100%	Nil	Nil	Nil

(a) *From 1 January 2011 to 30 September 2011, Mr Gary Yen was the Chief Executive Officer and Executive Director of the Company. He was re-designated as the Non-Executive Chairman with effect from 30 September 2011.*

(b) *Includes consultancy fee. Details of the consultancy can be found on page 97 under Principle 8.*

(c) *From both the Company and Tien Wah Press Holdings Berhad, a listed subsidiary of the Company.*

(d) *From Tien Wah Press Holdings Berhad.*

The remuneration of the top five key executives (who are not also Directors) for the financial year 2011 is as follows:

Remuneration Band	Base/Fixed Salary (%)	Variable or performance-related income/ bonuses (%)	Benefits in Kind (%)
S$250,000 – S$500,000			
George Lee Chee Whye	75%	21%	4%
Mark Mitchell	74%	Nil	26%
Sundraj Naidu	75%	18%	7%
Below S$250,000			
Heng Chor Kiang, Angela	92%	8%	Nil
Nhan Huc Quan	91%	9%	Nil

The remuneration of employees who are immediate family members of a Director or the Chief Executive Officer, and whose remuneration exceeds S$150,000 in 2011:

Remuneration Band	Base/Fixed Salary (%)	Variable or performance-related income/ bonuses (%)	Benefits in Kind (%)
Below S$250,000			
Lu Le Nhi*	76%	24%	Nil

* *Lu Le Nhi is the mother of the Non-Executive Chairman.*

Principle 10: Accountability and Audit

The Company announces its financial results on a quarterly basis and other material information via SGXNET in accordance with the requirements of the SGX-ST.

Principle 11: Audit Committee

The Audit Committee ("AC") comprises three non-executive and independent Directors as follows:

Tang See Chim (Chairman of the AC)
Tay Joo Soon
Prof. Brian Lee Chang Leng

The duties and functions of the AC include:

a. reviewing the audit plans of the external auditors, their evaluation of the system of internal accounting controls and their audit report;

b. reviewing the quarterly and annual financial statements before submission to the Board;

c. reviewing the assistance given by the Company's officers to the external auditors;

d. reviewing the scope and results of internal audit procedures;

e. ensuring that a review of the effectiveness of the Company's material internal controls is conducted annually by the internal and/or external auditors;

f. reviewing with the internal and external auditors their findings on their evaluation of the Company's system of internal controls;

g. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position;

h. reviewing the cost effectiveness, independence and objectivity of the external auditors, taking into consideration any non-audit services provided to the Company;

i. nominating the appointment or re-appointment of the external auditors; and

j. reviewing interested person transactions falling within the scope of the Listing Manual.

The AC has authority to investigate any matter within its scope of duties and functions, full access to and co-operation by the management of the Company and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its duties and functions properly.

The AC meets with the external auditors, and with the internal auditors, without the presence of the Company's management annually.

There are arrangements in the Group whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and for appropriate follow-up actions.

The AC has reviewed the nature and extent of non-audit services provided by KPMG, the external auditors, to the Group in 2011 and is satisfied that the nature and extent of such services are not likely to prejudice the independence of KPMG as external auditors of the Company.

Principle 12: Internal Controls

The Group is constantly enhancing its risk management framework and system of internal controls that address its financial, operational and compliance risks.

Based on the audit reports and recommendations from the internal and external auditors of the Company, the actions taken by management and the on-going reviews and continuing efforts at enhancing controls and processes, the Board and the Audit Committee are of the opinion that, in the absence of any evidence to the contrary, the system of internal controls in place is adequate in meeting the current scope of the Group's business operations.

However, the Board and the Audit Committee note that no system of internal controls can provide absolute assurance against the occurrence of losses, fraud or other irregularities.

Principle 13: Internal Audit

The Company outsources the internal audit functions to a reputable chartered accounting firm. The internal auditors report directly to the Audit Committee of the Company on audit matters, and administratively to the Chief Financial Officer. The annual internal audit work plan is submitted to and approved by the Audit Committee.

Principles 14 and 15: Communication with Shareholders

The Company discloses pertinent information to its shareholders through the SGXNET, annual reports and/or the press.

