

7. INFORMATION ON THE TIGB GROUP

7.1 INCORPORATION AND BUSINESS

TIGB was incorporated in Malaysia under the Companies Act, 1965, on 24 August 2002 as a public limited company under its present name to facilitate the listing of TISB Group. The principal activity of TIGB is investment holding whilst its subsidiary and associated companies and their principal activities are set out below:

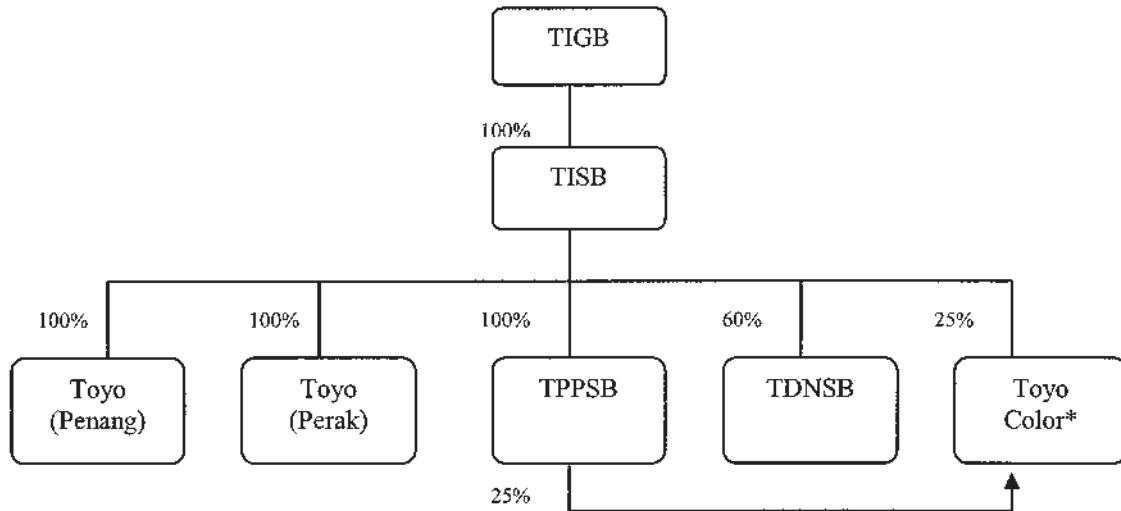
Name of Companies	Date and Country of Incorporation	Equity Interest Held (%)	Principal Activities
TISB	7 February 1979 Malaysia	100	Investment holding and as ink manufacturers.
Toyo (Penang)	11 October 1996 Malaysia	100	Suppliers, distributors and dealers in printing ink, colour pigment, colourants for plastic and other printing materials.
Toyo (Perak)	20 March 1992 Malaysia	100	Suppliers, distributors and dealers in printing ink, colour pigment, colourants for plastic and other printing materials.
TPPSB	2 December 1983 Malaysia	100	Dealers of graphic art, films, chemicals, machineries and equipment for lithography and allied industries.
TDNSB	10 January 1990 Malaysia	60	Manufacturers and dealers in printing ink and other printing materials.
Toyo Color	15 November 1978 Singapore	50*	Dealers, importers and exporters of printing ink, printing machinery and equipment.

*Note: * TISB holds a 25% direct interest in Toyo Color and a 25% indirect interest in Toyo Color via TPPSB. The effective interest held by TIGB is 50%.*

TIGB has one direct subsidiary, TISB and four indirect subsidiary companies held under TISB, namely, Toyo (Penang), Toyo (Perak), TPPSB and TDNSB and an associated company, Toyo Color. Details of the subsidiary and associated companies are set out in Section 7.5 of this Prospectus.

7. INFORMATION ON THE TIGB GROUP (cont'd)

The structure of the TIGB Group is as follows:-



Note: * TISB holds a 25% direct interest in Toyo Color and a 25% indirect interest in Toyo Color via TPPSB. The effective interest held by TIGB is 50%.

7.2 SHARE CAPITAL

The present authorised share capital of TIGB is RM50,000,000 comprising 50,000,000 Shares, of which 35,000,000 Shares have been issued and fully paid-up as at the date of this Prospectus. Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of Allotment	No. of Shares allotted	Nominal Value RM	Consideration	Cumulative issued and paid-up share capital RM
24 August 2002.	2	1.00	Cash	2.00
1 August 2003	28,999,998	1.00	Shares issued pursuant to the Acquisition of TISB Group at approximately RM1.09 per Share	29,000,000
24 September 2003	6,000,000	1.00	Rights Issue of 6,000,000 new ordinary shares of RM1.00 each at par	35,000,000

7. INFORMATION ON THE TIGB GROUP (cont'd)**7.3 FLOTATION EXERCISE**

In conjunction with, and as an integral part of the Flotation Exercise, the Company implemented a flotation scheme which was approved by the following authorities:-

- (i) SC, on 6 June 2003, 22 September 2003 and 25 September 2003;
- (ii) FIC, on 29 January 2003 and 26 August 2003; and
- (iii) MITI, on 3 December 2002, 14 March 2003 and 31 July 2003;

and involved the following:-

7.3.1 Acquisition of TISB Group

TIGB entered into a conditional shares acquisition agreement on 18 October 2002 with the shareholders of TISB for the acquisition of the entire issued and paid-up share capital of TISB comprising 1,119,615 Shares for a purchase consideration of RM31,611,684 to be satisfied by the issue and allotment of 29,999,998 Shares in TIGB at an issue price of approximately RM1.05 per Share.

Subsequently, on 1 August 2003, a supplementary shares acquisition agreement was entered into between TIGB and the shareholders of TISB for the acquisition of the entire issued and paid-up share capital of TISB comprising 1,119,615 Shares for a purchase consideration of RM31,611,684 to be satisfied through the issue and allotment of 28,999,998 Shares in TIGB at an issue price of approximately RM1.09 per Share. This agreement has superceded the previous shares acquisition agreement dated 18 October 2002.

The purchase consideration of RM31,611,684 was arrived at on a willing buyer willing seller basis after taking into consideration the adjusted audited NTA of the TISB Group of RM31,611,684 or approximately RM1.09 per Share.

The adjustments made to the audited NTA of the TISB Group as at 31 March 2002 were in respect of dividend paid / declared subsequent to FYE 31 March 2002 and after incorporating the revaluation surplus on the landed properties.

The details on the computation of the adjusted NTA of the TISB Group is set out below:-

	RM
Audited NTA of TISB Group as at 31 March 2002	29,257,293
Add: Revaluation surplus on the landed properties	5,658,596
<i>Less: Dividends payment</i>	
Final dividend for FYE 31 March 2002	(2,660,205)
Interim dividend for FYE 31 March 2003	(644,000)
Adjusted NTA of TISB Group	<u>31,611,684</u>

The revaluation of the TISB Group's landed properties has been undertaken to obtain their fair value so as to derive the adjusted NTA of TISB Group for the purpose of determining the purchase consideration for the Acquisition of TISB Group.

The revaluation exercise was undertaken by the Valuer on 22 August 2002, 27 August 2002, 10 September 2002, 17 September 2002 and 23 September 2002 which resulted in a revaluation surplus of RM5,658,596 based on the net book value ("NBV") as at 31 March 2002.

