

NEW TOYO

International Holdings Ltd

A D V A N C I N G



“ADVANCING”

Like a cavalry advancing to engage in battle, companies have to tirelessly charge forward and advance in the challenging, competitive and ever changing business world.

New Toyo continues to map out and execute a clear strategy of constant improvement and ongoing innovation in order to avoid potholes and overcome obstacles, and achieve growth and advancement.

NEW TOYO International Holdings Ltd

A n n u a l R e p o r t 2 0 1 0

Introduction

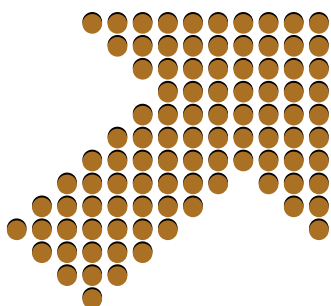


Founded in 1975, today New Toyo is one of the largest producers of specialty packaging materials in the Asia Pacific Region. Our operations are strategically located in Singapore, Malaysia, Vietnam, Australia, China and Thailand to serve both multinational corporations and local customers.

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 technology and productivity to stay abreast of the latest changes. Our business mission is to provide a reliable and stable supply of high quality packaging materials.

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Message and Business Review by the Chairman and CEO

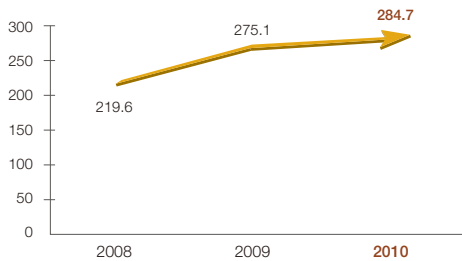
On behalf of the New Toyo Board of Directors, we are pleased to present to you, our shareholders, the Group's 2010 annual report.

Yen Wen Hwa
Chairman

Gary Yen
Executive Director and
Chief Executive Officer

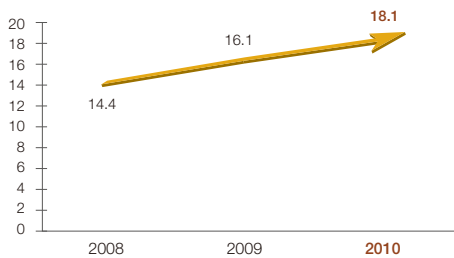
Three Year Highlights - Total Revenue

S\$ millions



Three Year Highlights - Net Profit After Tax

S\$ millions



During a year when the economic climate remained challenging, New Toyo Group's net profit after tax increased 12.4% to \$18.1m. This was a satisfactory result based on mixed performances of our core businesses and investments.

In June 2010, the company announced the proposal of a Rights Issue of 164,784,226 new ordinary shares in order to pro-actively strengthen the Group's financial position by lowering gearing, thereby increasing financial flexibility and the competitive position of the Group. This rights issue was well received and over subscribed. Completion took place in August 2010.

Earnings per share was 3.91 cents, an increase of 10.8% over the previous year's 3.53⁽¹⁾ cents. The net asset value per ordinary share was 33.10 cents, a decrease of 26.2% over the previous year's 44.83 cents. The decrease in net asset value per ordinary share was attributed to the additional shares from the rights issue.

The Group continued to generate healthy cash flow and earnings for the year. This enabled the Board to declare a final dividend of 0.97 cents per share, bringing the full year dividend to 1.94 cents per share. The total cash dividend payment of \$8.5m was an increase of \$3.0m over the previous year. This represented a 8.3% return based on 31 December 2010 closing share price of 23.5 cents.

(1) The EPS for comparative period has been restated for the effect of Rights Issue.

Message and Business Review by the Chairman and CEO

Group Performance

The Group achieved another record year in terms of revenue. The revenue for the year of \$284.7m was an increase of 3.5% over the previous year's \$275.1m.

Operating profit was \$18.1m, a decrease of 13.4% compared to the previous year's \$20.9m mainly due to a lower contribution from the Printed Cartons and Labels business.

Net debt to equity improved to 49% from 74% in the previous year. This decrease was achieved as a result of the repayment of debt from the proceeds of the rights issue.

Specialty Papers ("SP") Business Performance

The SP business produces coated and laminated paper with materials such as foil, metalised-polyesters and paper cones. The SP operations are recognized by customers for its quality, competitiveness, reliability and the network in the region. The business currently has plants in four countries (Singapore, Malaysia, Vietnam and Thailand) and a contract manufacturing base in China.

The SP business achieved a positive result in 2010. Although revenue was \$94.6m, a decrease of 4.3%, from last year's \$98.8m, profit before tax was \$9.0m, an increase of 28.6% from last year's \$7.0m. This was due to improved margins from a more profitable sales mix, successful cost saving initiatives and improved operational efficiencies. The SP business accounted for 33.2% of the Group's total revenue.

Printed Carton and Labels ("PCL") Business Performance

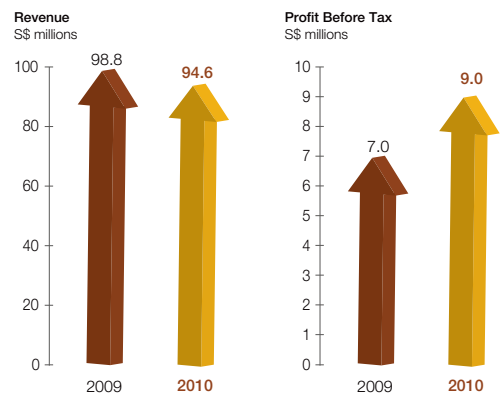
The PCL business is mainly gravure and offset printed materials for fast moving consumer product packaging such as cigarette cartons, cereal boxes and beer labels. The Group is the main supplier to a major tobacco customer in the Asia Pacific region, with a long term exclusive supply contract. The PCL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

In 2010, the PCL business achieved growth in revenue. This was a result of the full impact of a long term supply agreement with a major customer. Revenue was \$144.5m, an increase of 10% over last year's \$131.5m. However, profit before tax was \$9.4m, a decrease of 21.7% from last year's \$12.0m. This was mainly due to additional out-sourcing costs due to capacity constraints while waiting for the arrival of new equipment and new product developments during the year. These issues have since been resolved. The PCL revenue accounted for 50.8% of the Group's total revenue.

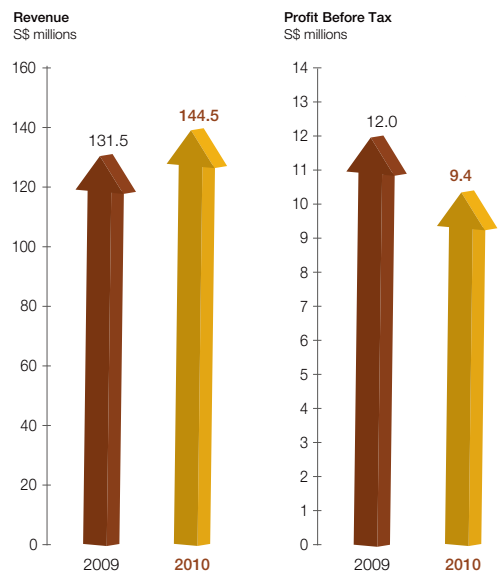
Other Performance

Other Performance represents the Corrugated Containers and Trading businesses.

SPECIALTY PAPERS BUSINESS PERFORMANCE

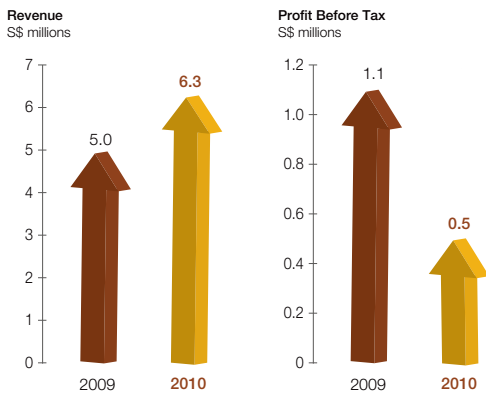


PRINTED CARTONS AND LABELS BUSINESS PERFORMANCE



Message and Business Review by the Chairman and CEO

CORRUGATED CONTAINERS BUSINESS PERFORMANCE



The Corrugated Containers (“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.

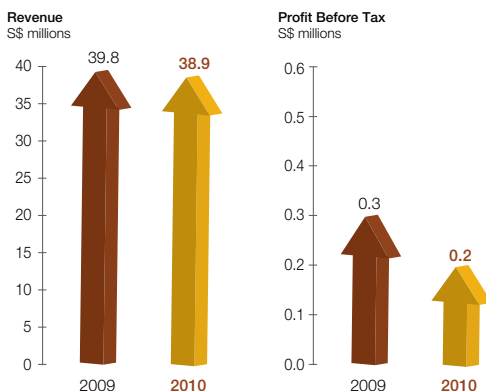
The Trading business supports the core businesses of the Group, in countries where the Group operates. Some of the products that are traded are chemicals, kraft paper and acetate-tow. The performance of both these businesses was satisfactory.

Board Change

On 31 December 2010, Mr John Cambridge retired as a Non-Executive and Independent Director. We sincerely thank Mr Cambridge for his invaluable contribution to New Toyo over the past 14 years.

We welcome Professor Brian Lee to the Board as a Non-Executive and Independent Director effective 4 March 2011. Professor Lee brings with him a wealth of engineering knowledge and regional experience. This will complement the skills and expertise of the existing New Toyo Board.

TRADING BUSINESS PERFORMANCE



Summary

The Group’s 2010 result was satisfactory. Although economic conditions remained challenging, our core businesses demonstrated sustainability and the cash flow from operations continued to be strong.

The Company has significantly reduced its borrowings through a successful rights issue exercise.

2011 will be interesting. Our core businesses are expected to continue to create shareholder value. If the transaction announced by our associated company, Shanghai Asia Holdings Limited, on 25th October 2010 regarding the sale of its entire business and assets does proceed, this would result in a significant cash payout to the Company.