At the AGMs of the Company, shareholders are given the opportunity to air their views and ask the Directors and management questions regarding the Company and the Group.

Shareholders are allowed to vote at general meetings in person or by proxy and equal effect is given to such votes.

Separate resolutions are tabled at general meetings on each distinct issue.

The chairpersons of the audit, nominating and remuneration committees are present and available to address questions at general meetings.

The Company's external auditors are present to assist the Directors in addressing queries by shareholders.

Code of Ethics

The Group has a code of ethics that sets the standards and ethical conduct expected of its employees. The Group's employees are required to observe and maintain high standards of integrity and comply with laws and regulations as well as the Group's policies.

Whistle-blowing Policy

The Company has put in place a whistle-blowing policy for employees to raise, in confidence, concerns about possible improprieties in financial reporting or other matters and for the independent investigation of such matters and appropriate follow-up actions.

Risk Management

Risk is an intrinsic aspect of business and is inseparable from opportunity. Recognizing and managing risk is central to the business to ensure an environment where the Company can confidently grow shareholder value through developing and protecting its people, assets, environment and reputation.

The Company is committed to identifying, evaluating and dealing with all real and potential risks to the Company at regular intervals for the purpose of protecting the interests of the Company, its shareholders, employees and customers and to ensure that the objectives of the Company can be met, to mitigate risk and to increase the Company's competitive advantage.

The Board is ultimately responsible for ensuring that the Company has an adequate and effective risk management system and that this system is reviewed at regular intervals. The Board receives reports from the Audit Committee on risk management issues.

The Audit Committee, on behalf of the Board, reviews the effectiveness of the Company's risk management assessment. Assurance that risks are being effectively identified, monitored, managed and controlled is reported to the Board.

Dealings in Securities

In line with Rule 1207(19) of the Listing Manual of the SGX-ST on dealings in securities, the Company advises its officers not to deal in its securities on short-term considerations and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's financial statements for the full financial year, and ending on the date of the announcement of the relevant results. In addition, the Company reminds its officers to observe the laws on insider dealing at all times, even during the window periods for them to deal in its securities.

Corporate and Investor Information

Registered Address

80 Robinson Road #02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399

Business Address

47 Scotts Road #05-03
Goldbell Towers
Singapore 228233
Tel: +65 6238 2188
Fax: +65 6238 1082

Share Registrar

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898
Tel: +65 6236 3333
Fax: +65 6236 4399

Company Secretary

Mr Lee Wei Hsiung, ACIS

Auditors

The Company, subsidiaries and
significant associated companies in Singapore

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Lee Sze Yeng since FY2010

Significant subsidiaries and associated companies
outside Singapore

KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, District 1
Ho Chi Minh City
Vietnam
Partner-in-charge: Nguyen Thanh Nghi since FY2010

KPMG
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Malaysia
Partner-in-charge: Abdullah Abu Samah since FY2007

Company's Solicitors

David Lim & Partners, Singapore
Raja, Darryl & Loh, Malaysia

Principal Bankers

DBS Bank Ltd
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Stock Exchange Listing

Mainboard, The Singapore Exchange Securities Trading
Limited (SGX-ST)
Listed on 4 April 1997
ISIN code: SG1E32850828

Investor Relations

Head Office – Singapore
Sundraj Naidu
Email: sundraj.naidu@newtoyo.com
Tel: +65 6238 2173

Stock Codes

(SGX-ST) – ISIN code: SG1E32850828
Bloomberg – Toyo SP
Reuters – NTYO.SI

Sources of Information about New Toyo

Annual reports
Quarterly reports
Results presentations
SGX-ST website: http://www.sgx.com (SGXNET)
Company Website: www.newtoyo.com

Other Information Required Under The SGX-ST Listing Manual

Non-audit Fees

The amount of fees paid or payable in relation to non-audit services provided to the Group by KPMG LLP Singapore and other member firms of KPMG International for the year ended 31 December 2011 is S$72,239.

Material Contracts Involving the Interests of the Chief Executive Officer, Director or Controlling Shareholder

Neither the Company nor its subsidiaries have any material contract involving the interest of the Chief Executive Officer, director or controlling shareholder that was still subsisting as at 31 December 2011 or entered into since 31 December 2010.