On 6 June 2003, the SC approved the value of the landed properties of TISB and its subsidiary companies to be RM13,010,000.

7. INFORMATION ON THE TIGB GROUP (cont'd)

The revaluation surplus was derived as follows:-

Property	Owner	Audited NBV as at 31 March 2002 RM	Open Market Value	Revaluation surplus RM
			As per valuation report and as approved by the SC RM	
Lot Nos. 378 and 376, Section 32, Bandar Petaling Jaya, District of Petaling, State of Selangor Bearing the postal address Lot 8246, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan and Lot 8244, Lorong 51/222B, 46100 Petaling Jaya, Selangor Darul Ehsan	TISB	1,569,152	4,580,000	3,010,848
P.T. No. 3477, Mukim and District of Petaling, State of Selangor, off Jalan 1 (Jalan Raya Tiga), Taman Serdang Jaya Industrial Area, Seri Kembangan, Selangor	TISB	1,686,815	3,500,000	1,813,185
Lot No. PTD 64200 Mukim of Tebrau District of Johor Bahru State of Johor Bearing the postal address No. 8, Jalan Bayu 2/5, Taman Perindustrian Tampoi Jaya, Johor Bahru, Johor	TISB	456,735	470,000	13,265
Lot No. 57765, Mukim of Hulu Kinta, District of Kinta, State of Perak Bearing postal address No. 14 & 14A, Persiaran Kilang, Taman Pertama, Jelapang, Ipoh, Perak	TISB	115,057	180,000	64,943
Lot No. 013814 (P.T.9407) Mukim of Damansara, District of Petaling, State of Selangor Bearing the postal address No. 3, Jalan SS13/6B, Subang Jaya Industrial Estate, 47500 Subang Jaya, Selangor Darul Ehsan	TPPSB	1,676,758	1,800,000	123,242

7. INFORMATION ON THE TIGB GROUP (cont'd)

Property	Owner	Audited NBV as at 31 March 2002 RM	Open Market Value	Revaluation surplus
			As per valuation report and as approved by the SC RM	RM
L. O. 7/65/ Sub-Jacket /21 /Ind Mukim of Damansara District of Klang State of Selangor Bearing the postal address Lot 21, Jalan Pahat 16/8A 40000 Shah Alam, Selangor Darul Ehsan	TDNSB	*827,110	*1,260,000	*432,890
Lot Nos. 212808 & 212809, Mukim of Hulu Kinta District of Kinta State of Perak Bearing the postal address No. 17 & 19, Dataran Kledang 4, Taman Perindustrian Chandan Raya, 31450 Menglembu, Ipoh, Perak	Toyo (Perak)	334,649	520,000	185,351
Lot Nos. 2788 and 2789, Bandar Butterworth – Seksyen 3, District of Seberang Perai Utara, State of Pulau Pinang Bearing the postal address Nos. 46 & 48, Lorong Mak Mandin 5/1, Kawasan Perindustrian Mak Mandin, 13400 Butterworth, Penang	Toyo (Penang)	685,128	700,000	14,872
Total			13,010,000	5,658,596

Note: * Based on TISB's 60% equity interest in TDNSB

The above revaluation surplus will be incorporated into the financial statements of the above-mentioned companies for the financial year ending 31 March 2004. The Valuation Certificate is set out in Section 17 of this Prospectus.

The entire issued and paid-up share capital of TISB comprising 1,119,615 Shares is to be acquired by TIGB free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from the date of completion of the Acquisition of TISB Group.

7. INFORMATION ON THE TIGB GROUP (cont'd)

Details on the number of TIGB Shares issued to the vendors of TISB pursuant to the Acquisition of TISB Group are as follows:-

Vendors	No. of TISB shares held	Equity interest %	Purchase consideration RM	No. of new TIGB Shares issued
Cheah Chee Meng	15,000	1.34	423,517	388,526
Cheah Yoke Han	3,581	0.32	101,108	92,754
Chua See Ka	18,553	1.66	523,827	480,550
Fong Po Yin	40,979	3.66	1,157,018	1,061,428
Heng Soon Kiah	14,168	1.27	400,025	366,976
Kok Sau Lan	17,000	1.52	479,986	440,330
Kwok Hon Wun	30,000	2.68	847,033	777,053
Kwok Sow Yoong	50,000	4.47	1,411,721	1,295,088
Lee Ngap Cheng	2,310	0.21	65,221	59,833
Leong Yeow Chee	50,064	4.47	1,413,528	1,296,745 [#]
Lim Guan Lee	164,127	14.66	4,634,028	4,251,175
Low Guan Seng	14,168	1.27	400,025	366,976
Ng Chong You	150,538	13.45	4,250,352	3,899,198
Peck Kim Chau	6,957	0.62	196,435	180,206
Poon Nak Siak	6,409	0.57	180,960	166,010
Sia Ah Lee	15,000	1.34	423,517	388,526
Sng Kim Huat	14,168	1.27	400,025	366,976
Song Kok Cheong	127,957	11.43	3,612,791	3,314,311
Toh Leng Poh	6,594	0.59	186,178	170,796
Tuan Hj. Yusoff bin Daud	335,884	30.00	9,483,489	8,699,985
Yap Yee Kian	36,158	3.23	1,020,900	936,556
Total	1,119,615	100.00	31,611,684	28,999,998

Note: [#] On 22 September 2003, Leong Yeow Chee has transferred his entire shareholdings of 1,296,745 Shares in TIGB upon completion of the Acquisition of TISB Group, inclusive of the 1,149,823 TIGB Shares of the enlarged and paid-up share capital of TIGB placed under moratorium to Kok Sau Lan.

The 28,999,998 TIGB Shares issued pursuant to the Acquisition of TISB Group shall rank pari passu in all aspects with the existing ordinary shares of TIGB, and carry all rights to received in full all dividends and other distributions and paid subsequent to the allotment thereof.

On 1 August 2003, the Acquisition of TISB Group was completed and TISB became a wholly-owned subsidiary of TIGB.

Upon completion of the Acquisition of TISB Group, the issued and fully paid-up share capital of TIGB increased from RM2 comprising two (2) Shares to RM29,000,000 comprising 29,000,000 Shares.

7.3.2 Rights Issue

Following the completion of the Acquisition of TISB Group, the Company implemented a Rights Issue of 6,000,000 new TIGB Shares on the basis of one (1) Share for approximately 4.83 Shares held after the Acquisition of TISB Group, at an the issue price of RM1.00 each per Share payable in full upon application. The Rights Issue was completed on 24 September 2003.

The 6,000,000 new TIGB Shares issued pursuant to the Rights Issue shall rank pari passu in all aspects with the existing ordinary shares of TIGB, and carry all rights to received in full all dividends and other distributions and paid subsequent to the allotment thereof.

7. INFORMATION ON THE TIGB GROUP (cont'd)

Upon completion of the Rights Issue, the issued and fully paid-up share capital of TIGB increased from RM29,000,000 comprising 29,000,000 Shares to RM35,000,000 comprising 35,000,000 Shares.