Acknowledgement

We would like to thank all of New Toyo’s stakeholders, including customers, shareholders, co-workers and suppliers for the continued commitment and support.

Yen Wen Hwa
Chairman

Gary Yen
CEO and Executive Director

Key Figures

Revenue

S\$284.7m

"Another record year"

Total Assets

S\$310.7m

Profit Before Tax

S\$20.3m

"Consistent performance"

Net Asset Value Per Share

33.10¢

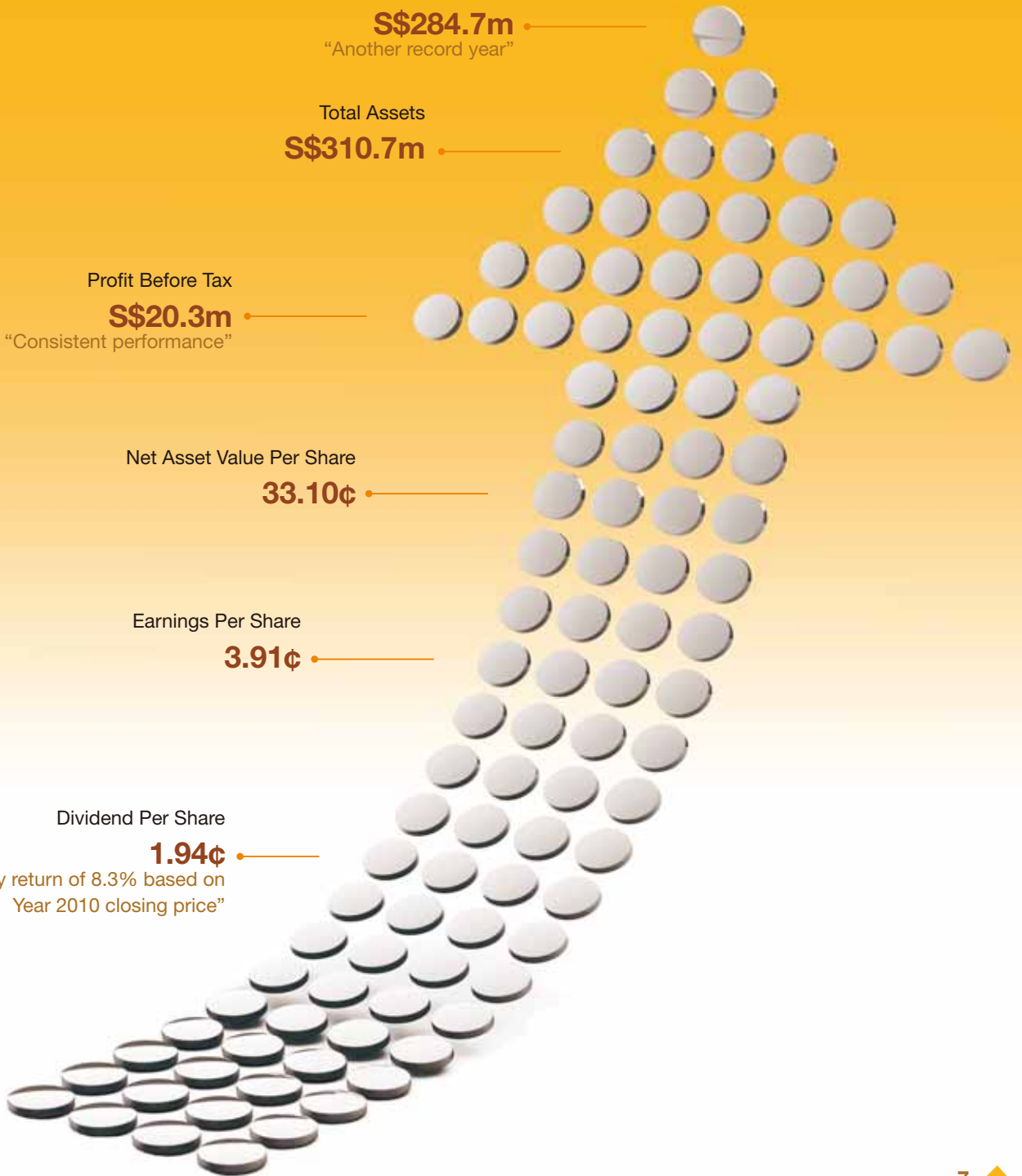
Earnings Per Share

3.91¢

Dividend Per Share

1.94¢

"A healthy return of 8.3% based on
Year 2010 closing price"



Board of Directors



Tang See Chim
Non-Executive and
Independent Director

Gary Yen
Executive Director and
Chief Executive Officer

Yen Wen Hwa
Chairman

Yen Wen Hwa

Chairman

Mr. Yen, is the founder of the Group and Chairman of the board. He has over 40 years of experience in the paper conversion and packaging industry.

Gary Yen

Executive Director and Chief Executive Officer

Mr. Gary Yen is a member of the Nominating Committee of the Company. He holds a Bachelor of Commerce Degree (Accounting) from University of Flinders, Australia. Prior to joining the Group, Mr. Gary Yen was the General Manager of a tissue paper operation in Vietnam. He is the non-executive Deputy Chairman of Tien Wah Press Holdings Berhad and also a board member of Shanghai Asia Holdings Limited.

Mr. Gary Yen is responsible for overall corporate strategies, administration and business operations of the Group.

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, 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.

Board of Directors

Lee Chang Leng Brian

Non-Executive and Independent Director

Professor Lee Chang Leng Brian was appointed a Non-Executive and Independent Director on 4th March 2011. 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.



Tay Joo Soon
Non-Executive and Independent Director

Lee Chang Leng Brian
Non-Executive and Independent Director

Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
Non-Executive Director

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 motorcycle 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



Mark Mitchell
Head of Business
Printed Cartons and
Labels

George Lee
Head of Business Specialty
Papers Division

Sundraj Naidu
Chief Financial Officer

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 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 Bachelor of Commerce and Administration from Victoria University of Wellington, New Zealand and a Master in Social Science from Edith Cowan University in Perth, Australia. He has worked for PriceWaterhouseCoopers both in New Zealand and Singapore. Before joining the Group, he was with international banks for 10 years.

Mark Mitchell

Head of Business Printed Cartons and Labels

Mr. Mitchell is responsible for the Group's Printed Cartons and Labels Division. He holds a Bachelor of Commerce Degree from the University of Newcastle, NSW, Australia. He has held senior management positions in manufacturing operations, primarily in Asia, for almost thirty years. Commencing in 1981 as Finance Director of a BHP subsidiary in Jakarta, Indonesia, Mr. Mitchell has gained valuable experience in establishing and managing manufacturing operations in China, Singapore and Malaysia and more recently again in Indonesia where he was President of a FMCG printed packaging business. Mr. Mitchell has an in depth knowledge of tobacco packaging, having been both on the supply side with Amcor in Asia, and on the procurement side with Rothmans and B.A.T. Australasia.

George Lee

Head of Business Specialty Papers

Mr. Lee is responsible for the Group's Specialty Papers Division. He holds a Bachelor's degree in Computer Science with Business. Prior to taking his current role, Mr. Lee was the General Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd from 2005 to 2006. Before joining the Group, he was a General Manager of an SME in Singapore and has more than 10 years of senior management experience.

New Toyo's Business Divisions



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

Financial Highlights

Three-Year Financial Summary

	2010	2009	2008
Condensed Consolidated Profit & Loss Information (S\$'000)			
Revenue	284,685	275,110	219,592
Earnings before interest, tax, depreciation and amortisation (EBITDA)	36,143	35,946	28,581
Profit before interest and tax	24,642	25,198	21,057
Profit from ordinary activities before taxation	20,300	20,377	18,060
Net profit for the year	18,053	16,093	14,448
Attribute to:			
Equity holders of the company	15,101	12,105	9,749
Non-controlling interests	2,952	3,988	4,699
Condensed Consolidated Balance Sheet Information (S\$'000)			
Total assets	310,669	315,810	296,410
Net indebtedness (Total borrowings and finance leases less cash)	70,616	90,512	98,583
Total liabilities	130,174	161,872	155,942
Shareholders' equity	145,439	123,112	111,471
Cashflow Information (S\$'000)			
Operating cashflow	18,574	33,144	12,728
Per Share Data (S\$ cents)			
Earnings per share			
– basic	3.91	3.53 ⁽¹⁾	2.84 ⁽¹⁾
– fully diluted	3.91	3.53 ⁽¹⁾	2.84 ⁽¹⁾
Net asset value per share	33.10	44.83	40.59
Dividend per share	1.94	2.00	1.83
Share Information			
Number of shares in issue ('000)	439,425	274,640	274,640
Weighted average number of shares in issue ('000)			
– basic	439,425	274,640	274,640
– fully diluted	439,425	274,640	274,640

⁽¹⁾ The EPS for comparative periods have been restated for the effect of Rights Issue

NEW TOYO
International Holdings Ltd

STATUTORY REPORTS



Directors' Report

Year ended 31 December 2010

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 2010.

Directors

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

Yen Wen Hwa @ Ngan Tzee Manh

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
Yen Wen Hwa @ Ngan Tzee Manh		
The Company		
– ordinary shares		
– interests held	87,474,478	139,959,164
– deemed interests	54,944,074	87,910,517
Gary Yen		
The Company		
– ordinary shares		
– interests held	62,462	99,939
– deemed interests	1,137,000	1,693,200
Tay Joo Soon		
The Company		
– ordinary shares		
– interests held	1,200,378	1,920,604
– deemed interests	90,000	144,000

By virtue of Section 7 of the Act, Yen Wen Hwa @ Ngan Tzee Manh is deemed to have an interest in the Company and its wholly-owned subsidiaries, at the beginning and at the end of the financial year.

Directors' Report

Year ended 31 December 2010

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 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 2011.

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)
- John David Cambridge, non-executive director (Resigned on 31 December 2010)

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 four 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.

Directors' Report

Year ended 31 December 2010

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.