Employee Share Option Scheme

The Group currently does not have any employee share option scheme.

Interested Person Transactions

The aggregate value of transactions entered into by the Group with interested persons, as defined in the SGX-ST Listing Manual, is as follow:

Interested person	Aggregate value of all transactions (excluding transactions less than S$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000
New Toyo Pulppy (Vietnam) Co. Ltd		
– Sales of chipboard and duplex	309	–

Risk Management

The Group's risk management controls are outlined on pages 80 to 89 of this Annual Report.

Statistics of Shareholdings

As at 15 March 2012

Class of share : Ordinary share
Voting rights : One vote per ordinary share

Distribution of Shareholders by Size of Shareholdings as at 15 March 2012

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	15	0.26	2,556	–
1,000 – 10,000	4,222	72.19	14,517,418	3.30
10,001 – 1,000,000	1,577	26.97	107,882,099	24.55
1,000,001 AND ABOVE	34	0.58	317,022,530	72.15
TOTAL	5,848	100.00	439,424,603	100.00

As at 15 March 2012, approximately 46.87% of the shareholdings is held by the public and thus Rule 723 of the SGX-ST Listing Manual is complied with.

Twenty Largest Shareholders

	Shareholder's Name	No. of Shares	%
1	YEN WEN HWA @ NGAN TZEE MANH	91,959,164	20.93
2	YEN & SON HOLDINGS PTE LTD	58,817,940	13.39
3	LU LE NHI	29,092,577	6.62
4	HONG LEONG FINANCE NOMINEES PTE LTD	25,712,000	5.85
5	DMG & PARTNERS SECURITIES PTE LTD	22,410,000	5.10
6	CHIA KEE KOON	18,688,000	4.25
7	WUTHELAM HOLDINGS LTD	7,000,000	1.59
8	MAYBANK KIM ENG SECURITIES PTE LTD	6,750,800	1.54
9	UOB KAY HIAN PTE LTD	5,233,604	1.19
10	OCBC SECURITIES PRIVATE LTD	4,857,800	1.11
11	CITIBANK NOMINEES SINGAPORE PTE LTD	4,340,000	0.99
12	DBS NOMINEES PTE LTD	3,653,629	0.83
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,511,280	0.80
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,348,200	0.76
15	CHIANG KOK MENG	2,994,000	0.68
16	YEO KHEE CHYE	2,397,000	0.55
17	TAN CHONG YAN	2,387,000	0.54
18	PHILLIP SECURITIES PTE LTD	2,163,000	0.49
19	HSBC (SINGAPORE) NOMINEES PTE LTD	2,054,600	0.47
20	LEE WOON KIAT	1,995,736	0.45
	TOTAL	299,366,330	68.13

Statistics of Shareholdings

As at 15 March 2012

Substantial Shareholders as at 15 March 2012

(as shown in the Register of Substantial Shareholders)

	Name	Direct Interest	Deemed Interest
1	Yen Wen Hwa	139,959,164[a]	87,910,517[b]
2	Lu Le Nhi	29,092,577	198,777,104[c]
3	Yen & Son Holdings Pte Ltd	58,817,940	–

Note

(a)	Inclusive of 48,000,000 shares which are held through the following nominees:–		
	Hong Leong Finance Nominees Pte Ltd		25,600,000
	DMG & Partners Securities Pte Ltd		22,400,000
		Total:	48,000,000
(b)	Inclusive of interests of:–		
	Lu Le Nhi		29,092,577
	Yen & Son Holdings Pte Ltd		58,817,940
		Total:	87,910,517
(c)	Inclusive of interests of:		
	Yen Wen Hwa		139,959,164
	Yen & Son Holdings Pte Ltd		58,817,940
		Total:	198,777,104

Notice of 16th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at 39 Scotts Road, Ballroom 4, Sheraton Towers, Singapore 228230 on 26 April 2012 at 2.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a final tax exempt (1-tier) dividend of 0.97 Singapore cents per ordinary share for the financial year ended 31 December 2011. **(Resolution 2)**

3. To approve the Directors' fees of S$453,333 for the financial year ended 31 December 2011. (2010: S$470,000) **(Resolution 3)**

