

Company No. 590521 D

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

NOTES TO THE FINANCIAL REPORT

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

A1. First-Time Adoption Of Malaysian Financial Reporting Standards (‘MFRS’)

These condensed consolidated and unaudited interim financial statements have been prepared in accordance with MFRS134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standard (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first annual financial statements for the year ending 31 March 2013 and hence MFRS 1: *First-Time Adoption Of Malaysian Financial Reporting Standards (“MFRS 1”)* has been applied.

The date of transition to the MRFS framework is 1 January 2012. At that transition date. The Group reviewed its accounting policies and considered the transitional opportunities under MRFS 1. The transition from FRS to MFRS has not had a material financial impact on the financial statements of the Group other than arising from the changes in accounting policies described in note A2 below.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2011.

At the date of authorisation of these financial statements, the following new or revised MFRS, amendments to MFRS and IC Interpretations have been issued but are not yet effective and have not been adopted by the Group and the Company:

**Effective for
financial periods
beginning on
or after**

MFRS, Amendments to MFRS and IC Interpretations

Amendments to MRFS 101 <i>Presentation of items of Other Comprehensive Income</i>	1 July 2012
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)</i>	1 January 2013
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosures of Interest in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements</i>	1 January 2013
MFRS 128 <i>Investment in Associates and Joint Ventures</i>	1 January 2013
Amendments to MRFS 7 <i>Disclosures-Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MRFS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

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 31 March 2012**

	Manufacturing	Trading and investment holding	Discontinued Operation	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	51,863	40,967	-	-	92,830
Inter-segment	26,629	2,930	-	(29,559)	-
Total revenue	78,492	43,897	-	(29,559)	92,830
Results					
Segment results	2,960	1,684	(445)	-	4,199
Finance costs	(1,398)	(828)	-	-	(2,226)
Share of results in associate	-	(4)	-	-	(4)
Taxation					(1,095)
Non-controlling interest					237
Net profit for the financial period					1,111
Other Information					
Segment assets	118,614	22,787	5,036	-	146,437
Associate					485
Unallocated corporate assets					17,863
Consolidated total assets					164,785
Segment liabilities	62,512	2,431	-	-	64,943
Unallocated corporate liabilities					30,828
Consolidated total liabilities					95,771
Capital expenditure	959	152	-	-	1,111
Depreciation/ amortisation	1,791	265	396	-	2,452

Corresponding Year To Date 31 March 2011

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	68,705	41,160	266	-	110,131
Inter-segment	25,555	3,107	237	(28,899)	-
Total revenue	<u>94,260</u>	<u>44,267</u>	<u>503</u>	<u>(28,899)</u>	<u>110,131</u>
Results					
Segment results	4,794	3,365	(144)	-	8,015
Finance costs	(1,560)	(935)	-	-	(2,495)
Share of results in associate	-	(4)	-	-	(4)
Taxation					(2,736)
Non-controlling interest					(61)
Net profit for the financial period					<u>2,719</u>
Other Information					
Segment assets	115,287	27,660	-	-	142,947
Associate					487
Unallocated corporate assets					17,855
Consolidated total assets					<u>161,289</u>
Segment liabilities	53,895	3,330	-	-	57,225
Unallocated corporate liabilities					35,871
Consolidated total liabilities					<u>93,096</u>
Capital expenditure	390	40	-	-	430
Depreciation/ amortisation	2,267	284	-	-	2,551

Geographical Segments

The Group operates in two principal geographical areas, Malaysia and Vietnam. In Malaysia, the Group's operation are mainly production and sale of products. The Group's operation is mainly sale of products in 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
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	92,830	109,865	141,887	137,648	1,111	430
Vietnam	-	-	-	5,786	-	-
Discontinued operation						
Vietnam	-	266	5,036	-	-	-
	<u>92,830</u>	<u>110,131</u>	<u>146,923</u>	<u>143,434</u>	<u>1,111</u>	<u>430</u>

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 under review.

A13. Contingent Liabilities or Contingent Assets

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

A14. Capital Commitments

	12 months ended 31 March 2012 RM'000
Property, Plant & Machinery:	
- Contracted and not provided for	7,178
Total	<u>7,178</u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the financial quarter ended 31 March 2012, the Group registered revenue of RM22.553 million as compared to RM27.106 million in the previous corresponding quarter.

As there is lower cost of sales especially from manufacturing segment, the Group managed to achieve overall gross profit of RM4.790 million (21%) in current quarter as compare to RM4.400 million (16%) in the corresponding quarter.

The profit before taxation was RM0.790 million as compared to a profit before taxation of RM0.794 million in the corresponding quarter.

