15. FINANCIAL INFORMATION

15.1 PROFIT AND DIVIDEND RECORDS

The table below sets out a summary of the proforma consolidated results of the TIGB Group based on the audited financial statements of the subsidiary and associated companies for the last five (5) FYE 31 March 2003, prepared on the assumption that the current structure of the Group had been in existence throughout the years under review. The proforma consolidated results are prepared for illustrative purposes, and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 16 of this Prospectus.

	<-----	-----	FYE 31 March	-----	----->
	1999	**2000**	**2001**	**2002**	**2003**
	RM	**RM**	**RM**	**RM**	**RM**
Revenue	36,216,720	46,646,478	52,957,104	47,111,109	52,524,380
PBT before depreciation, amortisation and interest	4,898,233	6,632,098	6,796,513	9,802,450	8,577,894
Depreciation and amortisation	(1,044,533)	(1,074,826)	(1,110,994)	(1,120,781)	(828,067)
Interest expense	(729,906)	(320,271)	(232,683)	(221,477)	(258,603)
Interest income	-	239	3,346	20,427	38,910
Share of results in associated company *	110,153	76,699	60,230	(6,661)	6,929
PBT	3,233,947	5,313,939	5,516,412	8,473,958	7,537,063
Taxation	(175,083)	(1,815,442)	(1,657,723)	(2,477,567)	(2,112,626)
PAT but before minority interest	3,058,864	3,498,497	3,858,689	5,996,391	5,424,437
Minority interest	2,181	(264,943)	(304,671)	(271,245)	(196,897)
PAT after minority interest	3,061,045	3,233,554	3,554,018	5,725,146	5,227,540
Number of ordinary shares assumed in issue #	29,000,000	29,000,000	29,000,000	29,000,000	29,000,000
Gross EPS (sen)	11	18	19	29	26
Net EPS (sen)	11	11	12	20	18
Fully diluted gross EPS (sen)	8	13	14	21	19
Fully diluted net EPS (sen)	8	8	9	14	13
Gross dividend rate (%)	-	-	-	-	-

Notes:

* *The results of associated company, Toyo Color, have been accounted for using the equity method.*

Based on number of ordinary shares assumed to be in issue after the Acquisition of TISB Group.

(i) *The summarised proforma consolidated results are prepared for illustrative purposes only and are based on the audited financial statements of TIGB, TISB, TPPSB, TDNSB, Toyo (Perak), and Toyo (Penang).*

(ii) *The proforma consolidated results have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited financial statements of the Group.*

15. FINANCIAL INFORMATION *(cont'd)*

(iii) *All significant inter-company transactions have been eliminated from the Group's results.*

(iv) *There were no extraordinary or exceptional items as defined in the Malaysian Accounting Standards Board Standard No 3 on "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" ("MASB 3") for all the financial years under review.*

(v) *The increase in TIGB Group's consolidated revenue for FYE 31 March 2000 as compared to FYE 31 March 1999 was mainly due to:-*

a. *the effect of pricing policy adopted since the financial year 1998 which resulted in more sales for this financial year;*
b. *an increase in demand of gravure inks, offset inks and machineries; and*
c. *the commencement of the business of Toyo (Penang) which contributed revenue of RM2,674,312 to TIGB Group.*

The increase in TIGB Group's consolidated revenue for FYE 31 March 2001 as compared to FYE 31 March 2000 was mainly due to increase of revenue in TPPSB which was the result of promotion of new type of machinery into the market by selling at a promotional price, i.e. at a discount.

The decrease in TIGB Group's consolidated revenue for FYE 31 March 2002 as compared to FYE 31 March 2001 was mainly due to the decrease in sales of machineries in TPPSB and sales of gravure inks in TDNSB.

The increase in TIGB Group's consolidated revenue for FYE 31 March 2003 as compared to FYE 31 March 2002 was mainly due to the increase in sales of the machineries and printing consumables in TPPSB as well as the increase in revenue of Toyo (Perak).

(vi) *The increase in PBT margin for FYE 31 March 2000 as compared to FYE 31 March 1999 was mainly due to the increase in gross profit margin for gravure inks and offset inks in TDNSB resulted from effective cost control measures.*

The decrease in PBT margin for FYE 31 March 2001 as compared to FYE 31 March 2000 was mainly due to the promotional price introduced by TPPSB which has resulted in a decrease in gross profit margin.

