8.4.2 Summarised balance sheets of TDNSB

	As at 31 March				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Property, plant and equipment	3,243,899	2,960,391	2,653,215	2,503,596	2,257,275
Current assets					
Holding company	-	-	594,230	527,779	987,292
Related companies	47,368	411,166	280,878	430,912	406,497
Trade receivables	492,132	1,028,898	261,531	115,527	225,890
Other current assets	942,706	1,129,602	1,017,669	1,088,984	1,689,783
	1,482,206	2,569,666	2,154,308	2,163,202	3,309,462
Less: Current liabilities					
Holding company	277,963	590,094	-	-	-
Related companies	-	-	10,120	-	-
Trade payables	502,063	743,122	693,725	566,439	1,316,480
Other current liabilities	1,639,393	1,548,611	895,740	580,760	380,570
	2,419,419	2,881,827	1,599,585	1,147,199	1,697,050
Net current (liabilities)/assets	(937,213)	(312,161)	554,723	1,016,003	1,612,412
	2,306.686	2,648,230	3,207,938	3,519,599	3,869,687
Financed by :-					
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Accumulated profits	963,151	1,409,508	1,955,186	2,273,298	2,657,540
Shareholder's equity	1,963,151	2,409,508	2,955,186	3,273,298	3,657,540
Long term and deferred liabilities	343,535	238,722	252,752	246,301	212,147
	2,306,686	2,648,230	3,207,938	3,519,599	3,869,687
Net tangible assets	1,963,151	2,409,508	2,955,186	3,273,298	3,657,540
Net tangible assets per share	1.96	2.41	2.96	3.27	3.66

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8.5 Toyo Ink (Perak) Sdn. Bhd. ("Toyo (Perak)")

The following financial information of Toyo (Perak) are based on the audited financial statements of Toyo (Perak) for the past five (5) financial years ended 31 March 2003.

8.5.1 Summarised results of Toyo (Perak)

	<------- Financial Years Ended 31 March ------->				
	1999	2000	2001	2002	2003
	RM	RM	RM	RM	RM
Revenue	1,941,790	2,716,015	2,753,983	3,078,819	4,094,435
Profit before depreciation, amortisation and interest	65,030	116,590	125,784	119,460	365,982
Depreciation and amortisation	(32,079)	(40,918)	(41,055)	(31,375)	(23,113)
Interest expense	(13,663)	(2,777)	-	(126)	(22)
Profit before taxation	19,288	72,895	84,729	87,959	342,847
Taxation	950	(19,500)	(30,922)	(28,671)	(91,516)
Profit after taxation	20,238	53,395	53,807	59,288	251,331
Number of ordinary shares of RM1.00 each in issue	200,000	200,000	200,000	200,000	200,000
Gross earnings per share	0.10	0.36	0.42	0.44	1.71
Net earnings per share	0.10	0.27	0.27	0.30	1.26
Profit before taxation margin (%)	1	3	3	3	8
Effective tax rate (%)	(5)	27	36	33	27
Gross dividend rate (%)	-	10	10	-	110

Notes:

i) *There were no extraordinary or exceptional items as defined in MASB 3 for all the financial years under review.*

ii) *The significant increase in revenue for the financial year ended 31 March 2000 as compared to the financial year ended 31 March 1999 was mainly due to the significant increase in sales of Gravure inks and printing consumables as a result of the competitive pricing policy adopted since the financial year ended 31 March 1998.*

The revenue for the financial year ended 31 March 2001 of Toyo (Perak) had no significant change as compared to the financial year ended 31 March 2000.

The continuous increase in revenue for the financial years ended 31 March 2002 and 2003 as compared to the financial years ended 31 March 2001 and 2002 respectively was mainly due to the increase in the demand of existing products by its existing customers.

iii) *The increase in PBT Margin for the financial year ended 31 March 2000 as compared to the financial year ended 31 March 1999 was mainly due to the cost saving policy of Toyo (Perak) coupled with other sundry income received, rental received and gain on disposal of plant and machinery during this financial year.*

The PBT Margin for the financial years ended 31 March 2001 and 2002 was consistent with the financial year ended 31 March 2000.

