

**TOYO INK GROUP BERHAD**

(Company No. 590521 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT**

**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

**NOTES TO THE FINANCIAL REPORT**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD (“FRS”) 134 (INTERIM FINANCIAL REPORTING)**

**A1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 March 2011.

The significant accounting policies and methods of computation adopted in the unaudited interim financial statements are consistent with those adopted in the Group’s audited financial statements for the year ended 31 March 2011.

**A2. Changes in Accounting Policies**

The accounting policies and method of computation adopted by the Group are consistent with those used in the preparation of the of the Group’s audited financial statements for the year ended 31 March 2011, with exception of the following FRSs from their effective dates:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 Classification of Rights Issues	1 March 2010
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 3 Business Combinations [Improvements to FRSs (2010)]	1 January 2011

Amendments to FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7 Financial Instruments - Disclosures [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101 Presentation of Financial Statements [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132 Financial Instruments: Presentation [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 134 Interim Financial Reporting [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139 Financial Instruments: Recognition and Measurement [Improvements to FRSs (2010)]	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124 Related Party Disclosures (revised)	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

**A3. Auditors' Report**

The auditors' report of the preceding annual financial statements was not subject to any qualification.

**A4. Seasonal or Cyclical Factors**

The Group's operations were not significantly affected by any seasonal or cyclical factors.

**A5. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

**A6. Changes in Estimates**

There were no changes in estimates of amounts reported in prior interim period which have a material effect on the current interim period.

**A7. Issuance or Repayment of Debts and Equity Securities**

There is no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter under review.

**A8. Dividend**

No dividend was paid in the current quarter.

**A9. Segmental Reporting****Current Year To Date 30 September 2011**

	<b>Manufacturing RM'000</b>	<b>Trading and investment holding RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
External	24,948	23,440		48,388
Inter-segment	13,029	1,571	(14,600)	-
Total revenue	<u>37,977</u>	<u>25,011</u>	<u>(14,600)</u>	<u>48,388</u>
<b>Results</b>				
Segment results	1,267	1,308	-	2,575
Finance costs	(698)	(452)	-	(1,150)
Share of results in associate	-	-	-	-
Taxation				(1,023)
Minority interests				153
Net profit for the financial period				<u>555</u>
<b>Other Information</b>				
Segment assets	116,115	26,474	-	142,589
Associate				486
Unallocated corporate assets				18,473
Consolidated total assets				<u>161,548</u>
Segment liabilities	53,255	3,744	-	56,999
Unallocated corporate liabilities				35,990
Consolidated total liabilities				<u>92,989</u>
Capital expenditure	1,755	113	-	1,868
Depreciation/ amortisation	999	132	-	1,131

**Geographical Segments**

The Group operates in two principal geographical areas, Malaysia and Vietnam.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	YTD	YTD	YTD	YTD	YTD	YTD
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>						
Malaysia	48,388	57,149	137,582	135,181	1,868	401
Vietnam	-	-	5,494	6,614	-	-
<b>Discontinued operation</b>						
Vietnam	-	266	-	-	-	-
	<b>48,388</b>	<b>57,415</b>	<b>143,076</b>	<b>141,795</b>	<b>1,868</b>	<b>401</b>

**A10. Valuation of Property, Plant and Equipment**

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

The Group did not carry out any valuation on its property, plant and equipment during the current interim period.

**A11. Subsequent Material Events**

No material events have arisen between the end of the reporting period and the date of issuance of this quarterly report, which will substantially affect the results of the Group.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter save as disclosed below:

On 6 September 2011, the Company's wholly-owned subsidiary, EDM-Tools (M) Sdn. Bhd. had acquired two ordinary shares of SGD1.00 each representing 100% equity interest in EDM-Tools(S) Pte.Ltd. for a cash consideration of SGD3,000.00.

**A13. Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets since the last annual balance sheet date.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Review of Performance**

For the financial period ended 30 September 2011, the Group registered a revenue of RM23.330 million as compared to RM29.853 million in the corresponding period in the previous year. The profit before taxation was RM0.951 million as compared to a profit before taxation of RM2.227 million in the corresponding period.