Auditors

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

On behalf of the Board of Directors



Yen Wen Hwa @ Ngan Tzee Manh

Director



Gary Yen

Director

25 March 2011

Statement by Directors

Year ended 31 December 2010

In our opinion:

- (a) the financial statements set out on pages 20 to 93 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 2010 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



Yen Wen Hwa @ Ngan Tzee Manh

Director



Gary Yen

Director

25 March 2011

Independent Auditors' Report

Year ended 31 December 2010

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 statement of financial position of the Group and the Company as at 31 December 2010, 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 notes, as set out on pages 20 to 93.

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.

Independent Auditors' Report

Year ended 31 December 2010

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 2010 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

25 March 2011

Statement of Financial Position

As at 31 December 2010

		Group		Company	
	Note	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current assets					
Property, plant and equipment	4	102,773	106,180	286	1,290
Investment properties	5	15,605	16,062	2,256	–
Subsidiaries	6	–	–	120,636	107,495
Associates	7	56,895	54,723	1,294	1,294
Other investments	8	2,028	1,730	562	153
Intangible assets	9	14,545	16,511	–	–
Deferred tax assets	19	2,053	1,984	–	–
		193,899	197,190	125,034	110,232
Current assets					
Inventories	10	49,475	44,301	–	–
Trade and other receivables	11	45,497	53,919	14,365	10,794
Asset held for sale	12	3,163	–	–	–
Cash and cash equivalents	13	18,635	20,400	451	276
		116,770	118,620	14,816	11,070
Total assets		310,669	315,810	139,850	121,302
Equity attributable to equity holders of the Company					
Share capital	14	132,102	112,571	132,102	112,571
Other reserves	14	(5,484)	(1,065)	77	77
Accumulated profits/(losses)		18,821	11,606	(20,414)	(21,639)
		145,439	123,112	111,765	91,009
Non-controlling interests		35,056	30,826	–	–
Total equity		180,495	153,938	111,765	91,009
Non-current liabilities					
Trade and other payables	15	719	623	–	1,963
Financial liabilities	18	30,045	62,408	3,441	3,693
Deferred tax liabilities	19	4,383	4,426	11	11
		35,147	67,457	3,452	5,667
Current liabilities					
Trade and other payables	15	35,255	43,040	6,759	5,376
Financial liabilities	18	59,206	48,504	17,846	19,242
Current tax payable		566	2,871	28	8
		95,027	94,415	24,633	24,626
Total liabilities		130,174	161,872	28,085	30,293
Total equity and liabilities		310,669	315,810	139,850	121,302

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

Consolidated Income Statement

Year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Revenue	20	284,685	275,110
Cost of sales		(240,686)	(229,738)
Gross profit		43,999	45,372
Other income	23	5,739	4,658
Distribution expenses		(8,941)	(7,127)
Administrative expenses		(19,376)	(17,838)
Other expenses	24	(3,299)	(4,203)
Results from operating activities		18,122	20,862
Finance income		352	144
Finance costs		(4,694)	(4,965)
Net finance costs	21	(4,342)	(4,821)
Share of profit of associates, net of tax		6,520	4,336
Profit before income tax	22	20,300	20,377
Income tax expense	25	(2,247)	(4,284)
Profit for the year		18,053	16,093
Attributable to:			
Equity holders of the Company		15,101	12,105
Non-controlling interests		2,952	3,988
Profit for the year		18,053	16,093
Earnings per share (cents)			
Basic	26	3.91	3.53
Diluted	26	3.91	3.53

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	2010	2009
	\$'000	\$'000
Profit for the year	18,053	16,093
Other comprehensive income		
Foreign currency translation differences for foreign operations	(5,031)	3,931
Net change in fair value of available-for-sale financial assets	60	(10)
Effect on currency translation reserve on liquidation of a subsidiary	323	–
Other comprehensive income for the year, net of income tax	(4,648)	3,921
Total comprehensive income for the year	13,405	20,014
Attributable to:		
Equity holders of the Company	10,682	15,651
Non-controlling interests	2,723	4,363
Total comprehensive income for the year	13,405	20,014

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

2009	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 2009	112,571	564	77	(5,508)	256	3,511	111,471	28,997	140,468
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	12,105	12,105	3,988	16,093
Other comprehensive income									
Foreign currency translation differences	-	-	-	3,556	-	-	3,556	375	3,931
Net change in fair value of equity securities available-for-sale	-	-	-	-	(10)	-	(10)	-	(10)
Total other comprehensive income	-	-	-	3,556	(10)	-	3,546	375	3,921
Total comprehensive income for the year									
	-	-	-	3,556	(10)	12,105	15,651	4,363	20,014
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends									
- one-tier tax exempt final dividend of 0.73 cents per share for the financial year 2008	-	-	-	-	-	(2,005)	(2,005)	-	(2,005)
- one-tier tax exempt interim dividend of 0.73 cents per share for the financial year 2009	-	-	-	-	-	(2,005)	(2,005)	-	(2,005)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,534)	(2,534)
Total contributions by and distributions to owners	-	-	-	-	-	(4,010)	(4,010)	(2,534)	(6,544)
At 31 December 2009	112,571	564	77	(1,952)	246	11,606	123,112	30,826	153,938

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

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

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

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
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 Cash Flow Statement

Year ended 31 December 2010

	2010 \$'000	2009 \$'000
Operating activities		
Profit before income tax	20,300	20,377
Adjustments for:		
Depreciation and amortisation	11,501	10,748
Dividend income from quoted securities	(57)	(17)
Loss on liquidation of a subsidiary	624	–
Loss on dilution of investment in a subsidiary	–	462
Gain on disposal of investment properties	(614)	–
Gain on disposal of property, plant and equipment	(485)	(386)
Impairment loss on long term investment	22	–
Impairment loss on property, plant and equipment	–	267
Reversal of doubtful non-trade other receivables	–	(825)
(Reversal of)/Provision for profit guarantee	(203)	1,153
Interest income	(352)	(144)
Interest expense	4,694	4,965
Property, plant and equipment written off	17	39
Share of profit of associates	(6,520)	(4,336)
	28,927	32,303
Changes in working capital:		
Inventories	(5,336)	3,595
Trade and other receivables	7,366	(3,378)
Trade and other payables	(7,639)	4,372
Cash generated from operations	23,318	36,892
Income taxes paid	(4,744)	(3,748)
Cash flows from operating activities	18,574	33,144
Investing activities		
Interest received	352	144
Purchase of property, plant and equipment	(12,531)	(13,887)
Purchase of other investments	–	(529)
Purchase of investment property	(978)	(12)
Proceeds from disposal of investment properties	2,338	–
Proceeds from disposal of property, plant and equipment	736	1,605
Proceeds from disposal of subsidiaries	896	1,988
Dividends received	57	17
Dividends received from associates	1,582	784
Cash flows used in investing activities	(7,548)	(9,890)
Balance carried forward	11,026	23,254

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

Consolidated Cash Flow Statement

Year ended 31 December 2010

	Note	2010 \$'000	2009 \$'000
Balance brought forward		11,026	23,254
Financing activities			
Proceeds from rights issue net of expenses		19,531	–
Proceeds from bank borrowings and trust receipts		41,123	40,498
Repayment of bank borrowings and trust receipts		(61,037)	(43,471)
Principal repayment of finance lease obligations		(86)	(144)
Interest paid		(4,694)	(4,965)
Dividends paid		(7,750)	(4,010)
Dividends paid to non-controlling shareholders		(1,908)	(2,534)
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)	–
Cash flows used in financing activities		(11,843)	(14,626)
Net (decrease)/increase in cash and cash equivalents		(817)	8,628
Cash and cash equivalents at beginning of year		19,394	10,382
Effect of exchange rate changes on balances held in foreign currency		(166)	384
Cash and cash equivalents at end of year	13	18,411	19,394

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

Notes to the Financial Statements

Year ended 31 December 2010

These notes form an integral part of the financial statements.

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

1 Domicile and activities

New Toyo International Holdings Ltd (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 8 Cross Street, #11-00 PWC Building, Singapore 048424.

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

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the “Group”) and the Group’s interests in associates.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company’s functional currency. All financial information presented in Singapore dollars has 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 notes 4, 5, 9, 10 and 11.

Notes to the Financial Statements

Year ended 31 December 2010

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

(i) *Accounting for acquisitions of non-controlling interests*

From 1 January 2010, the Group has applied FRS 27 Consolidated and Separate Financial Statements (2009) in accounting for acquisitions of non-controlling interests as described in note 3.1(vi) for the accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

(ii) *New/revised standards and interpretations*

The Group adopted new/revised standards and interpretations that came into effect from 1 January 2010. 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(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. Any difference between cash paid for the acquisition and net assets acquired 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

(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.

(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 no goodwill is 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.

(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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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.

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 date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing 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 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.

Notes to the Financial Statements

Year ended 31 December 2010

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, 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. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes from owner-occupied to investment property, the property's cost and accumulated depreciation are reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately 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.

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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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 are as follows:

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 construction of projects are capitalised when incurred. No depreciation is charged on constructions-in-progress until the projects are completed and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

3.4 Intangible assets

Goodwill

Goodwill 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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. Amortisation is charged to the 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.

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 the profit or loss on a straight-line basis over their estimated useful life (or lease terms, if shorter). The estimated useful life of the investment properties ranges 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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.

Cash and cash equivalents comprise cash on hand, bank balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale. 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 the profit or loss over the expected repayment period.

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

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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.

Non-derivative 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.

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

Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

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 the 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 the 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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 judgment 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 or held-to-maturity investment securities. 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.

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 provisions 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

(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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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.

Property, plant and equipment once classified as held for sale are not depreciated.

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 amount of the financial guarantees is transferred to the 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.

3.11 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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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 comprises all costs of purchase, costs of production or conversion and other costs incurred in bringing the inventories to their present 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.

3.14 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 the profit or loss in the periods during which services are rendered by employees.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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 of a subsidiary 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 is 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 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 relating to past service by employees is recognised as an expense in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits will vest immediately, the expense is recognised immediately in the 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.