The significant increase in the PBT Margin for the financial year ended 31 March 2003 as compared to the financial year ended 31 March 2002 was mainly due to the higher revenue, a lower increase in administrative costs and a reduction in the depreciation charge of the plant and equipment.

iv) *There were no significant variation between the effective tax rate and the statutory tax rate for the financial years ended 2000 and 2003.*

The higher effective tax rate for the financial years 2001 and 2002 were mainly due to certain expenses being disallowed for tax purposes.

The effective tax rate for the financial year ended 1999 was in respect of adjustment for deferred taxation of RM2,245. No taxation based on the results for the financial year was provided as in accordance to the tax legislation, chargeable income earned during the financial year was waived from taxation.

v) *The gross EPS has been calculated based on the profit before taxation divided by the number of ordinary shares in issue during the respective financial year.*

The net EPS has been calculated based on the profit after taxation divided by the number of ordinary shares in issue during the respective financial year.

vi) *The dividends declared and paid by Toyo (Perak) for the financial years under review can be referred to in Section 4.*

8.5.2 Summarised balance sheets of Toyo (Perak)

	As at 31 March				
	1999	2000	2001	2002	2003
	RM	RM	RM	RM	RM
Property, plant and equipment	458,396	469,854	430,170	398,954	382,126
Current assets					
Related companies	-	6,017	2,460	8,805	13,330
Trade receivables	758,861	822,490	721,453	926,181	1,090,995
Other current assets	142,232	173,882	274,476	464,489	606,895
	901,093	1,002,389	998,389	1,399,475	1,711,220
Less: Current liabilities					
Holding company	719,283	754,647	680,106	901,211	1,047,271
Related companies	55,694	151,961	154,616	262,017	230,949
Other current liabilities	105,791	47,919	40,248	20,653	35,508
	880,768	954,527	874,970	1,183,881	1,313,728
Net current assets	20,325	47,862	123,419	215,594	397,492
	478,721	517,716	553,589	614,548	779,618
Financed by :-					
Share capital	200,000	200,000	200,000	200,000	200,000
Accumulated profits	260,673	299,668	333,475	392,763	557,694
Shareholder's equity	460,673	499,668	533,475	592,763	757,694
Long term and deferred liabilities	18,048	18,048	20,114	21,785	21,924
	478,721	517,716	553,589	614,548	779,618
Net tangible assets	460,673	499,668	533,475	592,763	757,694
Net tangible assets per share	2.30	2.50	2.67	2.96	3.79

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8.6 Toyo Ink (Penang) Sdn. Bhd. ("Toyo (Penang)")

The following financial information of Toyo (Penang) are based on the audited financial statements of Toyo (Penang) for the past five (5) financial years ended 31 March 2003.

8.6.1 Summarised results of Toyo (Penang)

	<---------- Financial Years Ended 31 March ---------->				
	1999	2000	2001	2002	2003
	RM	RM	RM	RM	RM
Revenue	-	2,674,312	2,569,959	2,144,089	2,344,752
Profit before depreciation, amortisation and interest	-	81,940	101,801	38,075	5,150
Depreciation and amortisation	-	(39,966)	(40,105)	(40,694)	(26,509)
Interest expense	-	(9,648)	(31,122)	(26,488)	(19,498)
Interest income	-	239	416	428	425
Profit/(Loss) before taxation	-	32,565	30,990	(28,679)	(40,432)
Taxation	-	(32,182)	(2,148)	1,169	7,042
Profit/(Loss) after taxation	-	383	28,842	(27,510)	(33,390)
Number of ordinary shares of RM1.00 each in issue	1,000	400,000	400,000	400,000	400,000
Gross earnings/(loss) per share	-	0.08	0.08	(0.07)	(0.10)
Net earnings/(loss) per share	-	0.00	0.07	(0.07)	(0.08)
Profit before taxation margin (%)	-	1	1	-*	-*
Effective tax rate (%)	-	99	7	-*	-*
Gross dividend rate (%)	-	-	-	-	-

** Not computed as Toyo (Penang) incurred a loss before taxation.*

Notes:

i) There were no extraordinary or exceptional items as defined in MASB 3 for all the financial years under review.

ii) Toyo (Penang) had not commenced any business operation during the financial year ended 31 March 1999.