7.3.3 Offer for Sale

The Offerors shall carry out an Offer for Sale of 7,000,000 TIGB Shares at an offer price of RM1.40 per Share payable in full upon application which shall be allocated in the following manner:-

(i) Bumiputera investors approved by MITI

4,000,000 Offer Shares to be reserved for Bumiputera investors approved by MITI; and

(ii) Private Placement

3,000,000 Offer Shares will be placed with Malaysian institutional investors and individual investors by the placement agent.

The Offer Shares represent approximately 17.5% of the enlarged issued and paid-up share capital of TIGB of 40,000,000 Shares. Details of the Offerors are as below:-

Shareholders	No. of Offer Shares	% of Enlarged Capital
Cheah Chee Meng	93,783	0.23
Cheah Yoke Han	22,390	0.06
Chua See Ka	115,996	0.29
Fong Po Yin	256,208	0.64
Heng Soon Kiah	88,581	0.22
Kok Sau Lan	419,297	1.05
Kwok Hon Wun	187,566	0.47
Kwok Sow Yoong	312,608	0.78
Lee Ngap Cheng	14,443	0.04
Lim Guan Lee	1,026,147	2.57
Low Guan Seng	88,581	0.22
Ng Chong You	941,187	2.35
Peck Kim Chau	43,499	0.11
Poon Nak Siak	40,072	0.10
Sia Ah Lee	93,783	0.23
Sng Kin Huat	88,581	0.22
Song Kok Cheong	800,007	2.00
Toh Leng Poh	41,228	0.10
Tuan Hj. Yusoff bin Daud	2,099,977	5.25
Yap Yee Kiean	226,066	0.57
Total	7,000,000	17.50

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.3.4 Public Issue

TIGB shall carry out a Public Issue of 5,000,000 new TIGB Shares at an issue price of RM1.40 per Share payable in full upon application which shall be allocated in the following manner:-

(i) Eligible Directors, Employees and Business Associates

2,000,000 Public Issue Shares to be reserved for all eligible Directors, employees and business associates (comprising customers and suppliers) of TIGB Group;

(ii) Malaysian Public

2,000,000 Public Issue Shares to be made available for application by the Malaysian Public; and

(iii) Private Placement

1,000,000 Public Issue Shares will be placed to institutional investors and individual investors by the placement agent.

Upon completion of the Public Issue, the issued and paid-up share capital of TIGB will increase to RM40,000,000 comprising 40,000,000 Shares.

7.3.5 Listing and Quotation

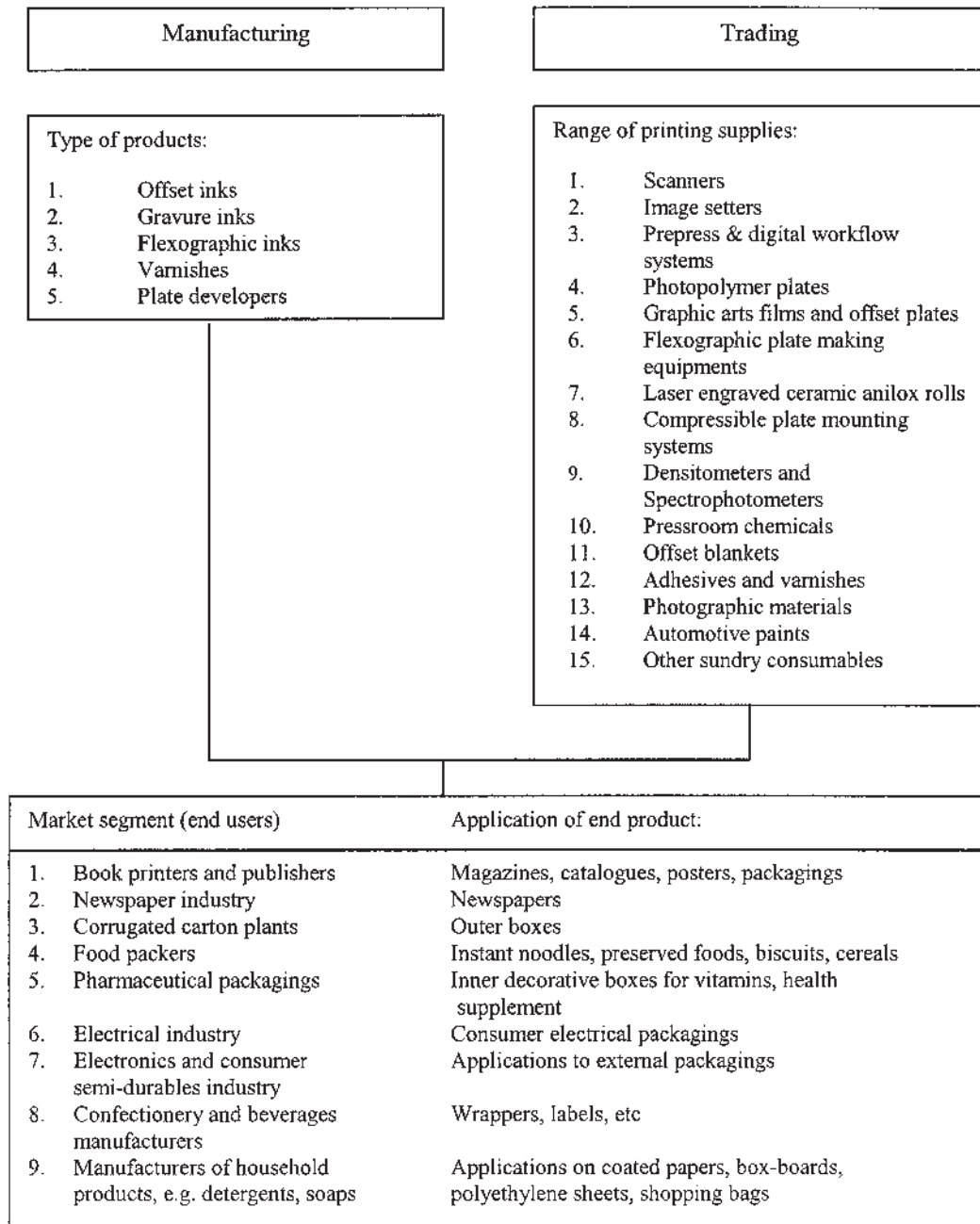
The listing of and quotation for the entire enlarged issued and paid-up share capital of TIGB comprising 40,000,000 Shares on the Second Board of the KLSE.