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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

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 buyer, 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 transfers of risks and rewards varies depending on the individual terms of the contract of sale.

Rental income

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

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.

Notes to the Financial Statements

Year ended 31 December 2010

3 Summary of significant accounting policies (cont'd)

3.19 Income tax expense

Income tax expense comprises current and deferred tax. Current tax is recognised in the 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 income 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.

Notes to the Financial Statements

Year ended 31 December 2010

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 period, 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 and 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.

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 2010, 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.

Notes to the Financial Statements

Year ended 31 December 2010

4 Property, plant and equipment

	Note	Freehold land and buildings \$'000	Leasehold properties \$'000	Leasehold improve- ments \$'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 2009		20,933	24,226	2,533	109,069	3,219	1,860	2,161	1,110	165,111
Additions		-	72	107	9,970	811	524	462	2,150	14,096
Disposals/Write-off		-	(28)	-	(9,123)	-	(134)	(895)	-	(10,180)
Translation differences on consolidation		1,967	(375)	(54)	4,837	(56)	(67)	(41)	414	6,625
Transfer to investment properties	5	-	(3,285)	-	-	-	-	-	(1,678)	(4,963)
Transfer/reclassification		-	-	-	274	-	-	-	(274)	-
At 31 December 2009		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
Accumulated depreciation and impairment losses										
At 1 January 2009		256	5,448	2,265	52,333	2,554	1,479	1,547	-	65,882
Depreciation for the year		246	878	72	7,422	526	217	244	-	9,605
Disposals/Write-off		-	(2)	-	(8,108)	-	(122)	(690)	-	(8,922)
Impairment for the year		-	-	47	195	6	12	7	-	267
Translation differences on consolidation		38	(184)	(50)	(734)	(45)	(37)	(31)	-	(1,043)
Transfer to investment properties	5	-	(1,280)	-	-	-	-	-	-	(1,280)
At 31 December 2009		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
Carrying amount										
At 1 January 2009		20,677	18,778	268	56,736	665	381	614	1,110	99,229
At 31 December 2009		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

Notes to the Financial Statements

Year ended 31 December 2010

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 2009	318	39	181	366	–	904
Additions	–	1	19	367	926	1,313
Disposal	–	–	–	(366)	–	(366)
At 31 December 2009	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
Accumulated depreciation						
At 1 January 2009	288	35	172	335	–	830
Depreciation for the year	11	2	8	55	–	76
Disposal	–	–	–	(345)	–	(345)
At 31 December 2009	299	37	180	45	–	561
Depreciation for the year	18	2	9	73	–	102
At 31 December 2010	317	39	189	118	–	663
Carrying amount						
At 1 January 2009	30	4	9	31	–	74
At 31 December 2009	19	3	20	322	926	1,290
At 31 December 2010	24	1	12	249	–	286

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.

Notes to the Financial Statements

Year ended 31 December 2010

4 Property, plant and equipment (cont'd)

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

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Plant and machinery	-	67	-	-
Motor vehicles	285	377	249	323
	285	444	249	323

During the year, the Group acquired property, plant and equipment of \$Nil (2009: \$209,000) under finance leases.

Impairment

During 2009, the Group recorded an impairment loss of \$267,000 on plant and machinery of a subsidiary as certain machines were no longer used in production. The carrying amount of the assets was reduced to their recoverable amounts. The estimates of recoverable amounts were based on director's valuation of the plant and machinery.

5 Investment properties

Investment properties comprise a number of commercial lots and offices, residential apartments, factories and industrial and warehouse buildings. The carrying amount of the investment properties comprises:

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cost					
At 1 January		24,200	18,621	-	-
Additions		978	12	917	-
Disposals		(1,994)	-	-	-
Transfer from property, plant and equipment	4	1,509	4,963	1,387	-
Translation differences on consolidation		(639)	604	-	-
At 31 December		24,054	24,200	2,304	-

Notes to the Financial Statements

Year ended 31 December 2010

5 Investment properties (cont'd)

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Accumulated depreciation and impairment losses					
At 1 January		8,138	5,985	–	–
Disposals		(270)	–	–	–
Accumulated depreciation – transfer from property, plant and equipment	4	–	1,280	–	–
Depreciation for the year		807	700	48	–
Translation differences on consolidation		(226)	173	–	–
At 31 December		8,449	8,138	48	–
Carrying amount		15,605	16,062	2,256	–

Certain properties which were previously used for the Group's own production and administrative purposes were transferred from property, plant and equipment during the year as the properties were used to generate rental income.

The investment properties are 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. No contingent rents are charged.

The investment properties have an estimated market value of \$28,375,000 at 31 December 2010 (2009: \$26,404,000) which is based on independent valuations obtained in 2010 and indicative valuation 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 \$1,665,000 (2009: \$1,136,000) was derived from the investment properties during the financial year.

Notes to the Financial Statements

Year ended 31 December 2010

6 Subsidiaries

	Note	Company	
		2010 \$'000	2009 \$'000
Investment in subsidiaries, at cost		62,783	62,287
Impairment losses		(6,362)	(5,162)
		56,421	57,125
Discount implicit in the interest-free loans to subsidiaries		1,041	1,041
Total investment in subsidiaries		57,462	58,166
Loans to subsidiaries, at cost	(i)	54,350	50,394
Impairment of loan receivables		(6,956)	(7,014)
		47,394	43,380
Loans to subsidiaries (unsecured)			
– interest bearing	(ii)	11,022	–
– interest-free	(iii)	4,758	5,949
		63,174	49,329
		120,636	107,495

- (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. As these loans are, in substance, a part of the Company's net investments in the subsidiaries, the loans are stated at cost less impairment losses.
- (ii) The loans to subsidiaries are unsecured with the interest at SIBOR +0.5% (2009: Nil) and are due between 30 June 2013 and 31 December 2016.
- (iii) The loans to subsidiaries are 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.

Notes to the Financial Statements

Year ended 31 December 2010

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	
			2010 %	2009 %
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 Press Holdings Berhad	Investment holding	Malaysia	54	54
∞ Tien Wah Holdings (1990) Sdn Bhd	Investment holding	Malaysia	100	100
+ Tien Wah Press (Malaya) Sdn Bhd	Manufacturing of printed cartons and labels	Malaysia	54	54

Notes to the Financial Statements

Year ended 31 December 2010

6 Subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group	
			2010 %	2009 %
Held by subsidiaries (cont'd)				
+ Tien Wah Properties Sdn Bhd	Investment property	Malaysia	54	54
+ 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	92
Held by the subsidiaries				
+ 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
α Jiangyin Smurfit Toyo Paper Products Co., Ltd	Liquidated	China	–	51
∞ 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**	–

* 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

α Liquidated during the year

Notes to the Financial Statements

Year ended 31 December 2010

7 Associates

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Quoted equity shares, at cost	25,629	25,629	-	-
Unquoted equity shares, at cost	2,092	2,092	2,093	2,093
Impairment losses	-	-	(799)	(799)
	27,721	27,721	1,294	1,294
Share of post acquisition reserves	29,174	27,002	-	-
	56,895	54,723	1,294	1,294

As at 31 December 2010, the market value of the quoted equity shares in an associate held by the Group amounted to \$50,910,000 (2009: \$47,915,000).

Summarised financial information of the associates is set out below. The summarised financial information relating to the associates is not adjusted for the percentage of ownership held by the Group.

	2010 \$'000	2009 \$'000
Assets and liabilities		
Total assets	374,428	320,349
Total liabilities	183,070	161,990
Results		
Revenue	269,699	220,640
Profit after income tax	19,011	12,978

Dividend received from associates in the year amounted to \$1,582,000 (2009: \$784,000).

Investments in associates include goodwill arising from acquisition of \$3,657,000 (2009: \$3,657,000).

Certain shares of the public-listed associate held by the Group are pledged as securities for banking facilities granted, details of which are provided in note 18.

The Group's share of the capital commitments of the associates amounted to \$40,551,000 (2009: \$503,000).

Notes to the Financial Statements

Year ended 31 December 2010

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	
			2010 %	2009 %
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

8 Other investments

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Available-for-sale, at fair value				
– quoted equity securities	413	386	–	–
– unquoted equity securities (i)	425	513	–	–
	838	899	–	–
Club memberships, at cost	1,225	869	562	153
Impairment losses	(35)	(38)	–	–
	1,190	831	562	153
Total investments	2,028	1,730	562	153

Notes to the Financial Statements

Year ended 31 December 2010

8 Other investments (cont'd)

- (i) An impairment loss of \$22,000 (2009: \$Nil) on one of the Group's available-for-sale investments has been recognised in other expenses in the 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 2010 is \$425,000 (2009: \$513,000).

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 2010.

	\$'000
At 1 January	513
Impairment loss recognised in profit or loss	(22)
Translation difference	(66)
Closing balance	425

Sensitivity analysis – equity price risk

The Group's quoted equity investments are listed on the Bursa Malaysia. For such investments classified as available-for-sale, a 2% increase in the share price at the reporting date would have increased equity and profit or loss by \$8,000 (2009: an increase of \$8,000); an equal change in the opposite direction would have decreased equity and profit or loss by \$8,000 (2009: a decrease of \$8,000).

Notes to the Financial Statements

Year ended 31 December 2010

9 Intangible assets

	Goodwill on consolidation \$'000	Contract value \$'000	Total \$'000
Group			
Cost			
At 1 January 2009	3,663	13,639	17,302
Translation differences on consolidation	–	(364)	(364)
At 31 December 2009	3,663	13,275	16,938
Translation differences on consolidation	–	(1,232)	(1,232)
At 31 December 2010	3,663	12,043	15,706
Accumulated amortisation			
At 1 January 2009	–	–	–
Amortisation for the year	–	443	443
Translation differences on consolidation	–	(16)	(16)
At 31 December 2009	–	427	427
Amortisation for the year	–	823	823
Translation differences on consolidation	–	(89)	(89)
At 31 December 2010	–	1,161	1,161
Carrying amount			
At 1 January 2009	3,663	13,639	17,302
At 31 December 2009	3,663	12,848	16,511
At 31 December 2010	3,663	10,882	14,545

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:

	2010			2009		
	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

Notes to the Financial Statements

Year ended 31 December 2010

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 2011 to 2020.
- 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 growth rates of 5% per annum were used in the cash flow projections from 2011 to 2015. Cash flows beyond 2016 were extrapolated assuming zero growth in demand.
- The pre-tax discount rate of 9.05% (2009: 8.6%) was applied in determining the recoverable amounts of the CGU. This represents the CGU's weighted average cost of capital.