Toyo (Penang) commenced business operations on 1 April 1999. The revenue of RM2,674,312 for the financial year ended 31 March 2000 was mainly consists of sales of Offset inks and printing consumables.

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The decrease in revenue for the financial year ended 31 March 2001 as compared to the financial year ended 31 March 2000 was mainly due to the decrease in sales of Offset inks.

The decrease in revenue for the financial year ended 31 March 2002 as compared to the financial year ended 31 March 2001 was mainly due to the decrease in sales of Flexographic inks and printing consumables.

The increase in revenue for the financial year ended 31 March 2003 as compared to the financial year ended 31 March 2002 was mainly due to the increase of demand of the local existing customers.

iii) *Toyo (Penang) only achieved a PBT margin of 1% for the financial year ended 31 March 2000 because of the high staff cost which was incurred during this financial year.*

The PBT Margin for the financial year ended 31 March 2001 was consistent with the financial year ended 31 March 2000.

During the financial year ended 31 March 2002, Toyo (Penang) suffered a loss before taxation because of the lower gross profit margin achieved coupled with the fixed administrative cost incurred against lower revenue.

During the financial year ended 31 March 2003, Toyo (Penang) suffered a loss before taxation because of the bad debts written off and allowance for doubtful debts amounting to RM49,065 coupled with the continual increase in staff cost and fixed administrative cost.

iv) *The taxation for the financial year ended 2000 was in respect of provision for deferred taxation. No taxation based on the results for the financial year was provided as there was no chargeable income.*

The lower effective tax rate for the financial year ended 2001 was mainly due to the inclusion of an adjustment for deferred taxation of RM18,912.

The taxation charge for the financial years ended 2002 and 2003 which were in credit can be analysed as follows:

	2002	*2003*
	RM	*RM*
Provision of taxation for the year	*(120)*	*(5,000)*
Overprovision of taxation in prior years	*61*	*-*
Transfer from deferred taxation	*1,228*	*12,042*
	1,169	*7,042*

The provision of taxation for the financial years ended 2002 and 2003 was mainly due to certain expenses being disallowed for taxation purposes.

v) *The gross EPS/(loss per share) has been calculated based on the profit/(loss) before taxation divided by the number of ordinary shares in issue during the respective financial year.*

The net EPS/(loss per share) has been calculated based on the profit/(loss) after taxation divided by the number of ordinary shares in issue during the respective financial year.

vi) *No dividend has been declared or paid by Toyo (Penang) for the financial years under review.*

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8.6.2 Summarised balance sheets of Toyo (Penang)

	< As at 31 March				>
	1999	2000	2001	2002	2003
	RM	RM	RM	RM	RM
Property, plant and equipment	-	880,365	841,955	807,161	752,481
Expenditure carried forward	5,823	5,823	-	-	-
Current assets					
Trade receivables	-	882,184	724,631	607,691	709,377
Other current assets	-	405,350	338,619	311,285	383,712
	-	1,287,534	1,063,250	918,976	1,093,089
Less: Current liabilities					
Holding company	2,689	644,338	587,980	394,064	433,773
Related company	-	656,519	502,670	617,365	869,499
Trade payables	-	38,630	36,417	35,750	2,087
Other current liabilities	2,134	74,279	83,552	99,019	94,203
	4,823	1,413,766	1,210,619	1,146,198	1,399,562
Net current liabilities	(4,823)	(126,232)	(147,369)	(227,222)	(306,473)
	1,000	759,956	694,586	579,939	446,008
Financed by :-					
Share capital	1,000	400,000	400,000	400,000	400,000
Accumulated profits/(loss)	-	383	29,225	1,715	(31,675)
Shareholder's equity	1,000	400,383	429,225	401,715	368,325
Long term and deferred liabilities	-	359,573	265,361	178,224	77,683
	1,000	759,956	694,586	579,939	446,008
Net tangible (liabilities)/assets	(4,823)	394,560	429,225	401,715	368,325
Net tangible (liabilities)/assets per share	(4.82)	0.99	1.07	1.00	0.92