The significant increase in PBT margin for FYE 31 March 2002 as compared to FYE 31 March 2001 was mainly due to:-

a. *TPPSB has cut down the sales volume of machineries, which has lower gross profit margin and increased the sales volume of printing consumables, which has higher gross profit margin;*
b. *increase in the sales of flexographic inks from TISB which contributed higher gross profit margin;*
c. *export sales from TISB, which contributed higher gross profit margin than those sold locally;*
d. *the result of rationalisation of TISB's product mix and customer base;*
e. *TISB has obtained an exemption of import duties from the Ministry of Finance Malaysia ("MOF") for one of its raw materials, which resulted in a lower cost of production that translated to a higher profit margin; and*
f. *the results of TIGB Group's effort to control their manufacturing overheads.*

The decrease in PBT margin for FYE 31 March 2003 as compared to FYE 31 March 2002 was mainly due to an increase in prices of certain raw materials, staff costs and certain selling expenses coupled with the bad debts written off and allowance for doubtful debts amounting to RM1,757,540 as a result of global economic uncertainty which affects the liquidity of certain customers. However, the decrease in PBT margin is mitigated by the reduction in depreciation charge for plant and equipment.

(vii) *There were no significant variation between the effective tax rate and the statutory tax rate for FYE 31 March 2001, 2002 and 2003.*

15. FINANCIAL INFORMATION *(cont'd)*

No taxation based on the results for FYE 31 March 1999 was provided as in accordance to the tax legislation, chargeable income earned during the financial year was waived from taxation. The effective tax rate of 5% was in respect of provision of deferred taxation in TISB.

The higher TIGB Group's effective tax rate applicable to FYE 31 March 2000, was mainly due to the adjustment of provision of deferred taxation and provision of taxation for the previous financial year, especially in TISB and TPPSB.

(viii) *The proforma gross EPS has been calculated based on the proforma PBT divided by the number of ordinary shares assumed to be in issue following the Acquisition of TISB Group.*

The proforma net EPS has been calculated based on the proforma PAT after minority interest divided by the number of ordinary shares assumed to be in issue following the Acquisition of TISB Group.

(ix) *The proforma fully diluted gross EPS has been calculated based on the proforma PBT divided by the number of ordinary shares upon listing of TIGB.*

The proforma fully diluted net EPS has been calculated based on the proforma PAT after minority interest divided by the number of ordinary shares upon listing of TIGB.

(x) *No dividend has been declared or paid by TIGB and Toyo (Penang) for the financial years under review. The dividends declared and paid by TISB, TPPSB, TDNSB and Toyo (Perak) for the financial years under review can be referred to in section 4 of the Accountants' Report set out in Section 16 of this Prospectus.*

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15.2 SEGMENTAL ANALYSIS OF PROFORMA GROUP'S REVENUE

The table below sets out the segmental analysis for the past five (5) FYE 31 March 2003 which is prepared based on the proforma consolidated results of the TIGB Group and based on the assumption that the Group structure has been in existence throughout the periods under review.

Analysis of revenue by product category:-

Product category	<------------FYE 31 March------------>				
	1999	2000	2001	2002	2003
Inks	22,286,403	28,842,860	26,974,537	28,544,622	28,386,418
Printing consumables	11,958,334	13,891,654	15,315,631	14,831,240	17,051,025
Machineries / Spares	1,971,983	3,911,964	10,666,936	3,735,247	7,086,937
Group Revenue	36,216,720	46,646,478	52,957,104	47,111,109	52,524,380
Revenue growth rate (%)	2.4	28.8	13.5	(11.0)	11.5

15.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE

As at 12 September 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:

(i) any known trends, demands, commitments, events of uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;

(ii) any material commitments for capital expenditure;

(iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the TIGB Group; and

(iv) any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

15.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND MATERIAL LITIGATIONS

(i) Working Capital

The Directors are of the opinion that, after taking into account the cashflow forecast and projections and the banking facilities available, the TIGB Group will have adequate working capital for its present and foreseeable requirements for the next twelve (12) months from the date of issue of this Prospectus.

(ii) Borrowings

As at 12 September 2003, being the latest practicable date prior to the printing of this Prospectus, the TIGB Group has total borrowings amounting to RM4,882,100, all of which are interest bearing. Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding on that date.