Due to the higher margin contributed from manufacturing segment and lower provision of taxation during the current quarter, the net profits after tax was increased from RM0.007 million in corresponding quarter to RM0.748 million in the current quarter despite of the significant decrease in turnover by RM4.553 million,

Manufacturing Segment

The manufacturing segment contributed revenue of RM 78.492 million and a gross return of RM2.960 million in current year ended 31 March 2012 as compared to revenue of RM94.260 million and gross segment results of RM4.794 in corresponding year to date.

Trading and Investment Holding Segments

These segment had contributed revenue of RM43.897 million and a gross return of RM1.684 million in current year ended 31 March 2012 as compared to revenue of RM44.267 million and gross return of RM3.365 million in corresponding year to date.

Discontinued Operation

As the Group has decided to dispose of its foreign subsidiary in Vietnam in the financial year ending 31 March 2013, the results from the subsidiary are presented separately on the consolidated statement of comprehensive income as discontinued operation.

The segment loss from this discontinued operation was RM0.445million as compared to loss of RM0.144 million in the corresponding year to date.

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 RM0.790 million was recorded in the current quarter compared to a profit before taxation of RM0.198 million in the immediate preceding quarter.

The improvement was due to higher revenue generated from both manufacturing and trading segment. The higher margin of manufacturing segment was also attributable to the higher profit before taxation during the financial quarter.

B3. Prospects

Generally, the manufacturing and trading segments will still be affected by the performance of the global economy market, volatility of foreign exchange rate, upward trend of raw material costs and also the stiff competition in local market.

Nevertheless, in view of the on-going projects under the Economic Transformation Program, the outlook for our domestic market is expected to be encouraging in financial year ending 31 March 2013.

B4. Statement of the Board of Directors' Opinion

Not applicable as the Group did not announce or publish any revenue or profit estimate, forecast, projection or internal target for the financial year.

B5. Profit Forecast and Profit Guarantee

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

B6. Taxation

INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
Current	Corresponding	Current	Corresponding
quarter	quarter	year to date	year to date
ended	ended	ended	ended
31/03/2012	31/03/2011	31/03/2012	31/03/2011
RM'000	RM'000	RM'000	RM'000

Malaysia Income Tax

-Provision for the period 7 (520) (782) (2,493)

Deferred Taxation

-Provision for the period (49) (267) (313) (243)

(42) (787) (1,095) (2,736)

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

B7. Status of Corporate Proposals

There were no corporate proposals announced or not completed as at the date of this report.

B8. Borrowings

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

RM'000

Short term borrowings

Unsecured

Bankers' acceptances 8,067

Bank overdrafts 5,209

13,276

Secured

Bankers' acceptances 8,836

Bank overdrafts 4,838

Term loan 159

13,833

	RM'000
Long term borrowings	
Secured	
Term Loan	541
Total	<u>27,650</u>

B9. Material Litigations

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

B10. Dividend

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

B11. Realised/unrealised profit/(losses)

	As at 31/03/2012 RM'000	As at 31/03/2011 RM'000
Total retained earnings of the Group:		
- Realised	20,375	18,938
- Unrealised	(2,632)	(2,318)
	<u>17,743</u>	<u>16,620</u>
Add: Consolidation adjustment	114	126
Total group retained profits as per consolidated financial statements	<u>17,857</u>	<u>16,746</u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 31 March 2012.

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 31 March 2012.

B14. Notes to the condensed consolidated Income Statement

Profit before taxation is arrived at after charging the following items:

	Current quarter ended 31/03/2012 RM'000	Current year to date ended 31/03/2012 RM'000
Interest income	-	1
Other income	26	527
Interest expense	489	2,143
Depreciation and amortization of property, plant and equipment	671	2,452
Foreign exchange loss	(96)	(303)

Save as disclosed above, the other items as required under Appendix 9B, Part A Note 16 of the Bursa Listing Requirements are not applicable.

B15. 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.

	INDIVIDUAL Current quarter ended 31/03/2012 RM'000	QUARTER Corresponding quarter ended 31/03/2011 RM'000	CUMULATIVE Current year to date ended 31/03/2012 RM'000	QUARTER Corresponding year to date ended 31/03/2011 RM'000
Profit / (Loss) attributable to shareholders	329	(193)	1,111	2,719
Weighted average number of ordinary shares in issue	42,800	42,800	42,800	42,800
Basic earnings per share (sen)				
From continuing operations	1.39	(0.45)	3.22	6.64
From discontinued operation	(0.62)	-	(0.62)	(0.29)
	0.77	(0.45)	2.60	6.35

- 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 28 May 2012