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4 BUSINESS OVERVIEW

7.4.1 Principal Products and Services

The Group is principally involved in the manufacturing of printing inks for the printing and packaging industries, viz. gravure inks for plastic and flexible film packaging, flexography inks for corrugated boxes, flexible film packaging and paper bags and offset printing inks for the printing and publishing industry and trading in a wide range of printing supplies. The following diagram shows an overview of the Group's activities:-



7. INFORMATION ON THE TIGB GROUP (cont'd)

The TIGB Group has, over the years, steadily built up its core business and is now a one-stop centre for the printing industry. The Group is in the business of supply of pre-press equipment for the design and manufacture of the printing plates/blocks and then to the final inks to be used in the printing operation. In today's competitive business environment, this business strategy and approach brings along numerous competitive advantages and also helps the Group's customers to be more cost effective in having to deal with only one supplier who is able to meet all their specific requirements. The Group's product groups can be broadly classified into the following categories:-

(i) Gravure Inks

In the gravure printing process, the printing image consists of many thousands of tiny cells per square inch with various depth and width either etched or engraved into a cylinder. The printing machine of a gravure press is a simple mechanism. The etched cylinder is immersed in an ink pan, which is filled with fluid solvent-based ink. The cells in the rotating etched cylinder will pick up ink from the ink pan. A metal or plastic doctor blade will scrape the excess inks from the cylinder surface, leaving ink in the tiny cells of the cylinder. The substrate to be printed is fed by reel into a nip between the etched cylinder and a rubber-covered impression roller, which supplies the pressure, needed to transfer ink from the cells to the substrate.

The printed substrate then runs upward to a heating system where the ink solvents are evaporated and extracted and the ink on the printed substrate is dried.

(ii) Offset Inks

Lithography printing is a planographic process. This means that the image (printing area) and the non-image area (non-printing area) lie on the same plane of the printing plate. The printing plate is created by a photochemical process, which makes the printing area ink receptive and the non-printing area water receptive.

In the printing process, the printing plate is damped first with fountain solution and then immediately by ink, creating the desired image for printing. The ink is then transferred from the plate to the rubber blanket, which in turn will transfer the ink to the paper.

Since the inked image does not print directly on to paper, the term offset printing is commonly used.

(iii) Flexographic Inks

Flexography is a form of printing directly onto a substrate using a flexible plate, such as rubber or photopolymer plate with fluid ink. It is very similar to using a rubber stamp for stamping envelope.

The printing unit consists of four basic parts:

- (1) Rubber fountain roller
- (2) Anilox roller
- (3) Plate cylinder
- (4) Impression cylinder

7. INFORMATION ON THE TIGB GROUP (cont'd)

The function of the rubber fountain roller is to lift ink from the ink pan to the anilox roller. The anilox roller is engraved with hundreds of uniform cells to control a fine film of ink and transfer it to the printing plate. The ink on the plate is then transferred to the substrate, which passes, between the printing plate and the impression roller.

The flexographic inks used for flexible plastic substrate (e.g. polyethylene and polypropylene) is mostly solvent-based and dries mainly by solvent evaporation. Water-based flexographic inks is used mainly on high absorbent paper and drying is by penetration and precipitation.

(iv) Printing Consumables

These are consumable materials used in the printing processes and maintenance and upkeep of printing presses. They comprise printing plates, photopolymer plates, blankets, fountain solutions, cleaning agents, adhesives and chemicals etc., which are used in the process of printing.

(v) Machineries, Equipments and Spares

The pre-press processes require many types of supporting equipments. These are equipments like densitometers, spectrophotometers and plate mounting systems. Spares are also needed to replace normal wear-and-tear items like anilox rolls and doctor blades. The TIGB Group are representative agents for major brands of such equipments and supplies.

In the trading of printing consumables, equipments and spares, TPPSB is the agent for world renowned brands such as 'Cyrel', 'Creo' and 'Horsell'. TPPSB has entered into distributorship agreements with the above parties for distribution rights in Malaysia ('Cyrel', 'Creo' and 'Horsell') and Vietnam ('Horsell').

Set out below is a breakdown of the Group's two (2) product groups in terms of their contributions to the Group for FYE 31 March 2003:-

Product category	Revenue RM	%
Inks	28,386,418	54.04
Printing consumables and Machineries	24,137,962	45.96
Total	52,524,380	100.00

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4.2 Production and Manufacturing Process

Customers' enquiries and orders that are received are reviewed by TIGB's marketing staff. The marketing department would then liaise with TIGB's laboratory and store departments to check for availability of products. If finished goods are not sufficient, store personnel will refer to production planning to meet the order requirements. In terms of customer's specific requirements, the marketing department shall liaise with the laboratory department on the capability to meet the requirements before confirming acceptance of the order with the customers.

The production department carries out weekly production planning. The production department will then liaise with the purchasing department for material and other resources availability and ensure purchased materials meet the specific requirements.

The production department carries out production processes under controlled conditions in accordance with relevant defined procedures. The production department will liaise with the laboratory department for the relevant inspection and test according to the relevant procedures and quality plan. The production department will also liaise with the marketing department to ensure that output is meeting customer's delivery requirement.

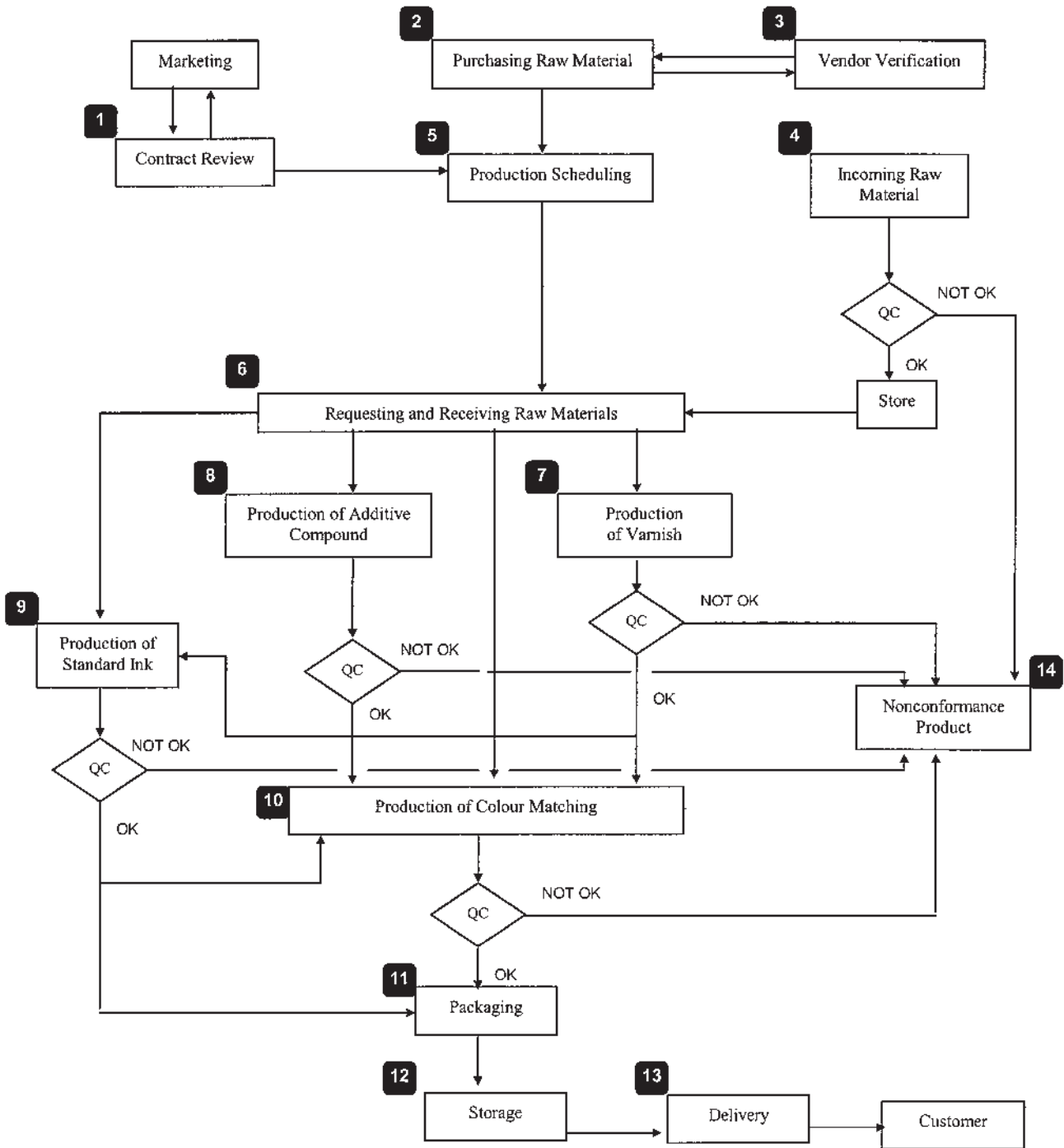
To support production activities, machinery maintenance are carried out as planned to ensure infrastructures and work environment is well maintained.