(iii) Capital Commitments

As at 12 September 2003, being the latest practicable date prior to the printing of this Prospectus, the Group has material commitments for capital expenditure of approximately RM9.612 million as follows:-

	RM'000
Approved	
- new property in the state of Johor	405
Approved but not contracted	
- new warehouse and factory cum office	6,000
- new machineries and laboratory equipments	3,207
	9,612

(iv) Contingent Liabilities

As at 12 September 2003, being the latest practicable date prior to the printing of this Prospectus, save for TISB which is the corporate guarantor for two (2) credit facilities granted to TPPSB and one (1) credit facility granted to TDNSB amounting to RM9,000,000 and RM3,375,000 respectively, the Directors of TIGB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

(v) Material Litigations

As at 12 September 2003, being the latest practicable date prior to the printing of this Prospectus, neither TIGB nor any of its subsidiary or associated companies is engaged in any material litigations either as plaintiff or defendant which has a material effect on the financial position of the Group and the Directors of the Company and its subsidiary and associated companies have no knowledge of any proceedings pending or threatened against the Company and its subsidiary or associated companies or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Company and/or its subsidiary and associated companies.

15.5 TRADE DEBTS

The ageing analysis of the Group's trade receivables for the FYE 31 March 2003 is as follows:-

FYE 31 March 2003	←---Ageing (days)---→							
	0-30	31-60	61-90	91-120	121-150	151-180	>180	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
TIGB Group's trade receivables	4,488	3,232	2,983	2,699	1,564	1,022	2,311	18,299
Less: Allowance for doubtful bad debts	20	13	11	25	29	41	1,121	1,260
Balance	4,468	3,219	2,972	2,674	1,535	981	1,190	17,039

FYE 31 March 2003, there was RM3.33 million trade receivables exceeding the 150 days credit period granted by the Group. Allowance for doubtful debts for the FYE 31 March 2003 totalled up to RM1.26 million (excluding other receivables).

For trade receivables amounting to RM2.31 million which have exceeded the 180 days credit period, RM1.12 million has been provided for allowance for doubtful debts, while the remaining RM1.19 million has been settled post FYE 31 March 2003.

The Directors are confident that the remaining outstanding balances are recoverable with the various credit control measures being implemented by the Group as elaborated in Section 3(xvi) of this Prospectus.

15.6 CONSOLIDATED PROFIT FORECAST

The Directors of TIGB forecast that, barring unforeseen circumstances, the forecasted financial performance of the Group for the financial year ending 31 March 2004 will be as follows:

Financial year ending 31 March	**Forecast 2004 RM'000**
Revenue	54,468
Consolidated PBT	11,886
Taxation	(3,426)
Consolidated PAT	8,460
Minority interest	(392)
Consolidated PAT after minority interest	8,068
Pre-acquisition profit	(2,689)*
Consolidated PAT after minority interest and pre-acquisition profit	5,379
Weighted average number of Shares in issue ('000)	24,917
Number of enlarged Shares in issue ('000)	40,000
Based on consolidated PAT after minority interest and pre-acquisition profit:	
Gross EPS (sen)	30 (i), (iii)
Net EPS (sen)	22 (i), (iv)
Fully diluted gross EPS (sen)	19 (ii), (iii)
Fully diluted net EPS (sen)	13 (ii), (iv)
Gross PE Multiple based on the issue price of RM1.40 per Share (times)	4.6 (i), (iii)
Net PE Multiple based on the issue price of RM1.40 per Share (times)	6.5 (i), (iv)
Fully diluted Gross PE Multiple based on the issue price of RM1.40 per Share (times)	7.4 (ii), (iii)
Fully diluted Net PE Multiple based on the issue price of RM1.40 per Share (times)	10.4 (ii), (iv)

Based on consolidated PAT after minority interest, but before pre-acquisition profit (for illustration purposes only [#]):

Gross EPS (sen)	46 (i), (v)
Net EPS (sen)	32 (i), (vi)
Fully diluted gross EPS (sen)	28 (ii), (v)
Fully diluted net EPS (sen)	20 (ii), (vi)
Gross PE Multiple based on the issue price of RM1.40 per Share (times)	3.1 (i), (v)
Net PE Multiple based on the issue price of RM1.40 per Share (times)	4.3 (i), (vi)
Fully diluted Gross PE Multiple based on the issue price of RM1.40 per Share (times)	4.9 (ii), (v)
Fully diluted Net PE Multiple based on the issue price of RM1.40 per Share (times)	7.0 (ii), (vi)

[#] As the Acquisition of TISB Group is based on the adjusted NTA of TISB Group as at 31 March 2002, it is assumed, for illustration purposes only, that the Acquisition of TISB Group, Rights Issue, Offer for Sale and Public Issue were all completed on 1 April 2002. Hence, there would be no pre-acquisition profit arising therefrom.