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9. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following is the proforma consolidated cash flow statement of the TIGB Group for the financial year ended 31 March 2003, prepared for illustrative purposes only after making such adjustments considered necessary on the assumption that the flotation scheme as mentioned in Section 2 had been effected on 1 April 2002.

	Proforma Group RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	7,537,063
Adjustments for:	
Bad debts written off	281,593
Allowance for doubtful debts	1,475,947
Depreciation of property, plant and equipment	828,067
Gain on disposal of plant and equipment	(222,598)
Share of results in associated company	(6,929)
Plant and equipment written off	1,366
Interest expense	258,603
Interest income	(38,910)
Operating Profit Before Working Capital Changes	10,114,202
Increase in inventories	(2,226,245)
Increase in receivables	(2,108,074)
Increase in payables	248,749
Cash Generated From Operations	6,028,632
Tax paid	(3,305,277)
Interest received	38,910
Interest paid	(258,603)
Net Cash From Operating Activities	2,503,662
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of subsidiary companies, net of cash acquired	569,624
Proceeds from disposal of plant and equipment	1,115,880
Purchase of property, plant and equipment	(858,753)
Net Cash From Investing Activities	826,751
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from public issue	7,000,000
Proceeds from rights issue	6,000,000
Listing expenses	(1,600,000)
Issue of share capital	2
Payment of hire purchase creditors	(386,379)
Repayment of term loans	(82,401)
Dividend paid to minority shareholders of subsidiary company	(302,400)
Dividend paid	(7,730,717)
Net Cash From Financing Activities	2,898,105
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,228,518
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,228,518

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10. STATEMENT OF ASSETS AND LIABILITIES

The following are the detailed statement of assets and liabilities of the Proforma Group which have been prepared for illustrative purposes only based on the audited financial statements of TISB and its subsidiaries as at 31 March 2003. The statement of assets and liabilities of the Proforma Group has been prepared based on the assumption that the flotation scheme as mentioned in Section 2 had been effected on 1 April 2002. This proforma statement of assets and liabilities should be read in conjunction with the notes thereon.

	NOTE	Proforma Group RM
ASSETS		
Property, plant and equipment	10.2	16,980,986
Investment in associated company	10.3	683,510
Goodwill on consolidation		104,749
		17,769,245
CURRENT ASSETS		
Inventories	10.4	9,109,125
Trade receivables	10.5	17,038,514
Other receivables, prepayments and deposits	10.6	2,333,852
Fixed deposits with a licensed bank		13,508
Cash and bank balances		12,365,311
		40,860,310
CURRENT LIABILITIES		
Trade payables	10.7	5,861,654
Other payables, accruals and deposits	10.8	542,352
Amount owing to associated company	10.9	35,304
Hire purchase creditors	10.10	18,576
Bank borrowings (secured)	10.11	6,237,568
		12,695,454
NET CURRENT ASSETS		28,164,856
		45,934,101
FINANCED BY:-		
Share capital	10.12	40,000,000
Share premium - non distributable	10.13	3,011,686
Reserve on consolidation - non distributable		984,329
Accumulated loss		(49,712)
Shareholders' Equity		43,946,303
Minority interest		1,636,410
Long Term and Deferred Liabilities:		
Hire purchase creditors	10.10	3,264
Bank borrowings (secured)	10.11	77,683
Deferred taxation	10.14	270,441
Total Long Term and Deferred Liabilities		351,388
		45,934,101

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10.1 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2003

10.1.1 Summarised significant accounting policies

The following accounting policies are adopted by the Proforma Group and are consistent with those adopted in previous years.