The production, laboratory or other departments will liaise with administration and human resources department to identify the required manpower and competency when such needs arise and at least once a year will conduct such identification as well as identifying the training needed to achieve quality policy and customer's requirement.

Packing and storage / delivery operations are done by person(s) assigned as per the documented procedures. The controls should include delivery for customer and if necessary any post-delivery activities as required by customer. The marketing department shall monitor the delivery activities and ensure the customer receives the product and will manage the operations right through to the relevant documentation for the sales.

Measurements, analyses, reviews and improvements are done by the assigned personnel at each department through periodic analysis of data, management review, customer complaint and corrective and preventive actions. Continuous improvement is initiated should there be any weak area identified from the analysis of data. The head of department will highlight the matter to the management representative in order to initiate an improvement program / preventive action. Quality control ("QC") is conducted throughout the manufacturing and production process. A flow chart illustrating the entire production process is set out as follows:-

7. INFORMATION ON THE TIGB GROUP (cont'd)



7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4.3 Location of Production Facilities

The production facilities of the TIGB Group as at 12 September 2003 are set out below:-

Location	Company	Description of use	Land area / Built-up area (square feet)
Lot Nos. 378, Section 32, Bandar Petaling Jaya, District of Petaling, State of Selangor Bearing the postal address Lot 8246, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan	TISB	Factory cum office	18,324 / 13,440
L. O. 7/65/ Sub-Jacket /21 /Ind. Mukim of Damansara, District of Klang, State of Selangor Bearing the postal address Lot 21, Jalan Pahat 16/8A 40000 Shah Alam, Selangor Darul Ehsan	TDNSB	Factory cum office	24,590 / 13,704

7.4.4 Production/Operation Capacities and Output

The average production output per month from TISB's factory in Petaling Jaya is approximately 270 tonnes and the TDNSB's factory in Shah Alam is approximately 100 tonnes. Current output is approximately 70% of the maximum monthly output capability. Current output of the Group is therefore about 4,500 tonnes per annum.

The Group intends to build a new factory in Seri Kembangan sited on a piece of land measuring 1.1066 hectares (119,113 square feet). The factory and office in Petaling Jaya will shift to the new factory and the maximum production capacity is estimated to increase to 7,000 tonnes per annum. Combined with the output from the Shah Alam factory, the maximum annual output of TIGB Group at 100% capacity in both factories would reach approximately 8,700 tonnes.

The table below illustrates the annual production capacity and output of the Group for the past five (5) years:-

	←-----FYE 31 March-----→				
	1999	2000	2001	2002	2003
TISB's factory in Petaling Jaya:					
Annual Production Capacity (tonnes)	4,700	4,700	4,700	4,700	4,700
Annual Production Output (tonnes)	3,169	3,628	2,658	3,099	3,428
Capacity Utilisation (%)	67.4	77.2	56.6	65.9	72.9
TDNSB's factory in Shah Alam:					
Annual Production Capacity (tonnes)	1,700	1,700	1,700	1,700	1,700
Annual Production Output (tonnes)	998	1,234	1,352	1,347	1,082
Capacity Utilisation (%)	58.7	72.6	79.5	79.2	63.6
Total:					
Annual Production Capacity (tonnes)	6,400	6,400	6,400	6,400	6,400
Annual Production Output (tonnes)	4,167	4,862	4,010	4,446	4,510
Capacity Utilisation (%)	65.1	76.0	62.7	69.5	70.5

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4.5 Markets, End-Users and Demand

The products of the TIGB Group are sold in Malaysia as well as exported to Vietnam, Myanmar, Thailand and Singapore. Local sales account for approximately 90% of total sales volume. A breakdown of total revenue into local and export sales is as follows: -

Sales	-----FYE 31 March-----									
	1999	%	2000	%	2001	%	2002	%	2003	%
Local sales	32,907,156	90.86	42,761,428	91.67	45,286,939	85.52	43,983,584	93.36	46,593,544	88.71
Export sales	3,309,564	9.14	3,885,050	8.33	7,670,165	14.48	3,127,525	6.64	5,930,836	11.29
Total revenue	36,216,720	100.00	46,646,478	100.00	52,957,104	100.00	47,111,109	100.00	52,524,380	100.00

The end-users for the Group's products are depicted in paragraph 7.4.1 above. In the printing sector they are mainly printers and publishers. In the industrial sector, the Group's customers are mainly producers of packaging materials, in the form of bags, boxes and containers made from paper, plastics, polyethylene and other flexible substrates which can then be printed with the final users logos, product descriptions and other decorations.

The market for the Group's products is continuously expanding in line with population growth and urbanization as a major portion of printing inks is used in the food and consumer packaging materials.

7.4.6 Methods of Distribution / Marketing and Sales

The products of the TIGB Group are sold directly to end-users in most cases. This is achieved by the deployment of adequately trained sales personnel who will visit the Group's customers' factories on a day-to-day and week-to-week basis for follow-up on new orders for inks as well as after sales service and to obtain feedback from customers. Direct sales are carried out through the subsidiary companies of TIGB and each subsidiary is responsible for clients in the following area:-

Subsidiary	State / Area
TISB (Kuala Lumpur headquarters)	Selangor, Klang Valley, Melaka, Kelantan, Terengganu, Pahang, Negeri Sembilan
Toyo (Penang)	Kedah, Penang
Toyo (Perak)	Perak
TISB (Johor branch office)	Johor

Only a small percentage of TIGB Group's products are sold through distributors in areas where it is not practicable for direct sales i.e. East Malaysia and overseas.

On 16 August 2002, TISB entered into a distributorship agreement wherein TISB appointed Total Young Ink Vietnam Co. Ltd for the sale and distribution of the Group's printing ink products in Vietnam.

Customers' relations are constantly being strengthened by personal contacts through the management team as well as technical support from the production and quality control teams headed by TIGB Group's Executive Director, Ng Chong You.