Notes:

*	:	*Computed based on pro-rated four (4) months profit up to the date of the Acquisition of TISB Group as at 1 August 2003.*
(i)	:	*Based on the weighted average issued and paid-up share capital of 24,917,000 Shares.*
(ii)	:	*Based on the enlarged issued and paid-up share capital of 40,000,000 Shares after the Public Issue*
(iii)	:	*Based on the consolidated PBT after minority interest and pre-acquisition profit for the financial year ending 31 March 2004 of RM7,570,000.*
(iv)	:	*Based on the consolidated PAT after minority interest and pre-acquisition profit for the financial year ending 31 March 2004 of RM5,379,000.*
(v)	:	*Based on the consolidated PBT after minority interest and before deducting pre-acquisition profit for the financial year ending 31 March 2004 of RM11,355,000.*
(vi)	:	*Based on the consolidated PAT after minority interest and before deducting pre-acquisition profit for the financial year ending 31 March 2004 of RM8,068,000.*

The future financial information has been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.

The principal assumptions upon which the consolidated profit forecast has been made are set out in the report prepared by the Reporting Accountants, which is set out in Section 15.7 of this Prospectus.

15.7 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST (prepared for the inclusion in this Prospectus)

SHA, TAN & CO

(Formerly known as Sha & Co)
(AF: 0185)
Chartered Accountants

Partners:
Sha Thiam Fook, C.A. (M), FCPA
Tan Poo Hong, C.A. (M), FCCA, CFP
Sha Thiam Lu, C.A. (M), CPA, CFP
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REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF TOYO INK GROUP BERHAD

(Prepared for inclusion in this Prospectus)

The Board of Directors
TOYO INK GROUP BERHAD
Lot 4.100, Tingkat 4
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

TOYO INK GROUP BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 MARCH 2004

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Toyo Ink Group Berhad ("TIGB") and its subsidiary companies ("the Group"), for the financial year ending 31 March 2004, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 September 2003, in connection with:

i) the Offer for Sale of 7,000,000 ordinary shares of RM1.00 each in TIGB at an offer price of RM1.40 per ordinary share; and
ii) the Public Issue of 5,000,000 new ordinary shares of RM1.00 each in TIGB at an issue price of RM1.40 per ordinary share; and
iii) the listing of and quotation for the entire enlarged issued and fully paid-up share capital comprising 40,000,000 ordinary shares of RM1.00 each in TIGB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the prospectus, and has been presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

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

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

Date: 25 September 2003

TOYO INK GROUP BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 MARCH 2004

The Directors of Toyo Ink Group Berhad ("TIGB") forecast that, in the absence of unforeseen circumstances, the consolidated profit forecast for the financial year ending 31 March 2004 will be as follows:-

	RM '000
Consolidated profit before taxation	11,886
Taxation	(3,426)
Consolidated profit after taxation	8,460
Minority interest	(392)
Consolidated profit after taxation and minority interest	8,068
Pre-acquisition profit	#(2,689)
Consolidated profit after taxation and minority interest and pre-acquisition profit	5,379

Computed based on pro-rated four (4) months profit up to the date of the Acquisition of Toyo Ink Sdn. Bhd. as at 1 August 2003

Net earnings per share based on consolidated profit after taxation and minority interest and pre-acquisition profit on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each (sen)	13.45
Net price earnings multiple based on issue price of RM1.40 per ordinary share (times)	10.4

The principal bases and assumptions upon which the consolidated profit forecast of TIGB and its subsidiary companies ("the Group") for the financial year ending 31 March 2004 has been prepared are set out below:-

i) TIGB has proposed the flotation of its entire issued and fully paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange subject to the approvals of the relevant authorities. The flotation exercise includes the Acquisition of Toyo Ink Sdn. Bhd., Rights Issue, Offer For Sale and Public Issue. The proceeds from the Rights Issue received in 24 September 2003 whilst the proceeds from the Public Issue are expected to be received in October 2003.

ii) The proceeds from the Rights Issue and Public Issue amounting to RM13,000,000 are to be utilised as follows: -

	RM '000
Construction of a new warehouse and factory cum office	6,000
Acquisition of new machineries and laboratory equipments	3,207
Working capital	*2,193
Estimated listing expenses	1,600
	13,000

* Any variation in the actual listing expenses from the estimated amount will be adjusted in the working capital.

iii) Listing expenses estimated at RM1,600,000 is written off against the share premium account arising from the proposed flotation scheme above.