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.

Notes to the Financial Statements

Year ended 31 December 2010

10 Inventories

	Group	
	2010 \$'000	2009 \$'000
Finished goods	8,085	7,333
Work-in-progress	3,665	3,097
Raw materials	36,823	32,770
Consumables	2,001	1,897
	50,574	45,097
Allowance for inventories obsolescence	(1,099)	(796)
	49,475	44,301

The cost of inventories recognised as cost of sales of the Group amounted to \$211,147,000 (2009: \$189,414,000).

Included in cost of sales is an allowance for inventories obsolescence of \$449,000 (2009: \$Nil) due to a write-down of inventories to net realisable value.

During 2009, the Group recognised a reversal of inventories obsolescence of \$390,000 as the inventories were sold above carrying amounts in 2009. In 2010, there was no reversal of inventories obsolescence.

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

Notes to the Financial Statements

Year ended 31 December 2010

11 Trade and other receivables

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Trade receivables		33,276	36,423	–	–
Impairment losses		(469)	(617)	–	–
Net trade receivables		32,807	35,806	–	–
Deposits		3,875	894	10	–
Tax recoverable		1,172	1,190	467	458
Other receivables					
– sale of subsidiaries		–	896	–	896
– others		3,107	6,460	126	206
Amounts due from subsidiaries					
– trade		–	–	1,675	1,156
– non-trade	(i)	–	–	1,899	162
Amounts due from associates					
– trade		453	696	–	–
– non-trade	(i)	1,004	4,180	11	795
Amounts due from other related parties*					
– trade		1,269	854	–	–
– non-trade	(i)	302	1,058	3	10
Loan to subsidiaries (unsecured)	(i)	–	–	10,158	7,091
Loans and receivables		43,989	52,034	14,349	10,774
Prepayments		1,508	1,885	16	20
		45,497	53,919	14,365	10,794

* 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. There is no impairment allowance for doubtful debts arising from the outstanding balances.

Notes to the Financial Statements

Year ended 31 December 2010

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	
	2010 \$'000	2009 \$'000
Singapore	10,790	10,677
Vietnam	9,246	10,038
Malaysia	8,980	6,378
Australia	5,895	9,068
United Arab Emirates	1,552	1,589
China	619	6,240
Myanmar	429	2,097
Yemen	938	1,614
Pakistan	1,001	8
India	799	1,390
Others	3,740	2,935
	43,989	52,034

As at 31 December 2010, the amount receivable from the top five customers of the Group represents 44% (2009: 37%) of total trade and other receivables.

Notes to the Financial Statements

Year ended 31 December 2010

11 Trade and other receivables (cont'd)

Impairment losses

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

	2010		2009	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
Group				
Not past due	34,455	–	40,074	–
Past due 0 – 30 days	7,741	–	8,326	–
Past due 31 – 180 days	1,828	2	2,522	13
More than 180 days	434	467	1,729	604
	44,458	469	52,651	617
Company				
Not past due	12,548	–	9,478	–
Past due 0 – 30 days	355	–	306	–
Past due 31 – 180 days	487	–	381	–
More than 180 days	959	–	609	–
	14,349	–	10,774	–

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 2010, the Group and the Company does not have any collective impairment on its loans and receivables (2009: Nil).

Notes to the Financial Statements

Year ended 31 December 2010

11 Trade and other receivables (cont'd)

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

	Note	Group	
		2010 \$'000	2009 \$'000
At 1 January		617	1,781
Impairment loss recognised/(reversed)	22	41	(1,183)
Bad debts written off against provision		(163)	–
Translation differences on consolidation		(26)	19
At 31 December		469	617

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

12 Asset held for sale

A freehold property of the Group is presented as an asset held for sale following the commitment of the Group's management, in November 2010, to a plan to sell the freehold property. Efforts to sell the freehold property have commenced and the Sale and Purchase agreement was signed in January 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at bank and in hand	18,301	19,195	451	276
Deposits with banks	334	1,205	–	–
Cash and cash equivalents	18,635	20,400	451	276
Bank overdrafts	18 (224)	(1,006)	(224)	(23)
Cash and cash equivalents in the cash flow statement	18,411	19,394	227	253

Details of interest rate at which the deposit with banks reprice are set out in note 30.

Notes to the Financial Statements

Year ended 31 December 2010

14 Capital and reserves

	Company	
	No. of shares	
	2010	2009
	('000)	('000)
Fully paid ordinary shares, with no par value:		
In issue at 1 January	274,640	274,640
Rights issue for cash	164,785	–
In issue at 31 December	439,425	274,640

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.

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 interest. 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.

Notes to the Financial Statements

Year ended 31 December 2010

14 Capital and reserves (cont'd)

Other reserves

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Capital reserve	564	564	-	-
Fair value reserve	306	246	-	-
Translation reserve	(6,431)	(1,952)	-	-
Others	77	77	77	77
	(5,484)	(1,065)	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.

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, provided certain conditions are met.

Others

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

Notes to the Financial Statements

Year ended 31 December 2010

14 Capital and reserves (cont'd)

Dividends

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

	Company	
	2010 \$'000	2009 \$'000
One-tier tax exempt interim dividend of 0.97 cents for the year ended 2010 (2009: 0.73 cents for the year ended 2009) per share	4,262	2,005

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

	Company	
	2010 \$'000	2009 \$'000
One-tier tax exempt final dividend of 0.97 cents for the year ended 2010 (2009: 1.27 cents for the year ended 2009) per share	4,262	3,488

15 Trade and other payables

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current liabilities					
Loans from subsidiaries, at cost		–	–	–	2,029
Discount implicit		–	–	–	(66)
Loans from subsidiaries, at amortised cost		–	–	–	1,963
Employee benefits	16	367	364	–	–
Provisions	17	288	259	–	–
Other payables		64	–	–	–
		719	623	–	1,963



Notes to the Financial Statements

Year ended 31 December 2010

15 Trade and other payables (cont'd)

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Current liabilities					
Trade payables		19,958	21,420	-	-
Loans from subsidiaries	(i)	-	-	1,858	-
Amounts due to					
- subsidiaries (non-trade)	(i)	-	-	2,759	1,296
- associates					
- trade		230	704	-	-
- non-trade	(i)	219	204	2	2
- other related corporations					
- trade		1,093	1,899	-	-
- non-trade	(i)	7	79	5	7
- directors (non-trade)	(i)	2	7	-	-
Accrued operating expenses		7,629	8,937	2,135	1,365
Employee benefits	16	61	93	-	-
Provisions	17	1,762	4,358	-	2,706
Other payables		4,294	5,339	-	-
		35,255	43,040	6,759	5,376
		35,974	43,663	6,759	7,339

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

Notes to the Financial Statements

Year ended 31 December 2010

16 Employee benefits

	Group	
	2010	2009
	\$'000	\$'000
Recognised liability for defined benefit obligations		
Present value of unfunded obligations	428	457
Analysed as:		
– Current	61	93
– Non-current	367	364
	428	457

A subsidiary, TWPH, makes contributions to a non-contributory defined benefit plans that provide pension and medical benefits for eligible employees upon retirement. The plans entitle a retired employee to receive a lump sum payment equal to 86% of final monthly salary for each year of service the employee provided.

Movement in the present value of the defined benefit obligations

	Group	
	2010	2009
	\$'000	\$'000
At 1 January	457	579
Benefits paid by the plan	(86)	(253)
Expense recognised in the profit or loss	57	131
At 31 December	428	457

Actuarial assumptions

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

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

Assumptions regarding future mortality are based on published statistics and mortality tables. The average retirement age of an individual retiring is at the age of 55 for males and 50 for females.

Notes to the Financial Statements

Year ended 31 December 2010

17 Provisions

	Group			Company
	Long	Profit	Total	Profit
	service leave	guarantee		guarantee
	\$'000	\$'000	\$'000	\$'000
At 1 January 2010	1,911	2,706	4,617	2,706
Provision made/(reversed)	63	(203)	(140)	(203)
Payment	–	(2,503)	(2,503)	(2,503)
Translation differences in consolidation	76	–	76	–
At 31 December 2010	2,050	–	2,050	–
Non-current	288	–	288	–
Current	1,762	–	1,762	–
	2,050	–	2,050	–

Long service leave

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.

Profit guarantee

Details of the provision for profit guarantee are disclosed in note 31.

Notes to the Financial Statements

Year ended 31 December 2010

18 Financial liabilities

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-current liabilities				
Non-current portion of long-term bank loans				
– secured	24,831	57,927	1,478	424
– unsecured	5,121	4,318	1,886	3,139
Finance lease liabilities	93	163	77	130
	30,045	62,408	3,441	3,693
Current liabilities				
Bank overdrafts				
– secured	–	983	–	–
– unsecured	224	23	224	23
Bank loans				
– secured	6,678	1,671	–	–
– unsecured	39,039	36,771	16,227	17,951
Current portion of long-term bank loans				
– secured	7,975	2,634	89	26
– unsecured	2,814	3,307	1,253	1,192
Trust receipts (unsecured)	2,406	3,029	–	–
Finance lease liabilities	70	86	53	50
	59,206	48,504	17,846	19,242
	89,251	110,912	21,287	22,935

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

	Group	
	2010 \$'000	2009 \$'000
Plant and machinery	3,821	4,771
Freehold land and buildings	3,236	16,284
Inventories	7,604	2,520
Investment in associate*	7,835	7,835
Investment in subsidiary*	54,680	59,728
	77,176	91,138

* These are stated at cost

Notes to the Financial Statements

Year ended 31 December 2010

18 Financial liabilities (cont'd)

The details of interest rates at which the interest-bearing liabilities reprice are set out in note 30.