10.1.2 Basis of accounting

The financial statements of the Proforma Group has been prepared under the historical cost convention modified to include the revaluation of certain assets, in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") in Malaysia.

10.1.3 Subsidiary Companies and Basis of consolidation

The statement of assets and liabilities of the Proforma Group is prepared on the assumption that the final dividend mentioned in note 10.17 below and the Acquisitions, Rights Issue, Offer For Sale and Public Issue referred to in Section 2 had been completed on 31 March 2003.

Investments in subsidiary companies are stated at cost. The carrying amount of the investment is assessed and written down immediately to its recoverable amount when there is an indication of impairment in the value of the asset.

The statement of assets and liabilities of the Proforma Group include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Company has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated using the acquisition method of accounting, whereby the results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal respectively.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Goodwill or reserve arising on consolidation, which represents the difference of the consideration paid for shares in the subsidiary company and the fair value of attributable net assets acquired is retained in the consolidated balance sheet. Goodwill is only written down where in the opinion of the directors that there is permanent diminution in its value.

10.1.4 Associated Companies

Associated companies are those companies in which the Company has a long term equity interest of between 20 and 50 percent of equity capital and in which the Company exercises significant influence over the financial and operating policies through Board representation.

Investment in associated company is stated at cost. The carrying amount of the investment is assessed and written down immediately to its recoverable amount when there is an indication of impairment in the value of the asset.

The Proforma Group's share of profit of associated company is included in the consolidated income statements by using the equity method of accounting based on the audited or management financial statements of the associated company, and Proforma Group's interest in associated company is stated at cost plus adjustments to reflect changes in the Proforma Group's share of the net assets of the associated company.

10.1.5 Property, Plant and Equipment and Depreciation/Amortisation

Property, plant and equipment are stated at cost/valuation less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In other cases, a decrease in carrying amount is charged to income statement.

No depreciation is provided for the building under construction until it is ready for its intended use.

Long term leasehold land is amortised evenly over the lease periods of 70 to 95 years.

Other property, plant and equipment are depreciated/amortised on the straight line basis to write off the cost/valuation of the assets over their estimated useful lives. The annual rates used are as follows:-

Industrial buildings	1.25 - 2%
Long term leasehold shophouse	1.25%
Plant and machinery	10%
Motor vehicles	20%
Office equipment	10%
Furniture and fittings	10%
Factory equipment	10%
Electrical installations	10%
Renovation	10%
Signboards	10%
Laboratory equipment	10%
Tools and equipment	10%
Other plant and equipment	10%

Fully depreciated assets are retained in the financial statement until they are no longer in use.

Property, plant and equipment are written down to recoverable amount if the recoverable amount is less than their carrying values. Recoverable amount is the higher of an asset's net selling price and its value in use.

10.1.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first in, first out basis.

The cost of raw materials comprise the original cost of purchases plus the cost of bringing the inventories to their present conditions and locations.

The cost of finished goods comprise cost of raw materials, direct labour and overheads.

10.1.7 Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end.

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10.1.8 Hire Purchases
Assets financed by hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Proforma Group are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. The plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the periods of the respective agreements.

10.1.9 Minority Interests
Minority interests represent equity shares in subsidiary companies owned by minority shareholders together with proportion of accumulated profits/losses and reserves relating to such shares.

10.1.10 Deferred Taxation
The liability method of deferred taxation accounting is adopted by the Proforma Group. Deferred taxation is provided for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

10.1.11 Foreign Currencies

i. Foreign currency transactions
Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at 31 March 2003 are translated into Ringgit Malaysia at the approximate rates of exchange ruling on that date. Gains or losses on foreign exchange are taken up in the income statement.

ii. Financial statements of foreign operations
The results and net assets of foreign associated company are translated into Ringgit Malaysia at the rates ruling at 31 March 2003. All exchange differences are dealt with through the translation reserve.