iv) There will be no significant changes in the prevailing economic and financial situations in the country that will adversely affect the activities and performance of the Group.

v) Inflation rates and exchange rates of foreign currencies will not change materially from their present level, the Ringgit Malaysia will continue to be at: -

1 US Dollar	RM3.80
1 Singapore Dollar	RM2.20
1 Euro	RM4.10
1 Japanese Yen	RM0.0325

vi) There will be no significant changes in the present legislation or government regulations, levies, rates, duties and taxes that will materially affect the operations of the Group. The coming on stream of ASEAN Free Trade Area ("AFTA") is not expected to have significant impact on the business of the Group.

vii) There will be no significant changes in the structure and principal activities of the Group.

viii) There will be no major changes in the management and organisational structure of the Group that will materially affect the marketing ability and efficiency of operations.

ix) Existing financing facilities will remain available to the Group and interest costs are expected to remain unchanged with cost of funds/borrowings at 8.5% per annum.

x) There will be no major breakdown or industrial disputes or other abnormal circumstances, both domestic and overseas, which will adversely affect the operations of the Group or the markets in which it operates.

xi) There will be no material changes in the accounting and financial policies of the Group.

xii) The Group practices stringent credit monitoring and control and does not expect significant levels of bad or doubtful debts.

xiii) The Group expects to achieve the profit forecast and there will be no major changes to the sales mix and customers segmentation.

The revenue forecast has not factored in the future prospect of export sales. Therefore, the export sales are based on the historical trend which only consist approximately 10% of the total revenue forecasted.

xiv) Pricing levels of the Group's products will be in line with practices in previous periods and no material adjustments are envisaged.

xv) Cost of raw materials is not expected to fluctuate materially based on the past records which would significantly affect the Group's gross profit margin.

xvi) The labour situation is expected to be normal. The Group does not employ foreign labour and does not anticipate to do so in the future.

xvii) All capital expenditure programmes will be implemented, incurred and paid as planned. There will be no material acquisition or disposal of property, plant and equipment and investment other than those as planned.

xviii) Surplus cash, if any, will be placed in fixed deposits at prevailing interest rate.

15.8 DIRECTORS' ANALYSIS OF THE CONSOLIDATED PROFIT FORECAST

The Directors of TIGB have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of the TIGB Group for the financial year ending 31 March 2004, and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future plans and prospects of the TIGB Group as set out in Section 9.1 of this Prospectus and after taking into consideration of the forecast gearing level, liquidity and working capital requirements of the Group.

For the financial year ending 31 March 2004, the Group forecasts a consolidated revenue of about RM54.5 million, representing an increase of approximately 4% from the revenue for FYE 31 March 2003. The increase is mainly attributed to the continuous effort to concentrate on the sale of flexographic inks, which provide better profit margin. As a result of the anticipated increase in revenue and higher contribution from flexographic inks, the PAT after minority interest is estimated to increase by approximately 53%.

Nevertheless, the financial forecast is based on subjective judgements and there can be no assurance that the profit forecast will be realised. Accordingly the TIGB Group's actual results for the financial year ending 31 March 2004 may differ significantly from the forecast figures shown herein.

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15.9 DIVIDEND FORECAST

On the basis of the profit forecast for the financial year ending 31 March 2004 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of TIGB anticipate that the Company will be in a position to propose a gross dividend of 6 sen for the financial year ending 31 March 2004. It is the policy of the Board in recommending dividends to allow shareholders to participate in the profit of the Company as well as leaving sufficient reserves for the future growth of the Company.

The intended appropriation of the Company's forecast PBT in respect of the financial year ending 31 March 2004 will be as follows:

Financial year ending 31 March	**Forecast 2004 RM'000**
Consolidated PBT	11,886
Taxation	(3,426)
Consolidated PAT	8,460
Minority interest	(392)
Consolidated PAT after minority interest before pre-acquisition profit	8,068
Less: Pre-acquisition profit	(2,689)*
Consolidated PAT after minority interest and pre-acquisition profit	5,379
Less: Proposed dividend of 4.32 sen per Share (net of 28% tax)	(1,728)
Retained profit for the financial year	3,651
Gross dividend per Share (sen)	6.00
Net dividend per Share (sen)	4.32
Gross dividend yield based on the offer/issue price of RM1.40 per Share (%)	4.29
Net dividend yield based on the offer/issue price of RM1.40 per Share (%)	3.09
Based on consolidated PAT after minority interest and pre-acquisition profit*:	
Net dividend cover (times)	3.11