The bank loans are repayable between 2011 to 2024, 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	Interest	Future minimum lease payments	Principal	Interest	Future minimum lease payments
	2010	2010	2010	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Repayable:						
Within 1 year	70	6	76	86	10	96
After 1 year but within 5 years	93	4	97	163	11	174
	163	10	173	249	21	270
Company						
Repayable:						
Within 1 year	53	5	58	50	8	58
After 1 year but within 5 years	77	4	81	130	9	139
	130	9	139	180	17	197

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

Notes to the Financial Statements

Year ended 31 December 2010

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:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 1 to 5 years \$'000	After 5 years \$'000
Group					
Non-derivative financial liabilities					
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	(174)	(77)	(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	(129,358)	(95,502)	(32,473)	(1,383)
2009					
Secured bank loans	62,232	(69,241)	(7,424)	(56,839)	(4,978)
Unsecured bank loans	44,396	(45,352)	(40,779)	(4,573)	-
Finance lease liabilities	249	(270)	(96)	(174)	-
Trade and other payables*	38,589	(38,589)	(38,589)	-	-
Secured bank overdrafts	983	(1,091)	(1,091)	-	-
Unsecured bank overdrafts	23	(23)	(23)	-	-
Trust receipts	3,029	(3,045)	(3,045)	-	-
	149,501	(157,611)	(91,047)	(61,586)	(4,978)

* Excludes employee benefits and provisions

Cash flows due within one year include secured and unsecured revolving credit facilities amounting to \$48,740,000 (2009: \$43,026,000).

Notes to the Financial Statements

Year ended 31 December 2010

18 Financial liabilities (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 1 to 5 years \$'000	After 5 years \$'000
Company					
Non-derivative financial liabilities					
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)
2009					
Secured bank loans	450	(605)	(37)	(215)	(353)
Unsecured bank loans	22,282	(22,741)	(19,402)	(3,339)	-
Finance lease liabilities	180	(197)	(58)	(139)	-
Trade and other payables	4,633	(4,700)	(2,671)	(2,029)	-
Unsecured bank overdrafts	23	(23)	(23)	-	-
Recognised financial liabilities	27,568	(28,266)	(22,191)	(5,722)	(353)
Intra-group financial guarantee	-	(52,412)	(52,412)	-	-
	27,568	(80,678)	(74,603)	(5,722)	(353)

Intra-group financial guarantee

Intra-group financial guarantee comprises guarantees granted by the Company to certain banks in respect of banking facilities amounting to \$34,946,000 (2009: \$52,412,000) granted to subsidiaries. The financial guarantees do not expire within the next 5 years.

Notes to the Financial Statements

Year ended 31 December 2010

19 Deferred tax

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

	Recognised in profit			Recognised in profit			
	At 1/1/2009	or loss (note 25)	Exchange differences	At 31/12/2009	or loss (note 25)	Exchange differences	At 31/12/2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Deferred tax assets							
Property, plant and equipment	701	26	9	736	(70)	(17)	649
Inventories	149	23	8	180	16	(3)	193
Trade and other payables	882	148	233	1,263	5	40	1,308
Others	95	(17)	12	90	44	(5)	129
	1,827	180	262	2,269	(5)	15	2,279
Deferred tax liabilities							
Property, plant and equipment	(3,866)	(304)	43	(4,127)	90	(48)	(4,085)
Trade and other payables	–	–	–	–	(3)	–	(3)
Others	(509)	(52)	(23)	(584)	73	(10)	(521)
	(4,375)	(356)	20	(4,711)	160	(58)	(4,609)
Company							
Deferred tax asset							
Trade and other payables	3	–	–	3	–	–	3
Deferred tax liability							
Property, plant and equipment	(14)	–	–	(14)	–	–	(14)

Notes to the Financial Statements

Year ended 31 December 2010

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Deferred tax assets	2,053	1,984	–	–
Deferred tax liabilities	4,383	4,426	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	
	2010 \$'000	2009 \$'000
Deductible temporary differences	439	432
Tax losses	5,518	6,878
	5,957	7,310

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	
	2010 \$'000	2009 \$'000
Sale of manufactured packaging products	245,812	235,286
Trading of packaging products	38,873	39,824
	284,685	275,110

Notes to the Financial Statements

Year ended 31 December 2010

21 Finance income and finance costs

	Group	
	2010 \$'000	2009 \$'000
Interest income from bank deposits	352	144
Finance income	352	144
Interest paid and payable to		
– banks	(4,648)	(4,963)
– others	(46)	(2)
Finance costs	(4,694)	(4,965)
Net finance costs recognised in profit or loss	(4,342)	(4,821)

22 Profit before income tax

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

	Note	Group	
		2010 \$'000	2009 \$'000
Allowance for/(Reversal of) inventories obsolescence		449	(390)
Allowance for/(Reversal of) doubtful trade receivables	11	41	(358)
Reversal of doubtful non-trade receivables	11	–	(825)
Depreciation of property, plant and equipment	4	9,871	9,605
Depreciation of investment properties	5	807	700
Directors' fees		470	470
Inventories written off		215	224
Non-audit fees paid to			
– auditors of the Company		57	63
– other auditors		46	137
Operating lease expenses		889	924
Staff costs		37,718	32,810
Contributions to defined contribution plans included			
in staff costs		2,542	2,341
Expenses related to defined benefits plan		57	131
Operating expenses of investment properties		334	357

Notes to the Financial Statements

Year ended 31 December 2010

23 Other income

	Note	Group	
		2010 \$'000	2009 \$'000
Dividend income on available-for-sale financial assets		57	17
Gain on disposal of investment properties		614	–
Gain on disposal of property, plant and equipment (net)		485	386
Jobs credit scheme income		38	198
Rental income		1,665	1,136
Scrap sales		2,038	1,419
Reversal of provision for profit guarantee	17	203	–
Reversal of impairment of non-trade other receivables		–	825
Others		639	677
		5,739	4,658

24 Other expenses

	Note	Group	
		2010 \$'000	2009 \$'000
Amortisation of intangible asset		823	443
Impairment of property, plant and equipment		–	267
Impairment of other investment		22	–
Loss on liquidation of a subsidiary		624	–
Loss on dilution of investment in a subsidiary		–	462
Provision for profit guarantee	17	–	1,153
Property, plant and equipment written off		17	39
Net foreign exchange loss		1,372	1,516
Others		441	323
		3,299	4,203

Notes to the Financial Statements

Year ended 31 December 2010

25 Income tax expense

	Group	
	2010 \$'000	2009 \$'000
Current tax expense		
Current year	2,454	4,028
(Over)/Under provision in prior years	(52)	80
	2,402	4,108
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(155)	196
Reduction in tax rate	–	(20)
	(155)	176
Income tax expense	2,247	4,284

Reconciliation of effective tax rate

	Group	
	2010 \$'000	2009 \$'000
Profit before income tax	20,300	20,377
Income tax using Singapore tax rate at 17%	3,451	3,464
Effect of tax rates in foreign jurisdictions	122	1,447
Reduction in tax rate	–	(20)
Non-deductible expenses	811	1,370
Tax exempt income	(1,713)	(1,934)
Reinvestment allowances and other tax incentives	(174)	(571)
Deferred tax assets not recognised	96	448
Utilisation of tax losses	(294)	–
(Over)/Under provision in prior years	(52)	80
	2,247	4,284

Notes to the Financial Statements

Year ended 31 December 2010

26 Earnings per share

	Group	
	2010	2009
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (\$'000)	15,101	12,105

	Group	
	2010	2009 (Restated)
	'000	'000
Weighted average number of ordinary shares at 1 January	343,300	274,640
Effect of rights issue	42,664	68,660
Weighted average number of ordinary shares at 31 December	385,964	343,300

The weighted average number of ordinary shares for the comparative period has been restated for the effect of the rights issue.

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	
	2010	2009
	\$'000	\$'000
Short-term employment benefits		
– directors	1,444	1,242
– key executives	793	597
	2,237	1,839

Notes to the Financial Statements

Year ended 31 December 2010

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	
	2010 \$'000	2009 \$'000
Sale of raw materials and finished goods to associates	582	156
Purchase of raw materials and finished goods from associates	(7,704)	(8,300)
Purchase of spare parts and consumables from associates	(8)	–
Purchase of plant and equipment from associates	–	(726)
Rental paid to associates	(61)	(60)
Transactions with companies in which certain directors have significant influence		
– sale of raw materials and finished goods	639	617
– purchase of raw materials and finished goods	–	(49)
– purchase of plant and equipment	–	(30)
– sale of scrap	97	219
– service fee paid	(67)	(58)
– rental received	28	76
– professional fee paid	(5)	–
Transactions with companies in which certain directors of subsidiaries have significant influence		
– sale of finished goods	1,110	11
– purchase of raw materials	(1,449)	(1,700)
– sale of plant and equipment	–	6
– purchase of plant and equipment	(183)	(917)
– transportation fee	(403)	(382)
Consultancy fees paid to a director of the Company	(62)	(63)

Notes to the Financial Statements

Year ended 31 December 2010

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.