New customers are identified and approached through contacts in the marketplace and enquiries and recommendations from existing customers. The sale of ink is a very technical exercise and requires extremely close rapport between customer and supplier, each drawing on the experience of the other to solve ongoing problems that might arise in combining inks, printing machines and substrates used.

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4.7 Market Share / Position

There are about thirty (30) ink manufacturers in Malaysia and most ink manufacturers in the country are locally based, except for four (4) main overseas controlled companies i.e. Coates Brothers (M) Sdn. Bhd., DIC (M) Sdn. Bhd., (Coates Brothers (M) Sdn. Bhd. is part of DIC (M) Sdn. Bhd., even though they are currently separate entities operationally), SICPA (M) Sdn. Bhd., Sakata Inx (M) Sdn. Bhd. and Toyochem Corporation Berhad. These companies are mostly Japanese controlled companies except for SICPA (M) Sdn. Bhd., which is a Switzerland controlled company. Based on annual turnover prominent local players are TISB, Swan Coating (M) Sdn. Bhd. and IPI Sdn. Bhd..

In terms of annual turnover, the TISB Group is positioned at about number 3 or 4 in the market. However, within local companies, TISB is positioned as number 1.

(Source: Independent Market Research Report by Messrs. Taylor Nelson Sofres)

7.4.8 Competition

The main producers of offset inks, gravure inks and flexographic inks are as follows:-

Product	Ink Manufacturers
Offset inks	Toyochem Corporation Berhad, DIC (M) Sdn. Bhd., SICPA (M) Sdn. Bhd., Coates Brother (M) Sdn. Bhd., TIGB Group
Gravure inks	Sakata Inx (M) Sdn. Bhd., Toyochem Corporation Berhad, DIC (M) Sdn. Bhd., Coates Brother (M) Sdn. Bhd., TIGB Group
Flexographic inks for corrugated cartons	Sakata Inx (M) Sdn. Bhd., DIC (M) Sdn. Bhd., SICPA (M) Sdn. Bhd., Coates Brother (M) Sdn. Bhd., TIGB Group
Flexographic inks for flexible film packaging	Coates Brothers (M) Sdn. Bhd., TIGB Group

The ink industry is highly competitive. Overseas controlled companies are expanding in terms of production and penetration of overseas markets in South East Asia. The strategies for many companies are to tap the overseas markets especially the South East Asian market, with the view of expanding their customer base beyond their local market. With the number of players in the industry offering high quality products and strong after sales service, the competitive pressure is very much focused on pricing.

Apart from pricing, the other competitive edge in this industry is technical support. The Japanese controlled companies are seen to have the advantage as they are able to provide better technical support.

7. INFORMATION ON THE TIGB GROUP (cont'd)

As an established local player, the Group has an advantage over the other local players as its employees have relevant experience and are better trained. This, coupled with the Group's reputation in the market, gives the company potential to be on par with foreign overseas controlled players.

(Source: Independent Market Research Report by Messrs. Taylor Nelson Sofres)

7.4.9 Sources and Availability of Raw Materials

The principal raw materials which are used in the manufacturing of printing inks are pigments, resins, solvents and additives. Essentially these raw materials are not manufactured locally.

Approximately 90% of raw materials used by the Group are sourced through local distributors or trading agents, while approximately 10% are imported directly from overseas suppliers. These raw materials are supplied by the local distributors or trading agents and they are readily available.

The Group also has a wide range of suppliers which allows the Group to have a diversified source of raw materials and not be dependent on any one supplier. Details of the major suppliers are set out in Section 7.4.10 below.

7.4.10 Major Suppliers

The raw materials, such as pigments, resins, solvents and additives, are mostly imported. Suppliers for these items are local distributors or trading agents who import these materials from the overseas manufacturers and act as distributors for such manufacturers. The TIGB Group maintains cordial relationship with these local distributors or trading agents and has business relationships with most of them for many years.

Total purchase of TIGB Group for FYE 31 March 2003 is RM32,805,116. Save for the following, there is no supplier that contributes more than ten percent (10%) from the total purchase FYE 31 March 2003:-

Suppliers' name	Products supplied	Amount RM	% of purchase	Length of Relationship (years)
Kodak Polychrome Graphics Sdn. Bhd.	Films and plates	6,214,813	18.94	6
Creo Asia Pacific Ltd.	Digital pre-press equipment	5,181,576	15.80	7

TIGB Group is not dependent on any single supplier (i.e. not more than 10% of the Group's supplies) for the raw materials supplies for its manufacturing activities. Save for Kodak Polychrome Graphics Sdn. Bhd. and Creo Asia Pacific Ltd., which are the suppliers of films and plates and digital pre-press equipment respectively, TIGB Group is not dependent on any single supplier for the product supplies for its trading activities.

7. INFORMATION ON THE TIGB GROUP (cont'd)

7.4.11 Major Customers

The customers of TIGB Group are engaged in the printing of flexible packaging materials such as plastic and paper packagings, publishers of books and magazines and newspapers. This forms a very extensive sub-sector of the printing and packaging industry as illustrated under Section 7.4.1 above.

The Group has a wide customer base and is not dependent on any single customer (i.e. not more than 10% of the Group's total revenue) or a group of customers. The Group's total revenue for FYE 31 March 2003 is RM52,524,380.

7.4.12 Quality Control Procedures

The Group is committed to ensure that its products are of the highest standards and quality to meet customers' specifications and requirements. TIGB's commitment to quality is reflected throughout the Group. This involvement stems from the Group's "Do It Right The First Time" policy, establishing a reliable quality system to monitor and maintain high quality products and to prevent and eliminate defects in pre-production stages.

TISB is accredited with the ISO 9001:2000 Quality Standard and all processes from receiving of orders to final delivery to its customers follow a very strict set of rules, guidelines, procedures and documentation for the purposes of audit verifications and traceability.

Not only is the quality of finished products assured, all TIGB Group's suppliers and vendors are also assessed in relation to their performance to ensure minimal disruption and cost effectiveness to TIGB Group's operations.

The Group's performance is judged through documented feedback on a half-yearly basis from the Group's customers as to its performance in the areas of quality of product, timeliness of delivery, promptness in attendance to problems and offering suitable solutions, pricing of its products, etc.

The Group employs a combination of manual and automated features to ensure consistent quality of its products and liaises closely with its customers on the required specifications of the final products. TISB has been awarded the latest ISO 9001:2000 Quality Certification by SIRIM and the management is fully committed to achieving low rejection at production level, minimum rejection level from customers and ensuring prompt and timely delivery to its customers.

The Group has extended quality control from its production/shop floor level to all other aspects of its business operations, including the sourcing and procurement of the best resources available which includes, inter alia, raw materials, equipment and personnel. The Group views quality as the ingredient of its products that sells and this manifests itself in the rigid adherence to established manufacturing and testing processes and the Company's documented procedures, materials and process controls.

The Group has established an extensive training programme throughout the year for its production workers to enable them to contribute to the efficient production and the operation of factory.

7. INFORMATION ON THE TIGB GROUP (cont'd)

Constant monitoring of the production lines by skilled and trained supervisors has enabled the Group to manufacture products that meet the stringent quality standards imposed by the various internationally recognized bodies and organisations such as SIRIM who had accredited the ISO status to TISB. Customers complaints on the quality of the Group's products, if and when they arise, are handled promptly and efficiently to the customers' total satisfaction.