* *Computed based on pro-rated four (4) months profit up to the date of the Acquisition of TISB Group as at 1 August 2003.*

Based on consolidated PAT after minority interest, but before pre-acquisition profit (for illustration purposes only #):

Consolidated PBT (as above)	11,886
Taxation (as above)	(3,426)
Consolidated PAT (as above)	8,460
Minority interest (as above)	(392)
Consolidated PAT after minority interest (as above)	8,068
Less: Proposed dividend of 4.32 sen per Share (net of 28% tax)	(1,728)
Retained profit for the financial year	6,340
Net dividend cover (times)	4.67

\# *As the Acquisition of TISB Group is based on the adjusted NTA of TISB Group as at 31 March 2002, it is assumed, for illustration purposes only, that the Acquisition of TISB Group, Rights Issue, Offer for Sale and Public Issue were all completed on 1 April 2002. Hence, there would be no pre-acquisition profit arising therefrom.*

Future dividends may be waived if:

(a) the Group is in a loss position for the relevant future financial periods or years; or
(b) the Group has insufficient cashflow to meet the dividend payments.

Notwithstanding the above, the Directors of TIGB have full discretion not to propose any future dividend payments as and when deemed necessary, if it is in the best interest of the Company.

15.10 SENSITIVITY ANALYSIS

The principal bases and assumptions used in preparation of the sensitivity analysis are the same as those adopted in arriving at the forecast for the financial year ending 31 March 2004 as set out in Section 15.6 above, except for the following:-

(i) The selected variable item will vary ± 5%, ± 10% and ± 20% from the base case.

(ii) The selected variables are revenue or cost of sales with all other items remained unchanged.

(iii) The taxation of the respective companies was arrived at after taking into consideration the 28% corporate tax.

(iv) Except for the above variations, the same assumptions as for the base case shall apply.

15. FINANCIAL INFORMATION *(cont'd)*

The following scenarios attempt to show the impact of changes in profit together with changes in revenue and cost of sales.

(a) Changes in revenue

Consolidated profit forecast for the financial year ending 31 March 2004

	-20% RM'000	-10% RM'000	-5% RM'000	0% RM'000	+5% RM'000	+10% RM'000	+20% RM'000
PBT	992	6,439	9,163	11,886	14,609	17,333	22,780
PAT before minority interest	(154)	4,505	6,519	8,460	10,401	12,343	16,226
PAT after minority interest	283	4,471	6,305	8,068	9,830	11,593	15,118
% change in PAT after minority interest	-96%	-45%	-22%	0%	+22%	+44%	+87%

(b) Changes in cost of sales

Consolidated profit forecast for the financial year ending 31 March 2004

	-20% RM'000	-10% RM'000	-5% RM'000	0% RM'000	+5% RM'000	+10% RM'000	+20% RM'000
PBT	18,995	15,440	13,663	11,886	10,109	8,332	4,777
PAT before minority interest	13,528	10,994	9,727	8,460	7,193	5,894	2,983
PAT after minority interest	12,531	10,299	9,183	8,068	6,952	5,804	3,271
% change in PAT after minority interest	+55%	+28%	+14%	0%	-14%	-28%	-59%

15.11 PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of the TIGB Group as at 31 March 2003 set out below is after adjusting for the restructuring of the Group comprising the Acquisition of TISB Group, the Rights Issue and the Offer for Sale and Public Issue, and was prepared on the assumption that these transactions were completed on that date:-

	Company as at 31 March 2003 RM	Proforma 1 Group After Acquisition of TISB Group RM'000	Proforma 2 Group After Proforma 1 and Rights Issue RM'000	Proforma 3 Group After Proforma 2, Offer for Sale and Public Issue RM'000
ASSETS				
Property, plant and equipment	-	16,981	16,981	16,981
Investment in associated company	-	683	683	683
Goodwill on consolidation	-	105	105	105
	-	17,769	17,769	17,769
CURRENT ASSETS				
Inventories	-	9,109	9,109	9,109
Trade receivables	-	17,039	17,039	17,039
Other receivables, prepayments and deposits	-	2,334	2,334	2,334
Fixed deposits with a licensed bank	-	13	13	13
Cash and bank balances	2	965	6,965	12,365
	2	29,460	35,460	40,860
CURRENT LIABILITIES				
Trade payables	-	5,862	5,862	5,862
Other payables, accruals and deposits	49,712	542	542	542
Amount owing to associated company	-	35	35	35
Hire purchase creditors	-	19	19	19
Bank borrowings (secured)	-	6,237	6,237	6,237
	49,712	12,695	12,695	12,695
NET CURRENT (LIABILITIES) / ASSETS	(49,710)	16,765	22,765	28,165
	(49,710)	34,534	40,534	45,934
FINANCED BY:-				
Share capital	2	29,000	35,000	40,000
Share premium	-	2,612	2,612	3,012
Reserve on consolidation	-	984	984	984
Accumulated loss	(49,712)	(50)	(50)	(50)
Shareholders' (Deficit) / Equity	(49,710)	32,546	38,546	43,946
Minority interest	-	1,637	1,637	1,637
Long term and deferred liabilities:				
Hire purchase creditors	-	3	3	3
Bank borrowings (secured)	-	78	78	78
Deferred taxation	-	270	270	270
Total long term and deferred liabilities	-	351	351	351
	(49,710)	34,534	40,534	45,934
Net tangible (liabilities) / assets	(49,710)	32,441	38,441	43,841
Net tangible (liabilities) / assets per share (RM)	(24,855)	1.12	1.10	1.10