The closing rates used in the translation are:

	RM
1 US Dollar	3.80
1 Singapore Dollar	2.20
1 Euro	4.10
1 Sterling Pound	6.067
1 Japanese Yen	0.0325
1000 Vietnam Dong	0.2458

10.1.12 Revenue Recognition
Revenue from manufacturing activities is recognised in the financial statements based on the net invoiced value of goods sold.

Dividend income from investment in subsidiary companies and associated company is recognised when the right to receive payment is established.

10.1.13 Cash and Cash Equivalents
Cash comprises cash in hand and balances with licensed financial institutions. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash, net of short term bank borrowings which are repayable on demand.

10.1.14 Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual asset, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

10.1.15 Financial Instruments

Financial instruments carried on the statement of assets and liabilities include cash and bank balances, investments, receivables, payables and borrowings. The financial instruments are recognised in the statement of assets and liabilities when the Proforma Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Proforma Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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10.2 PROPERTY, PLANT AND EQUIPMENT

Proforma Group

	At cost/ Valuation RM	Accumulated Depreciation/ Amortisation RM	Net Book Value RM
At cost unless otherwise stated:			
Long term leasehold land			
- at valuation (2003)	8,978,175	539,265	8,438,910
Freehold land			
- at valuation (2003)	1,433,604	-	1,433,604
Industrial buildings			
- at valuation (2003)	4,105,463	405,083	3,700,380
Long term leasehold shophouse			
- at valuation (2003)	196,436	18,080	178,356
Building under construction	43,620	-	43,620
Plant and machinery	4,607,718	3,169,684	1,438,034
Motor vehicles	627,327	451,016	176,311
Office equipment	1,497,642	634,651	862,991
Furniture and fittings	281,573	226,133	55,440
Factory equipment	584,059	439,898	144,161
Electrical installations	342,930	289,653	53,277
Renovation	884,754	656,469	228,285
Signboards	5,112	3,792	1,320
Laboratory equipment	704,510	509,721	194,789
Tools and equipment	90,240	58,732	31,508
Other plant and equipment	10,280	10,280	-
	24,393,443	7,412,457	16,980,986

	Proforma Group RM
Depreciation/amortisation charge for the year	828,067

Other plant and equipment of the Proforma Group comprise portable cabin, reflector lamp box, sliding beam, etc.

All the property, plant and equipment of the Proforma Group are charged to banks for banking facilities granted to the Proforma Group.

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Included in the costs of the above property, plant and equipment of the Proforma Group are costs of the following fully depreciated assets which are still in use:

	Proforma Group RM
Plant and machinery	1,207,473
Motor vehicles	515,021
Office equipment	185,036
Furniture and fittings	129,557
Factory equipment	236,462
Electrical installations	169,920
Renovation	172,715
Signboards	2,912
Laboratory equipment	278,139
Tools and equipment	405
Other plant and equipment	10,280

Included in the cost of the above property, plant and equipment of the Proforma Group are assets acquired under hire purchase agreements as follows:

	Proforma Group RM
Motor vehicles	58,755

The properties stated at valuation were revalued on 31 March 2003 based on the valuation done by an independent firm of professional valuer, using the open market valuation basis. The revaluation surplus arising from the valuation has been credited to the revaluation reserve.

Had the properties been carried at the historical cost less accumulated depreciation/amortisation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the financial year would have been as follows:-

	Proforma Group RM
Long term leasehold land	4,047,091
Freehold land	1,357,558
Industrial buildings	2,285,998
Long term leasehold shophouse	113,413

10.3 INVESTMENT IN ASSOCIATED COMPANY

	Proforma Group RM
Unquoted shares - at cost	309,751
Shares of post acquisition accumulated profit (net of dividends received)	210,557
Adjustment for exchange gain arising on year end translation of investment in foreign associated company	163,202
	683,510
Represented by:	
Share of net assets of associated company	731,004
Discount on acquisition	(47,494)
	683,510

The details of the associated company which was incorporated in Singapore are as follows:-

Name of Company	Issued and Fully Paid -up Share Capital	Effective Equity Interest	Principal Activities
Toyo Color Pte. Ltd.	400,002	50%	Dealers, importers and exporters of printing ink, printing machinery and equipment.