The detailed procedures from customers enquiries to the final delivery of products are laid out in Section 7.4.2 with particular reference to activity, checks required, records to be maintained and personnel accountable.

7.4.13 R&D

TIGB's R&D activities are generally focused on product quality improvements, manufacturing techniques, product development and better and more efficient utilization of raw materials. R&D activities undertaken by the Group have resulted in, amongst others, more automated and efficient manufacturing processes, shorter lead time from manufacturing to delivery to customers and generally better efficiency and less wastage due to better planning and utilization of raw materials.

On a day-to-day approach, continuous R&D activities are focused on customers' feedback on performance requirements of the inks they are using. The changing property requirements of the inks are being researched resulting in new formulations to meet the ever-demanding customers' needs. The R&D department also ensures stability of product properties to maintain customers' satisfaction.

The trend towards protection and preservation of the environment translates into a demand for inks that are environmentally friendly. The elimination of the presence of heavy metals in ink pigments and a switch to organic pigments from inorganic pigments have taken place. The Group is in pursuit of this and its inks are free from traces of heavy metal.

In the sector of flexographic inks, there is also a trend towards water based products as distinct from solvent based products. The group has developed new formulations and these are being introduced to customers using flexographic printing processes for printing onto paper, films and polyethylene sheets. The management also sees this as an opportunity for the Group to penetrate further into the local and ASEAN markets.

Currently, the Group's R&D team is headed by Ng Chong You, the Executive Director who is assisted by eight (8) chemists.

7.4.14 Key Achievements / Awards

TISB has been awarded the MS ISO 9001:2000 status by SIRIM with certificate no. 3932 dated 12 March 1999 under registration no. AR1653.

7. INFORMATION ON THE TIGB GROUP (cont'd)**7.4.15 Key Employees**

As at 12 September 2003, the TIGB Group has a total of one hundred and fifty one (151) employees, none of whom belong to any union and they enjoy a good relationship with the management of the Company. The total number of employees with the breakdown into categories and average number of years of service is as follows: -

Category	> 10 years of services	5 to 10 years of services	< 5 years of services	Total
Management	9	4	4	17
Executive	5	6	30	41
Senior / supervisory	13	17	17	47
Clerical	3	3	13	19
Unskilled Factory Staff	-	9	18	27
Total	30	39	82	151

The Group has a structured training and development programme which can be broadly classified as follows:

- In-house Training

- a) Orientation of new employees

New employees will undergo a two (2) week orientation programme comprising of an introduction to the Group, quality policy, MS ISO 9001:2000 awareness and employment terms and conditions.

At departmental level, employees will undergo training whenever necessary on product familiarisation, process familiarisation, specification and documentation, system, safety and health awareness.

These trainings will be conducted periodically as required, to ensure that employees are updated with the development of the TISB Group's products, organisation structure or documentation and software systems.

- b) Update on process, procedures and quality control

This training is catered specifically for production employees. As and when required, in-house training will be conducted to update the production team on the latest developments in production methods. From time to time, the production team and the R&D teams would be trained and exposed to any new technological innovation in the industry. This is to ensure that both teams possess adequate and updated knowledge on matters pertaining to production and product development.

7. INFORMATION ON THE TIGB GROUP (cont'd)

- External Training and Development Programmes
 - a) Employees of the Group will from time to time undergo external training programmes to keep them abreast and informed of current trends and practices with regards to production and management;
 - b) Business and computer skills. These trainings are conducted externally by Federation of Malaysian Manufacturers, National Productivity Corporation or other related organisations; and
 - c) Selected employees will be attending an annual training on MS 9001:2000 in areas of processes, procedures and documentation. These selected employees will in turn conduct in-house training for the remaining employees in the Group to pass on the knowledge and also to ensure that the employees of the Group practices the processes and procedures as specified by SIRIM.

(Source: Independent Market Research Report by Messrs. Taylor Nelson Sofres)

7.4.16 Patents, Trademarks Franchises

Save for the following trademarks registered in Malaysia under TISB, the TIGB Group does not have any other patents, trademarks or franchises.

Trademark	Reference no.	Expiry
TOYO*	M/081817	28 March 2010
(D)=Lion+C.C.	90/03432	30 May 2010

Note:

* *TISB executed a registered user agreement dated 25 July 2002 with Popular Mate Sdn. Bhd. granting the rights to Popular Mate Sdn. Bhd. to use the trade mark M/081817 TOYO for a period of three (3) years from date of the agreement for a lump sum of RM60,000 as royalties with an option to extend the term for a further three (3) years at an amount to be mutually agreed.*

7.4.17 Interruption in Business During the past twelve (12) months

The Group did not experience any disruption in the businesses which have had a significant effect on the operations of the Group for the past twelve (12) months prior to the date of this Prospectus.

7. INFORMATION ON THE TIGB GROUP (cont'd)**7.5 SUBSIDIARY AND ASSOCIATED COMPANIES****7.5.1 TISB****(i) History and Business**

TISB was incorporated in Malaysia under the Companies Act, 1965 on 7 February 1979 as a private limited company under the name Toyoinke (M) Sdn. Bhd. and assumed its present name on 21 April 1979.

The principal activities of TISB are investment holding and as ink manufacturers.

With the steady growth in demand for printing and packaging requirements in Malaysia, the Company has expanded aggressively over the last ten (10) years and have set up operation centres in Ipoh, Penang, Johor Bahru.

(ii) Share Capital

The authorised share capital of TISB is RM2,000,000 comprising 2,000,000 Shares. The present issued and paid-up share capital is RM1,119,615 comprising 1,119,615 Shares. The changes in the issued and paid-up share capital of TISB since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Nominal value RM	Consideration	Cumulative issued and paid-up share capital RM
07 February 1979	2	1.00	Cash	2
16 May 1979	219,998	1.00	Cash	220,000
28 March 1984	280,000	1.00	Cash	500,000
25 March 1985	300,000	1.00	Cash	800,000
28 June 1985	80,000	1.00	Cash	880,000
31 March 1989	120,000	1.00	Cash	1,000,000
20 February 2002	119,615	1.00	Shares	1,119,615

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, TISB has four (4) subsidiary companies, Toyo (Penang), Toyo (Perak), TPPSB and TDNSB and one (1) associated company, Toyo Color.

(iv) Directors and Substantial Shareholders

The Directors of TISB and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ng Chong You	-	-	-	-
Song Kok Cheong	-	-	-	-
Heng Soon Kiah	-	-	-	-
Tuan Hj. Yusoff bin Daud	-	-	-	-
Yap Yee Kiean	-	-	-	-
Lim Guan Lee	-	-	-	-

TISB is a wholly-owned subsidiary of TIGB.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(v) Employees**

As at 12 September 2003, TISB has seventy five (75) employees.