Notes to the Proforma Consolidated Balance Sheets are set out Section 15.12 of this Prospectus.

15.12 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS
(Prepared for the inclusion in this Prospectus)

SHA, TAN & CO
(Formerly known as Sha & Co)
(AF: 0185)
Chartered Accountants

Partners:
Sha Thiam Fook, C.A. (M), FCPA
Tan Poo Hong, C.A. (M), FCCA, CFP
Sha Thiam Lu, C.A. (M), CPA, CFP
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REPORTING ACCOUNTANTS' LETTER ON THE
PROFORMA CONSOLIDATED BALANCE SHEETS
OF TOYO INK GROUP BERHAD

(Prepared for inclusion in this Prospectus)

The Board of Directors
TOYO INK GROUP BERHAD
Lot 4.100, Tingkat 4
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Dear Sirs,

TOYO INK GROUP BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2003

We have reviewed the Proforma Consolidated Balance Sheets of Toyo Ink Group Berhad ("TIGB") and its subsidiary companies ("the Group") as at 31 March 2003 together with the notes thereto, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 September 2003, in connection with:

i) the Offer for Sale of 7,000,000 ordinary shares of RM1.00 each in TIGB at an offer price of RM1.40 per ordinary share; and
ii) the Public Issue of 5,000,000 new ordinary shares of RM1.00 each in TIGB at an issue price of RM1.40 per ordinary share; and
iii) the listing of and quotation for the entire enlarged issued and fully paid-up share capital comprising 40,000,000 ordinary shares of RM1.00 each in TIGB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets which have been prepared for illustrative purposes only, have been properly prepared in accordance with the bases set out in the notes to the Proforma Consolidated Balance Sheets and on bases and accounting principles consistent with those normally adopted by the Group and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,

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

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

Date: 25 September 2003

TOYO INK GROUP BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2003

The Proforma Consolidated Balance Sheets of Toyo Ink Group Berhad ("TIGB") as at 31 March 2003 set out below are prepared for illustrative purposes only to show the effects on the balance sheet of Toyo Ink Group Berhad as at 31 March 2003 had the Acquisition of Toyo Ink Sdn. Bhd.("TISB"), Rights Issue, Offer For Sale and Public Issue been effected on that date:-

	Company As At 31 March 2003 RM	**Proforma (1)** Group After Acquisition RM'000	**Proforma (II)** Group After (1) And Rights Issue RM'000	**Proforma (III)** Group After (II), Offer For Sale And Public Issue RM'000
ASSETS				
Property, plant and equipment	-	16,981	16,981	16,981
Investment in associated company	-	683	683	683
Goodwill on consolidation	-	105	105	105
	-	17,769	17,769	17,769
CURRENT ASSETS				
Inventories	-	9,109	9,109	9,109
Trade receivables	-	17,039	17,039	17,039
Other receivables, prepayments and deposits	-	2,334	2,334	2,334
Fixed deposits with a licensed bank	-	13	13	13
Cash and bank balances	2	965	6,965	12,365
	2	29,460	35,460	40,860
CURRENT LIABILITIES				
Trade payables	-	5,862	5,862	5,862
Other payables, accruals and deposits	49,712	542	542	542
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	49,712	12,695	12,695	12,695
NET CURRENT (LIABILITIES) / ASSETS	(49,710)	16,765	22,765	28,165
	(49,710)	34,534	40,534	45,934
FINANCED BY:-				
Share capital	2	29,000	35,000	40,000
Share premium	-	2,612	2,612	3,012
Reserve on consolidation	-	984	984	984
Accumulated loss	(49,712)	(50)	(50)	(50)
Shareholders' (Deficit) / Equity	(49,710)	32,546	38,546	43,946
Minority interest	-	1,637	1,637	1,637
Long term and deferred liabilities:				
Hire purchase creditors	-	3	3	3
Bank borrowings (secured)	-	78	78	78
Deferred taxation	-	270	270	270
Total long term and deferred liabilities	-	351	351	351
	(49,710)	34,534	40,534	45,934
Net tangible (liabilities) / assets	(49,710)	32,441	38,441	43,841
Net tangible (liabilities) / assets per share (RM)	(24,855)	1.12	1.10	1.10