4. To approve the Directors' fees of S$370,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears. **(Resolution 4)**

5. To re-appoint Mr Tang See Chim to hold office until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50.

   Mr Tang See Chim shall, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees and shall be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). **(Resolution 5)**

6. To re-appoint Prof. Lee Chang Leng Brian to hold office until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50.

   Prof. Lee Chang Leng Brian shall, upon re-appointment as a Director of the Company, remain as a member of the Audit and Remuneration Committees and shall be considered independent for the purposes of Rule 704(8) of the Listing Manual of SGX-ST. **(Resolution 6)**

7. To re-appoint Mr Tay Joo Soon to hold office until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50.

   Mr Tay Joo Soon shall, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and the Chairman of the Remuneration and Nominating Committees and shall be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. **(Resolution 7)**

8. To re-elect Mr Tengku Tan Sri Dr Mahaleel bin Tengku Ariff who is retiring in accordance with Article 91 of the Company's Articles of Association. **(Resolution 8)**

9. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

10. To approve an ex-gratia payment of S$2,250,000 to Mr Yen Wen Hwa.
(See Explanatory Note 1) **(Resolution 10)**

11. Authority to issue shares and convertible securities. **(Resolution 11)**

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the SGX-ST, authority be and is hereby given to the directors of the Company to issue shares and convertible securities in the Company at any time to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed (after adjusting for new shares arising from the conversion of convertible securities on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 2)

12. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2012 for the purpose of determining Members' entitlements to the final dividend to be proposed at the 16th Annual General Meeting of the Company to be held on 26 April 2012.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 7 May 2012 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares in the Company as at 5.00 p.m. on 7 May 2012 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 16th Annual General Meeting, will be paid on 18 May 2012.

By Order of the Board
Lee Wei Hsiung
Company Secretary
11 April 2012

Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. A proxy need not be a Member of the Company.

3. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

1. Ordinary Resolution 10 relates to the proposed ex-gratia payment to Mr Yen Wen Hwa, the former Non-Executive Chairman. Please refer to the Appendix to this Notice of Annual General Meeting for details.

2. Ordinary Resolution 11, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company provided that the aggregate number of shares and convertible securities to be issued does not exceed 50% of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the Company's total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. The total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities on issue at the time the resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

PROXY FORM

NEW TOYO INTERNATIONAL HOLDINGS LTD
Registration No.: 199601387D
(Incorporated in the Republic of Singapore)

Important:
1. For investors who have used their CPF monies to buy the Company's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of NEW TOYO INTERNATIONAL HOLDINGS LTD ("the Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 39 Scotts Road, Ballroom 4, Sheraton Towers, Singapore 228230 on 26 April 2012 at 2.30 p.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Resolution	For	Against
1	To receive and adopt the Audited Financial Statements and Reports for the financial year ended 31 December 2011.		
2	To approve a final dividend of 0.97 Singapore cents per share for the financial year ended 31 December 2011.		
3	To approve the Directors' fees of S$453,333 for the financial year ended 31 December 2011. (2010:S$470,000)		
4	To approve the Directors' fees of S$370,000 for the financial year ending 31 December 2012, to be paid quarterly in arrears.		
5	To re-appoint Mr Tang See Chim pursuant to Article 153(6) of the Companies Act, Chapter 50.		
6	To re-appoint Prof. Lee Chang Leng Brian pursuant to Article 153(6) of the Companies Act, Chapter 50.		
7	To re-appoint Mr Tay Joo Soon pursuant to Article 153(6) of the Companies Act, Chapter 50.		
8	To re-elect Mr Tengku Tan Sri Dr Mahaleel bin Tengku Ariff who is retiring pursuant to Article 91 of the Company's Articles of Association.		
9	To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.		
10	To approve an ex-gratia payment of S$2,250,000 to Mr Yen Wen Hwa.		
11	To authorise Directors to issue shares and convertible securities.		

Dated this __________ day of ______________ 2012

Total number of Shares held

____
Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

IMPORTANT: PLEASE READ NOTES BELOW

Notes:-

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
(65) 6578 6522

NEW TOYO
International Holdings Ltd

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