7.5.2 TPPSB**(i) History and Business**

TPPSB was incorporated in Malaysia under the Companies Act, 1965 on 2 December 1983 as a private limited company. TPPSB has over the years, worked closely with TISB to provide pre-press and printing solutions to the printing industry. Today, TPPSB is the distributor of leading brands of pre-press equipments, wide-format digital printing and printing consumables. TPPSB's products are used in, amongst others, advertising agencies, trade shops and printing companies. TPPSB is principally involved in dealing of graphic arts, films, chemicals, machineries and equipment for the lithography and allied industries.

(ii) Share Capital

The authorised share capital of TPPSB is RM1,000,000 comprising 1,000,000 Shares. The present issued and paid-up share capital is RM1,000,000 comprising 1,000,000 Shares. The changes in the issued and paid-up share capital of TPPSB since incorporation are as follows:-

Date of Allotment	No. of Shares Each allotted	Nominal value RM	Consideration	Cumulative Issued and paid-up share capital RM
02 December 1983	2	1.00	Cash	2
12 January 1984	62,998	1.00	Cash	63,000
26 January 1984	12,000	1.00	Cash	75,000
18 November 1986	50,000	1.00	Cash	125,000
22 December 1992	250,000	1.00	Cash	375,000
15 December 1997	375,000	1.00	Cash	750,000
20 August 2002	250,000	1.00	Bonus Issue*	1,000,000

*Note: * On the basis of approximately 0.33 new ordinary shares for every one (1) existing ordinary share held in the company.*

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, TPPSB has one associated company, Toyo Color and no subsidiary companies.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of TPPSB and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Song Kok Cheong	-	-	-	-
Yap Yee Kiean	-	-	-	-
Ng Chong You	-	-	-	-

TPPSB is a wholly-owned subsidiary of TISB.

(v) Employees

As at 12 September 2003, TPPSB has twenty six (26) employees.

7.5.3 TDNSB**(i) History and Business**

TDNSB was incorporated in Malaysia under the Companies Act, 1965 on 10 January 1990 as a private limited company. TDNSB is a sixty per cent (60%) owned subsidiary company of TISB and the remaining forty per cent (40%) is held by Dainichiseika Color & Chemicals Mfg. Co., Ltd. of Japan, a leading ink and pigment manufacturer in Japan and listed on the First Section of the Tokyo Stock Exchange (First Section is the market place for stocks of larger companies with shareholder's equity of at least one (1) billion yen or more). TDNSB was established as part of TISB's effort to maintain its strategic advantage in the increasingly competitive business of the offset ink sector. The principal activities of TDNSB are as manufacturers and dealers of printing ink and other printing materials.

(ii) Share Capital

The authorised share capital of TDNSB is RM1,000,000 comprising 1,000,000 Shares. The present issued and paid-up share capital is RM1,000,000 comprising 1,000,000 Shares. The changes in the issued and paid-up share capital of TDNSB since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Nominal value RM	Consideration	Cumulative issued and paid-up share capital RM
10 January 1990	2	1.00	Cash	2
06 August 1990	999,998	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, TDNSB does not have any subsidiary or associated companies.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of TDNSB and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ng Chong You	-	-	-	-
Song Kok Cheong	*1	#	-	-
Noriaki Kimura	-	-	-	-

Note *: Held in trust for TISB

#: Insignificant shareholdings

The substantial shareholders of TDNSB and its shareholding is set out below:

Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
TISB	599,999	60	*1	#
Dainichiseika Color & Chemicals Mfg. Co., Ltd.	400,000	40	-	-

Note *: Held in trust by Song Kok Cheong

#: Insignificant shareholdings

(v) Employees

As at 12 September 2003, TDNSB has thirty five (35) employees.

7.5.4 Toyo (Perak)**(i) History and Business**

Toyo (Perak) was incorporated in Malaysia under the Companies Act, 1965 on 20 March 1992 as a private limited company. Its principal activities are as suppliers, distributors and dealers in printing ink, colour pigment, colourants for plastic and other printing materials.

(ii) Share Capital

The authorised share capital of Toyo (Perak) is RM250,000 comprising 250,000 Shares. The present issued and paid-up share capital is RM200,000 comprising 200,000 Shares. The changes in the issued and paid-up share capital of Toyo (Perak) since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Nominal value RM	Consideration	Cumulative Issued and paid-up share capital RM
20 March 1992	2	1.00	Cash	2
22 March 1993	99,998	1.00	Cash	100,000
28 September 1996	100,000	1.00	Cash	200,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Toyo (Perak) does not have any subsidiary or associated companies.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of Toyo (Perak) and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Toh Leng Poh	-	-	-	-
Song Kok Cheong	-	-	-	-
Heng Soon Kiah	-	-	-	-
Ng Chong You	-	-	-	-

Toyo (Perak) is a wholly-owned subsidiary of TISB.

(v) Employees

As at 12 September 2003, Toyo (Perak) has four (4) employees.

7.5.5 Toyo (Penang)**(i) History and Business**

Toyo (Penang) was incorporated in Malaysia under the Companies Act, 1965 on 11 October 1996 as a private limited company. The principal activities of Toyo (Penang) are as suppliers, distributors and dealers in printing ink, colour pigment, colorants for plastic and other printing materials.

(ii) Share Capital

The authorised share capital of Toyo (Penang) is RM500,000 comprising 500,000 Shares. The present issued and paid-up share capital is RM400,000 comprising 400,000 Shares. The changes in the issued and paid-up share capital of Toyo (Penang) since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Nominal value RM	Consideration	Cumulative issued and paid-up share capital RM
11 October 1996	2	1.00	Cash	2
12 March 1997	998	1.00	Cash	1,000
06 August 1999	399,000	1.00	Cash	400,000

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Toyo (Penang) does not have any subsidiary or associated companies.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of Toyo (Penang) and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Yap Yee Kiean	-	-	-	-
Ng Chong You	-	-	-	-

Toyo (Penang) is a wholly-owned subsidiary of TISB.

(v) Employees

As at 12 September 2003, Toyo (Penang) has nine (9) employees.

7.5.6 Toyo Color**(i) History and Business**

Toyo Color was incorporated in Singapore on 15 November 1978 as a private limited company. Toyo Color is principally involved in the dealing, importing and exporting of printing ink, printing machinery and equipment.

(ii) Share Capital

The authorised share capital of Toyo Color is SGD500,000 comprising 500,000 Shares. The present issued and paid-up share capital is SGD400,002 comprising 400,002 Shares. The changes in the issued and paid-up share capital of Toyo Color since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Nominal value RM	Consideration	Cumulative issued and paid-up share capital SGD
15 November 1978	2	1.00	Cash	2
28 July 1992	400,000	1.00	Cash	400,002

(iii) Subsidiary and Associated Companies

As at the date of this Prospectus, Toyo Color does not have any subsidiary or associated companies.

7. INFORMATION ON THE TIGB GROUP (cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of Toyo Color and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lim Guan Lee	1	-	-	-
Low Guan Seng	1	-	-	-
Heng Soon Kiah	-	-	-	-
Song Kok Cheong	-	-	-	-

The substantial shareholders of Toyo Color and its shareholding is set out below:

Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Toyo Ink Pte Ltd	200,000	50.0	-	-
TPPSB	100,000	25.0	-	-
TISB	100,000	25.0	-	-

(v) Employees

As at 12 September 2003, Toyo Color has two (2) employees.

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