TOYO INK GROUP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2003

1. The Proforma Consolidated Balance Sheets have been prepared based on the audited balance sheet of TIGB and audited consolidated balance sheets of TISB as at 31 March 2003.

2. The bases and accounting principles applied for the preparation of the Proforma Consolidated Balance Sheets are consistent with those normally adopted in the preparation of the audited financial statements of the Group.

3. The Proforma Consolidated Balance Sheets have been prepared based on the assumption that the following transactions have been effected on 31 March 2003:-

3.1 **Proforma (I)**

Proforma (I) incorporates the effects of the following transaction:
Acquisition of the entire issued and fully paid-up share capital of TISB comprising 1,119,615 ordinary shares of RM1.00 each by TIGB for a total purchase consideration of RM31,611,684. The acquisition price is based on the adjusted audited Net Tangible Assets ("NTA") of TISB and its subsidiary companies ("TISB Group") as at 31 March 2002 as follows:-

	RM
Audited NTA of TISB Group as at 31 March 2002	29,257,293
Add : Revaluation surplus on the landed properties	5,658,596
Less : Dividend payments	
Final dividend of TISB for the financial year ended 31 March 2002	(2,660,205)
Interim dividend of TISB for the financial year ended 31 March 2003	(644,000)
Adjusted NTA of TISB Group	31,611,684

The purchase consideration of TISB is satisfied by 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 (Acquisition).

3.2 **Proforma (II)**

Proforma (II) incorporates the effects of Proforma (I) and rights issue of 6,000,000 new ordinary shares of RM1.00 each in TIGB at an issue price of RM1.00 per ordinary share on the basis of 1 new ordinary share of RM1.00 each for approximately 4.83 ordinary shares of RM1.00 each held after the Acquisition (Rights Issue).

Proceeds from Rights Issue are assumed to be retained in cash and bank balances.

3.3 **Proforma (III)**

Proforma (III) incorporates the effects of Proforma (I) and Proforma (II) and offer for sale of 7,000,000 ordinary shares of RM1.00 each in TIGB by offerors at an offer price of RM1.40 per ordinary share (Offer For Sale); and public issue of 5,000,000 new ordinary shares of RM1.00 each in TIGB at an issue price of RM1.40 per ordinary share (Public Issue).

Proceeds from the Public Issue, after payment of the estimate listing expenses, are assumed to be retained in cash and bank balances and the total estimated listing expenses of RM1,600,000 are charged to the Share Premium Account arising from the Public Issue.

15. FINANCIAL INFORMATION *(cont'd)*

3.4 The proceeds from the Rights Issue and Public Issue amounting to RM13,000,000 are to be utilised as follows:-

	RM
Construction of a new warehouse and factory cum office	6,000,000
Acquisition of new machineries and laboratory equipments	3,207,000
Working capital	*2,193,000
Estimated listing expenses	1,600,000
	13,000,000

* Any variation in the actual listing expenses from the estimated amount will be adjusted in the working capital.

Estimated listing expenses of RM1,600,000 is written off against the Share Premium Account.

4. The movements in the Share Capital and Share Premium Account of TIGB are as follows:-

	Share Capital RM	Share Premium Account RM
As per TIGB's audited balance sheet as at 31 March 2003	2	-
New ordinary shares of RM1.00 each issued pursuant to the Acquisition	28,999,998	2,611,686
As per Proforma (I)	29,000,000	2,611,686
New ordinary shares of RM1.00 each issued pursuant to the Rights Issue	6,000,000	-
As per Proforma (II)	35,000,000	2,611,686
New ordinary shares of RM1.00 each to be issued pursuant to the Public Issue	5,000,000	2,000,000
Estimated listing expenses written off against Share Premium Account	-	(1,600,000)
As per Proforma (III)	40,000,000	3,011,686