10.4 INVENTORIES

	Proforma Group RM
At cost:	
Raw materials	1,502,705
Finished goods	1,955,968
Trading merchandise	5,650,452
	9,109,125

10.5 TRADE RECEIVABLES

	Proforma Group RM
Trade receivables	18,298,621
Allowance for doubtful debts	(1,260,107)
	17,038,514

The normal trade credit terms are 30 to 150 days. Other credit terms are assessed and approved on a case by case basis.

Included in trade receivables of the Proforma Group is RM55,674 owing by a company in which a director of the Company has substantial financial interest.

10.6 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	Proforma Group RM
Other receivables	1,957,374
Allowance for doubtful debts	(215,840)
	1,741,534
Prepayments	187,360
Deposits	404,958
	2,333,852

Included in other receivables are tax instalments net of tax provision of RM976,276.

The amount owing by other receivables is unsecured, interest free and with no fixed term of repayment except for loans to staffs which are subject to interest of 4 percent per annum.

10.7 TRADE PAYABLES

The normal trade credit terms granted by trade payables ranges from 60 to 150 days.

10.8 OTHER PAYABLES, ACCRUALS AND DEPOSITS

	Proforma Group RM
Other payables	114,695
Accruals	425,357
Deposits	2,300
	542,352

The amount owing to other payables is unsecured, interest free and with no fixed term of repayment.

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10.9 AMOUNT OWING TO ASSOCIATED COMPANY

The amount owing to associated company is trade related, unsecured, interest free and with no fixed term of repayment.

10.10 HIRE PURCHASE CREDITORS

	Proforma Group RM
Minimum hire purchase payments:	
Not later than 1 year	19,800
Later than 1 year and not later than 5 years	3,300
	23,100
Less: Future interest charges	1,260
	21,840
Repayable as follows:	
Current	
- not later than 1 year	18,576
Non-current	
- later than 1 year and not later than 5 years	3,264
	21,840
Interest rate per annum (%)	5

10.11 BANK BORROWINGS (secured)

	Proforma Group RM
Repayable within 12 months:	
Trust receipts	284,295
Bankers' acceptance	5,318,000
Bank overdrafts	548,006
Term loans	87,267
	6,237,568
Repayable after 12 months:-	
Term loans	77,683
	6,315,251

The bank borrowings bear interest from 1.25 to 1.5 percent per annum above base lending rates and are secured as follows:-

a. Charges over the leasehold land and building of the subsidiary companies.
b. A charge over the freehold land and building of a subsidiary company.
c. Charges over the entire assets of the subsidiary companies.
d. Negative pledge by a subsidiary company.
e. Execution of the General Security Agreement Relating to Goods.
f. Corporate guarantee of TISB for other subsidiary companies.
g. Jointly and severally guarantee of the directors of the subsidiary companies.

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10.12 SHARE CAPITAL

	Proforma Group RM
Ordinary shares of RM1.00 each:	
Authorised:	50,000,000
Issued and fully paid:	
As at 31 March 2003	2
Add:	
Shares issued for the acquisition of TISB	28,999,998
Rights Issue	6,000,000
Public Issue	5,000,000
	40,000,000

10.13 SHARE PREMIUM – NON DISTRIBUTABLE

	Proforma Group RM
In respect of allotment of new ordinary shares pursuant to the:-	
Acquisition of TISB	2,611,686
Public Issue	2,000,000
Less: Estimated listing expenses written off	(1,600,000)
	3,011,686

10.14 DEFERRED TAXATION

	Proforma Group RM
This balance is in respect of tax effects on timing differences between depreciation and corresponding taxation allowances	270,441

All material timing differences have been accounted for.

10.15 CAPITAL COMMITMENT

	Proforma Group RM
In respect of capital expenditure approved and contracted for	9,612,000

10.16 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives And Policies

The Proforma Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Proforma Group's business whilst managing its risks. The Proforma Group operates within clearly defined guidelines and the Proforma Group's policy is not to engage in speculative transactions.