Notes to the Financial Statements

Year ended 31 December 2010

28 Operating segments (cont'd)

Information about reportable segments

	Specialty papers		Corrugated containers		Printed cartons and labels		Trading		Investment holding		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	94,576	98,799	6,320	5,017	144,541	131,459	38,873	39,824	-	-	284,310	275,099
Inter-segment revenue	9,684	6,506	-	-	41,975	26,318	20,381	22,619	-	-	72,040	55,443
Segment results	7,996	6,567	1,392	2,303	11,062	13,678	351	(375)	4,289	1,737	25,090	23,910
Share of profit of associates	-	-	-	-	-	-	-	-	6,520	4,336	6,520	4,336
Other material non-cash items:												
- (Reversal of)/Provision for profit guarantee	-	-	-	-	-	-	-	-	(203)	1,153	(203)	1,153
- Amortisation	-	-	-	-	823	443	-	-	-	-	823	443
- Depreciation	1,619	1,926	17	334	8,318	7,635	1	45	573	177	10,528	10,117
- Impairment loss on property, plant and equipment	-	267	-	-	-	-	-	-	-	-	-	267
- Reversal of doubtful non-trade other receivables	-	-	-	(825)	-	-	-	-	-	-	-	(825)
Capital expenditure	3,371	2,579	-	481	8,731	9,724	3	-	-	-	12,105	12,784
Investment in associates	-	-	-	-	-	-	-	-	56,895	54,723	56,895	54,723
Reportable segment assets	52,307	60,182	1,211	3,969	173,920	169,062	8,325	10,984	10,902	8,276	246,665	252,473
Reportable segment liabilities	19,791	20,629	14	491	72,123	94,076	7,540	7,918	2,177	6,975	101,645	130,089

Notes to the Financial Statements

Year ended 31 December 2010

28 Operating segments (cont'd)

Reconciliations of information about reportable segments

	2010 \$'000	2009 \$'000
Revenues		
Total revenue of reportable segments	356,350	330,542
Other revenue	375	11
Elimination of inter-segment revenue	(72,040)	(55,443)
Consolidated revenue	284,685	275,110
Profit or loss		
Total profit for reportable segments	25,090	23,910
Other profit or loss	(785)	(53)
	24,305	23,857
Elimination of inter-segment profits	(2,302)	(1,067)
Share of profit of associates	6,520	4,336
Unallocated amounts:		
– Net finance costs	(4,342)	(4,821)
– Other corporate expenses	(3,881)	(1,928)
Consolidated profit before income tax	20,300	20,377
Assets		
Total assets for reportable segments	246,665	252,473
Other assets	1,322	3,756
Investment in associates	56,895	54,723
Unallocated amounts:		
– other corporate assets	2,562	1,684
– income tax assets	3,225	3,174
Consolidated total assets	310,669	315,810
Liabilities		
Total liabilities of reportable segments	101,645	130,089
Other liabilities	152	176
Other unallocated amounts:		
– other corporate liabilities	23,428	24,310
– income tax liabilities	4,949	7,297
Consolidated total liabilities	130,174	161,872

Notes to the Financial Statements

Year ended 31 December 2010

28 Operating segments (cont'd)

	2010 \$'000	2009 \$'000
Depreciation		
Total depreciation of reportable segments	10,528	10,117
Others	150	188
Consolidated depreciation	10,678	10,305
Capital expenditure		
Total capital expenditure of reportable segments	12,105	12,784
Others	426	1,312
Consolidated capital expenditure	12,531	14,096

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

	2010		2009	
	External revenues	Non-current assets	External revenues	Non-current assets
	\$'000	\$'000	\$'000	\$'000
Singapore	44,371	59,825	43,043	63,124
Vietnam	50,055	31,163	55,209	25,213
Hong Kong	71,927	18,876	51,764	19,687
Australia	63,741	39,303	68,090	43,394
Malaysia	50,983	35,493	50,237	34,840
China	3,233	7,082	3,353	8,619
Pakistan	375	104	3,414	329
Total	284,685	191,846	275,110	195,206

Revenues of approximately \$119.7 million (2009: \$119.3 million) are derived from a single external customer, attributable to the Specialty Papers and Printed Cartons and Labels segments.



Notes to the Financial Statements

Year ended 31 December 2010

29 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:

	\$'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

30 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.

Notes to the Financial Statements

Year ended 31 December 2010

30 Financial risk management (cont'd)

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 provisions 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.

Guarantees given by the Company

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. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

Profit guarantees

Details of the profit guarantees given by the Company can be found in note 31.

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.

Notes to the Financial Statements

Year ended 31 December 2010

30 Financial risk management (cont'd)

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 2010, the Group has outstanding forward exchange contracts with notional amounts of approximately \$Nil (2009: \$1,770,000).

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

	Singapore dollar \$'000	United States dollar \$'000	Vietnamese dong \$'000	Australian dollar \$'000
Group				
2010				
Trade and other receivables	466	4,212	1,389	819
Cash and cash equivalents	562	3,240	18	3
Financial liabilities	(730)	(36,644)	–	(26,144)
Trade and other payables	(902)	(3,383)	(1,250)	(634)
Net exposure	(604)	(32,575)	157	(25,956)
2009				
Trade and other receivables	470	5,209	1,122	593
Cash and cash equivalents	1,594	1,170	–	517
Financial liabilities	(954)	(36,033)	–	(25,180)
Trade and other payables	(1,179)	(4,457)	(642)	(392)
Net exposure	(69)	(34,111)	480	(24,462)

Notes to the Financial Statements

Year ended 31 December 2010

30 Financial risk management (cont'd)

	Singapore dollar \$'000	United States dollar \$'000	Vietnamese dong \$'000	Australian dollar \$'000
Company				
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)
2009				
Trade and other receivables	-	19,715	-	-
Cash and cash equivalents	-	264	-	-
Financial liabilities	-	(17,951)	-	-
Trade and other payables	-	(2,329)	-	-
Net exposure	-	(301)	-	-

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 2009.

	Group Profit/(Loss)		Company Profit/(Loss)	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Group				
Singapore dollar	(30)	(3)	-	-
United States dollar	1,629	1,706	(781)	15
Vietnamese dong	(3)	(10)	-	-
Australian dollar	519	489	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.

Notes to the Financial Statements

Year ended 31 December 2010

30 Financial risk management (cont'd)

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.

Effective interest rates and repricing/maturity analysis

	Fixed interest rate maturing					
	Average interest rate %	Floating interest \$'000	Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	Total \$'000
Group 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
2009						
Assets						
Fixed deposits	0.1 - 2.2	–	1,205	–	–	1,205
Liabilities						
Secured bank overdrafts	4.3 - 10.9	983	–	–	–	983
Unsecured bank overdrafts	4.3	23	–	–	–	23
Unsecured bank loans	3.5 - 5.0	39,100	5,296	–	–	44,396
Trust receipts	2.3	3,029	–	–	–	3,029
Secured bank loans	2.6 - 6.6	62,232	–	–	–	62,232
Finance lease liabilities	2.6	–	86	163	–	249
		105,367	5,382	163	–	110,912

Notes to the Financial Statements

Year ended 31 December 2010

30 Financial risk management (cont'd)

	Average interest rate %	Floating interest \$'000	Fixed interest rate maturing			Total \$'000
			Within 1 year \$'000	1 to 5 years \$'000	After 5 years \$'000	
Company						
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
2009						
Liabilities						
Unsecured bank overdrafts	4.3	23	-	-	-	23
Unsecured bank loans	5.0	17,951	1,192	3,139	-	22,282
Secured bank loans	2.5	450	-	-	-	450
Finance lease liabilities	2.7	-	50	130	-	180
		18,424	1,242	3,269	-	22,935

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.

Notes to the Financial Statements

Year ended 31 December 2010

30 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 2010				
Variable rate instruments	(832)	832	(165)	165
31 December 2009				
Variable rate instruments	(1,054)	1,054	(184)	184

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. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

Year ended 31 December 2010

30 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 2010 plus an adequate constant credit spread, and are as follows:

	2010 %	2009 %
Finance lease liabilities	3.0	3.0
Loans to/from subsidiaries	3.3	4.3

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:

	2010		2009	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Group				
Financial liabilities carried at amortised cost				
Finance lease liabilities	(163)	(161)	(249)	(245)
Total	(163)	(161)	(249)	(245)
Unrecognised gains		2		4
Company				
Financial assets carried at amortised cost				
Loans to subsidiaries	15,780	14,725	5,949	6,015
Financial liabilities carried at amortised cost				
Loans from subsidiaries	(1,858)	(1,746)	(1,963)	(1,940)
Finance lease liabilities	(130)	(128)	(180)	(178)
Total	(1,988)	(1,874)	(2,143)	(2,118)
	13,792	12,851	3,806	3,897
Unrecognised gains/(losses)		(941)		91

Notes to the Financial Statements

Year ended 31 December 2010

31 Contingent liabilities - unsecured

Group

On 6 May 2008, the Company disposed its 16% interest in Jiangsu Zhongji Lamination Materials Co., Ltd ("JZLM") to a wholly-owned subsidiary of Shanghai Asia Holdings Limited ("SAH"). The Company provided a profit guarantee to SAH that JZLM's total net profit after tax will not be less than RMB160m for financial years ended 31 December 2008 and 2009 (both years combined) and of not less than RMB80m for the financial year ending 31 December 2010. Payments by the Company on this profit guarantee, if required, will be in accordance with its proportionate interest of shares sold. During 2010, the Company paid the profit guarantee of \$2,503,000 for the financial years ended 31 December 2008 and 2009.

Based on JZLM's net profit after tax for the financial year ended 31 December 2010, no provision for profit guarantee was required.

Company

As at the reporting date:

- (i) the Company has issued \$34,946,000 (2009: \$52,412,000) 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 \$1,249,400 (2009: \$Nil); 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 2010 were \$8,420,000 (2009: \$6,272,000).

32 Commitments

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

Capital commitments

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Authorised but not contracted for	4,306	3,060	–	–
Contracted but not provided for	9,882	7,430	–	1,364
	14,188	10,490	–	1,364

Notes to the Financial Statements

Year ended 31 December 2010

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Payable:				
Within 1 year	950	990	147	147
After 1 year but within 5 years	1,357	1,590	12	159
After 5 years	2,718	2,367	–	–
	5,025	4,947	159	306

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:

	2010 \$'000	2009 \$'000
Within 1 year	946	733
After 1 year but within 5 years	123	611
	1,069	1,344

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
Lot 5007 Batu 5 ¹ / ₂ , Jalan Meru 41050 Klang Selangor Darul Ehsan, Malaysia	Office and factory used by a subsidiary for its operations	Freehold (Asset held for sale)
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 Major Properties

INVESTMENT PROPERTIES

Location	Description	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	8 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
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 Birralea Road Regency Park, SA 5010 Australia	Office, factory and warehouse	Freehold
No.1 Commonwealth Lane #09-01/02/03 Singapore 149544	3 Office units	Leasehold 30 years commencing from 1 March 2008



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 (“Code”) set out in the SGX-ST Listing Manual.

BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

The 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 2010:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No.of meetings held	6	4	1	1

Directors

No. of meetings attended

Yen Wen Hwa	6	n.a.	n.a.	n.a.
Tang See Chim	5	4	n.a.	1
John David Cambridge*	4	4	1	1
Tay Joo Soon	6	4	1	1
Gary Yen	6	n.a.	1	n.a.
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	5	n.a.	n.a.	n.a.

n.a. – not a member

* resigned as director with effect from 31 December 2010

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.

Corporate Governance Statement

Principle 2: Board Composition and Balance

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

Yen Wen Hwa	(Non-Executive Chairman)
Gary Yen	(Executive Director)
Tang See Chim	(Non-Executive and Independent Director)
Tay Joo Soon	(Non-Executive and Independent Director)
Prof. Lee Chang Leng Brian**	(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.

** appointed with effect from 4 March 2011

Principle 3: Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separate.

Our Chairman is Yen Wen Hwa and the Chief Executive Officer of the Company is his son, Gary Yen. Notwithstanding such relationship, the strong element of independence on the Board and its committees ensures an appropriate balance of power and level of accountability as well as the capacity of the Board for independent decision-making.

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.

Corporate Governance Statement

Principle 4: Board Membership

The Nominating Committee (“NC”) comprises three Directors, a majority of whom, including the chairman, are non-executive and 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 (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. Lee Chang Leng Brian to be independent Directors.

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

Corporate Governance Statement

Gary Yen and Tay Joo Soon are retiring as Directors at the forthcoming AGM pursuant to the Articles of Association of the Company. The NC has nominated them 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
Yen Wen Hwa	28 February 1996	28 April 2009
Tang See Chim	18 March 1997	26 April 2010
Tay Joo Soon	1 February 2002	28 April 2009
Gary Yen	1 February 2002	29 April 2008
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	1 March 2007	26 April 2010
Prof. Lee Chang Leng Brian	4 March 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 pages 8 and 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.

Corporate Governance Statement

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. Lee Chang Leng Brian

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

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. Our Executive Directors do not receive directors’ fee.

The remuneration packages of our 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.

Corporate Governance Statement

Principle 9: Disclosure on Remuneration

The remuneration of the Directors for the financial year 2010 is as follows:

Remuneration Band	Directors' Fees (%)	Base/ Fixed Salary (%)	Variable or performance-related income/ bonuses (%)	Benefits in Kind (%)
S\$500,000 to S\$750,000				
Executive Director				
Gary Yen	Nil	50%	50%	Nil
Below S\$250,000				
Non-Executive Directors				
Yen Wen Hwa	100%	Nil	Nil	Nil
Tengku Tan Sri Dr Mahaleel bin Tengku Ariff	36%	57%*	Nil	7%*
Non-Executive and Independent Directors				
Tang See Chim	100%	Nil	Nil	Nil
John David Cambridge	100%	Nil	Nil	Nil
Tay Joo Soon	100%	Nil	Nil	Nil

* from Tien Wah Press Holdings Berhad, a listed subsidiary of the Company.



Corporate Governance Statement

The remuneration of the top five key executives (who are not also Directors) for the financial year 2010 is as follows:

Remuneration Band	Base/Fixed Salary (%)	Variable or performance-related income/bonuses (%)	Benefits in Kind (%)
Below S\$250,000			
George Lee	77%	18%	5%
Heng Chor Kiang, Angela	93%	7%	Nil
Mark Mitchell	80%	Nil	20%
Nhan Huc Quan	90%	10%	Nil
Sundraj Naidu	76%	17%	7%

The remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S\$150,000 during the year is as follows:

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 wife of our 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.

Corporate Governance Statement

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. Lee Chang Leng Brian

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.

Corporate Governance Statement

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 2010 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 Board recognises its role in ensuring that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company's internal and external auditors assess, report and make recommendations on the Group's internal controls and management implements such recommendations.

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.

Corporate Governance Statement

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

The Company adopts the Best Practices Guide on dealings in securities issued by the SGX-ST. It advises its officers not to deal in its securities 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

8 Cross Street #11-00
PWC Building
Singapore 048424
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
8 Cross Street #11-00
PWC Building
Singapore 048424
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 2010 is S\$57,427.

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 2010 or entered into since 31 December 2009.

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	416	–
New Toyo Corelex (Vietnam) Co. Ltd		
– Sales of paper core	222	–

Risk Management

The Group's risk management controls are outlined on pages 84 to 91 of this Annual Report.

Statistics of Shareholdings

As at 18 March 2011

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

Distribution of Shareholders by Size of Shareholdings as at 18 March 2011

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 -999	12	0.20	1,752	–
1,000 - 10,000	4,370	71.09	15,045,678	3.42
10,001 - 1,000,000	1,734	28.21	117,490,843	26.74
1,000,001 AND ABOVE	31	0.50	306,886,330	69.84
TOTAL	6,147	100.00	439,424,603	100.00

As at 18 March 2011, approximately 46.9% 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	25,983,000	5.91
5	DMG & PARTNERS SECURITIES PTE LTD	22,427,000	5.10
6	CHIA KEE KOON	12,903,000	2.94
7	KIM ENG SECURITIES PTE. LTD.	8,192,800	1.86
8	WUTHELAM HOLDINGS LTD	7,000,000	1.59
9	OCBC SECURITIES PRIVATE LTD	5,435,800	1.24
10	UOB KAY HIAN PTE LTD	5,357,004	1.22
11	CITIBANK NOMINEES SINGAPORE PTE LTD	4,150,000	0.94
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,577,280	0.81
13	DBS NOMINEES PTE LTD	3,168,829	0.72
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,062,200	0.70
15	PHILLIP SECURITIES PTE LTD	2,903,000	0.66
16	LEE WOON KIAT	1,938,736	0.44
17	RAFFLES NOMINEES (PTE) LTD	1,827,600	0.42
18	YAN KHAI CHI	1,743,000	0.40
19	GOH LEH HONG	1,724,400	0.39
20	LUCY CHEE	1,700,000	0.39
	TOTAL	292,963,330	66.67

Statistics of Shareholdings

As at 18 March 2011

Substantial Shareholders as at 18 March 2011

(as shown in the Register of Substantial Shareholders)

	Name	Direct Interest	Deemed Interest
1	Yen Wen Hwa @ Ngan Tzee Manh	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 15th Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the Company will be held at 39 Scotts Road, Topaz & Opal Rooms, Sheraton Towers, Singapore 228230 on 26 April 2011 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 2010 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 2010. **(Resolution 2)**
3. To approve the Directors' fees of S\$470,000 for the financial year ended 31 December 2010. **(Resolution 3)**
4. To approve a fee of S\$65,000 to Mr John David Cambridge for the financial year ended 31 December 2010. (See Explanatory Note 1) **(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-elect Mr Tay Joo Soon who is retiring in accordance with Article 91 of the Company's Articles of Association.

Mr Tay Joo Soon shall, upon re-election 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)**

Notice of 15th Annual General Meeting

8. To re-elect Mr Gary Yen who is retiring in accordance with Article 91 of the Company's Articles of Association.

Mr Gary Yen shall, upon re-election as a Director of the Company, remain as a member of the Nominating Committee. **(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. Authority to issue shares and convertible securities. **(Resolution 10)**

"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)

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

Notice of 15th 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 6 May 2011 for the purpose of determining Members' entitlements to the final dividend to be proposed at the 15th Annual General Meeting of the Company to be held on 26 April 2011.

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 5 May 2011 by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street, #11-00 PWC Building, Singapore 048424 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 5 May 2011 will be entitled to such proposed dividend.

The proposed final dividend, if approved at the 15th Annual General Meeting, will be paid on 20 May 2011.

By Order of the Board
Lee Wei Hsiung
Company Secretary
8 April 2011

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 8 Cross Street, #11-00 PWC Building, Singapore 048424 not later than 48 hours before the time appointed for the Meeting.

Notice of 15th Annual General Meeting

Explanatory Notes:

1. Ordinary Resolution 4 is to approve a one-time fee of S\$65,000 to Mr John David Cambridge.

Mr John David Cambridge was appointed to the Board on 18 March 1997 and resigned on 31 December 2010 on medical grounds. In recognition of his long service and invaluable contribution during his term in office, the Board has proposed that Mr John David Cambridge be paid an additional fee of S\$65,000, on top of his director's fee for the financial year ended 31 December 2010. The proposed fee is subject to shareholders' approval at the 15th Annual General Meeting of the Company to be held on 26 April 2011.

2. Ordinary Resolution 10, 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.

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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, Topaz & Opal Rooms, Sheraton Towers, Singapore 228230 on 26 April 2011 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 2010.		
2	To approve a final dividend of 0.97 Singapore cents per share for the financial year ended 31 December 2010.		
3	To approve the Directors' fees of S\$470,000 for the financial year ended 31 December 2010.		
4	To approve a fee of S\$65,000 to Mr John David Cambridge for the financial year ended 31 December 2010.		
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-elect Mr Tay Joo Soon who is retiring pursuant to Article 91 of the Company's Articles of Association.		
8	To re-elect Mr Gary Yen 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 authorise Directors to issue shares and convertible securities.		

Total number of Shares held

Dated this _____ day of _____ 2011

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 8 Cross Street, #11-00 PWC Building, Singapore 048424 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.

Affix
Postage
Stamp

The Company Secretary
New Toyo International Holdings Ltd
8 Cross Street #11-00
PWC Building
Singapore 048424

NEW TOYO

International Holdings Ltd

47 Scotts Road, Goldbell Towers, #05-03
Singapore 228233