The decrease in profit before taxation was due to lower revenue registered in the financial period.

**B2. Material Changes in the Profit Before Taxation for the Quarter Reported On as Compared with the Immediate Preceding Quarter**

A profit before taxation of RM0.951 million was recorded in the current quarter compared to a profit before taxation of RM0.474 million in the immediate preceding quarter.

The increase in profit before taxation was contributed from the trading segment.

**B3. Prospects**

The Board of Directors is confident of the Group achieving satisfactory performance for the financial year ending 31 March 2012 in view of various actions taken by the group to improve production efficiency.

**B4. Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in a public document.

**B5. Taxation**

	<b>INDIVIDUAL Current quarter ended  30/09/2011 RM'000</b>	<b>QUARTER Corresponding quarter ended  30/09/2010 RM'000</b>	<b>CUMULATIVE Current year to date ended  30/09/2011 RM'000</b>	<b>QUARTER Corresponding year to date ended  30/09/2010 RM'000</b>
Malaysia Income Tax				
-Provision for the period	(501)	(609)	(797)	(1,105)
Deferred Taxation				
-Provision for the period	(148)	(219)	(226)	(219)
	<u>(649)</u>	<u>(828)</u>	<u>(1,023)</u>	<u>(1,324)</u>

The effective rate of tax applicable to the Group for the current quarter and current year to date are higher than Malaysia statutory tax rate mainly due to certain expenses are not deductible for tax purposes.

**B6. Sales of Unquoted investments and/or Properties**

There were no sales of unquoted investments and/or properties for the current quarter.

**B7. Quoted Securities**

a. There were no purchases or disposals of quoted securities for the current quarter.

b. There were no investments in quoted securities for the current quarter.

**B8. Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of this report.

**B9. Borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	<b>Secured RM'000</b>
Short term borrowings	
Bankers acceptances	19,188
Bill payables	74
Bank overdrafts	11,829
Term loans	168
	<hr/>
	31,259
Long term borrowings	
Term loans	610
Total	<hr/> <hr/> 31,869

**B10. Realised/unrealised profit/(losses)**

	<b>As at 30/09/2011 RM'000</b>	<b>As at 31/03/2011 RM'000</b>
Realised	19,721	18,938
Unrealised	(2,544)	(2,318)
	<hr/>	<hr/>
	17,177	16,662
Add : Consolidation adjustment	124	126
Total group retained profits as per consolidated financial statements	<hr/> <hr/> 17,301	<hr/> <hr/> 16,746

**B11. Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

**B12. Disclosures of derivatives**

There were no outstanding derivatives as at 30 September 2011.

**B13. Gain/Losses Arising from Fair Value Changes of Financial Liabilities**

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 30 September 2011.

**B14. Material Litigations**

There were no material litigations as at the date of this quarterly report.

**B15. Dividend**

The Board does not recommend any dividend for the current quarter under review.

**B16. Earnings Per Share**

i. Basic earnings per share is calculated by dividing the profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	<b>INDIVIDUAL</b> Current quarter ended  <b>30/09/2011</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding quarter ended  <b>30/09/2010</b> <b>RM'000</b>	<b>CUMULATIVE</b> Current year to date ended  <b>30/09/2011</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding year to date ended  <b>30/09/2010</b> <b>RM'000</b>
Profit / (Loss) attributable to shareholders	435	1,396	555	1,827
Weighted average number of ordinary shares in issue	42,800	42,800	42,800	42,800
Basic earnings per share (sen)				
From continuing operations	1.02	3.36	1.30	4.44
From discontinued operation	-	(0.10)	-	(0.17)
	<b>1.02</b>	<b>3.26</b>	<b>1.30</b>	<b>4.27</b>

ii. The Company does not have any dilutive potential ordinary shares. Accordingly, the diluted earnings per share are not presented.

By Order of the Board,

Chow Chooi Yoong  
Company Secretary  
Dated 24 November 2011