Interest rate risk

The Proforma Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities.

The Proforma Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Proforma Group actively reviews its debt portfolio, taking into account the level and nature of borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Foreign currency risk

The Proforma Group is exposed to foreign currency risk as a result of its normal course of business where the currency denomination differs from the local currency, Ringgit Malaysia (RM).

Foreign exchange exposures in transactional currencies other than the functional currency of the Proforma Group are kept to an acceptable level.

The financial assets and liabilities of the Proforma Group as at 31 March 2003 that are not denominated in its functional currency (Ringgit Malaysia) are as follows:

	US Dollar RM	Singapore Dollar RM	Sterling Pound RM	Japanese Yen RM	Vietnam Dong RM	Total RM
The Proforma Group:						
Trade receivables	2,537,039	55,674	-	-	-	2,592,713
Other receivables	215,840	-	-	-	-	215,840
Cash and bank balances	385,004	2,559	-	-	16,906	404,469
Trade payables	(2,761,704)	(274,911)	(213,981)	(100,469)	-	(3,351,065)
	376,179	(216,678)	(213,981)	(100,469)	16,906	(138,043)

Liquidity risk

The Proforma Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Proforma Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. In addition, the Proforma Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Proforma Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Credit risk
Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Proforma Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Proforma Group's management reporting procedures.

As at 31 March 2003, certain trade receivables of the Proforma Group have exceeded its normal trade credit terms. However, the Proforma Group does not anticipate the carrying amounts recorded at 31 March 2003 to be significantly different from the values that will eventually be received.

The Proforma Group has no significant concentration credit risk.

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the statement of assets and liabilities.

Fair Values
All financial assets and financial liabilities are carried at the amounts approximating their fair values on the statement of assets and liabilities of the Proforma Group and the Proforma Group does not anticipate the carrying amounts recorded at 31 March 2003 to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

a. Deposits, cash and cash equivalents, trade and other receivables/payables
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

b. Borrowings
The carrying amounts of short term borrowings approximate fair value because of the short period to maturity of these financial instruments. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

10.17 SUBSEQUENT EVENTS

i. On 23 July 2003, TISB purchased an one and half storey terrace industrial building for a total purchase consideration of RM405,000.

ii. On 31 July 2003, TISB declared a final dividend of 195 percent less 28 percent tax and tax exempt dividend of 90 percent amounting to RM1,571,939 and RM1,007,654 respectively in respect of the financial year ended 31 March 2003. The final dividend were paid on 9 August 2003.

iii. On 1 August 2003 and pursuant to the flotation scheme as mentioned in Section 2(i), TIGB acquired the entire issued and fully paid-up share capital of TISB comprising 1,119,615 ordinary shares of RM1.00 each for a total consideration of RM31,611,684 fully satisfied by the issuance of 28,999,998 new ordinary shares of RM1.00 each in TIGB at an issue price of approximately RM1.09 per ordinary share.

iv. On 24 September 2003 and pursuant to the flotation scheme as mentioned in Section 2(ii), TIGB implemented a Rights Issue of 6,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share of RM1.00 each for approximately 4.83 ordinary shares of RM1.00 each held after the Acquisition of TISB, at an issue price of RM1.00 per new ordinary share. The Rights Issue was completed on 24 September 2003.

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10.18 NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of the Proforma Group as at 31 March 2003, the proforma net tangible assets ("NTA") per ordinary share are as follows:-

	Proforma Group
NTA based on statement of assets and liabilities as at 31 March 2003 (RM)	43,841,554
Number of ordinary shares of RM1.00 each assumed in issue	40,000,000
NTA per ordinary share (RM)	1.10

10.19 AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiary companies have been made up in respect of the financial period subsequent to 31 March 2003.

Yours faithfully,

SHA, TAN & CO
(AF: 0185)
Chartered Accountants

SHA THIAM FOOK
853/03/05(J)
Partner