<u>Notes to the Interim Financial Statements for the quarter ended 30 September 2012</u>

A. DISCLOSURE REQUIREMENTS AS PER FRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") that is MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed reports also comply with IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011.

These Condensed Reports are the Group's first MFRS compliant Condensed Report and hence MFRS1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1) has been applied.

The date of transition to the MFRS framework is on 1 January 2011. At that transaction date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The MFRS did not result in any financial impact to the Group other than the financial impact arising from the changes in accounting policy. The impact of the transition from FRS to MFRS is described in Note A2.1 below.

A2. Significant Accounting Policies

<u>A2.1 Application of MFRS 1</u>

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards ("FRS"). As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing the condensed report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as described below:-

Property, plant and equipment
Under FRS, the Group recorded its land and buildings at valuation. The last valuation was carried out on 31 December 2011. Upon transition to MFRS, the Group elected to apply the optional exemption to use that fair value at the date of transition as deemed cost under MFRS. The revaluation reserve as at 1 January 2011, 30 September 2011 and 31 December 2011 was reclassified to retained earnings.

The impact arising from the change is summarised as follows:-

Consolidated statement of profit or loss and other comprehensive income	**Cumulative to 30 Sept 2011 RM'000**	**Cumulative to 31 Dec 2011 RM'000**
Cost of sales expenses - additional depreciation	(55)	(74)
Administrative expenses - additional depreciation	(115)	(153)
Other expenses - impairment loss from revaluation of land and building	-	1,333
Adjustment before tax	(170)	1,106
Related tax effect	31	41
Adjustment after tax	(139)	1,147
Non-controlling interests	-	(645)
Adjustment after tax and non-controlling interests	(139)	502

Consolidated statement of financial position	1 Jan 2011 RM'000	30 Sept 2011 RM'000	31 Dec 2011 RM'000
Property, plant and equipment	5,703	5,532	(1,146)
Related tax effect	(2,005)	(1,974)	270
Reversal of revaluation reserve	4,878	4,878	17,260
Non-controlling interests	645	645	-
Adjustment to retained earnings	9,221	9,081	16,384

A2.2 MFRs, Amendments to MFRSs and IC Interpretation

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Items of Other Comprehensive Income*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits*
- MFRS 127, *Separate Financial Statements*
- MFRS 128, *Investments in Associates and Joint Ventures*
- Amendments to MFRS 1, *Government Loans*
- Amendments to MFRS 7, *Disclosures-Offsetting Financials Assets and Financial Liabilities*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)*

A3. Audit Report Qualification and Status of Matters Raised

The audit report of the preceding annual financial statements was not qualified.

A4. Seasonal or Cyclical Nature of Operations

The quarterly financial results were not affected by seasonal or cyclical factors of operations.

A5. Items of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

A6. Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior financial year that have a material effect in the current financial year-to-date under review.

A7. Changes in Debt and Equity Securities

For the financial year-to-date, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

A8. Dividends Paid

The total dividends paid out of the shareholders' equity for the ordinary shares are as follows:

	9 months ended 30 September	
	2011 RM'000	2011 RM'000
Final paid on 4 July 2012 in respect of the financial year ended 31 December 2011 – 17.00% net of income tax of 25% per share	12,303	
Final paid on 30 June 2011 in respect of the financial year ended 31 December 2010 – 14.80% net of income tax of 25% per share		10,711
	12,303	10,711

A9. Operating Segments

The Group has two reportable segments, as described below which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, reflect the Group's management structure and the way financial information is regularly reviewed by the Board of Directors.

The following summary describes the operations in each of the Group reportable segments:

Printing:	Rotogravure and photo-lithography printing specialising in cigarette cartons, consumer goods packaging, advertising materials and packaging services in general
Trading:	Trading of cigarette packaging cartons.

Other non-reportable segments comprise operations related to investment holdings and property investments.

For the current quarter under review, the Group has realigned and merged Gravure printing and Litho printing as one business segment as they are being controlled by the same management and the Board of Directors views it and review its financial information as a similar business segment.

	For the nine months ended 30 September					
	Printing		Trading		Total	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
	2012	2011	2012	2011	2012	2011
Revenue						
External revenue	147,606	171,999	166,971	118,286	314,577	290,285
Inter-segment revenue	164,108	122,634	11,533	17,421	175,641	140,055
Total revenue	311,714	294,633	178,504	135,707	490,218	430,340
Segment profit	44,364	41,641	20,202	26,098	64,566	67,739
Segment assets	397,782	420,261	162,842	164,692	560,624	584,953

Reconciliation of reportable segment profit or loss	9 months ended 30/09/2012	9 months ended 30/09/2011
	RM'000	RM'000
Total profit for reporting segments	64,566	67,739
Other non-reportable segments	715	1,460
Elimination of inter-segment profits	(4,974)	(13,582)
Not included in the measure of segment profit but provided to the Board of Directors		
Depreciation and amortization	(20,562)	(18,617)
Finance costs	(3,380)	(5,150)
Finance income	1,070	765
Share of profit of associate not included in reportable segments	2,337	1,808
Consolidated profit before tax	39,772	34,423

A10. Material Events Subsequent to the End of Quarterly Period

There were no material events not reflected in the interim financial statements subsequent to the balance sheet date up to 1 November 2012.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. Changes in Contingent Liabilities

As at 30 September 2012, the Company had issued proportionate corporate guarantees of AUD10.2 million in favour of MEIL for its external borrowings in respect of the AUD20.0 million credit facilities granted to enable MEIL to undertake and complete the acquisition of Anzpac Services (Australia) Pty Ltd. The amount outstanding as at 30 September 2012 was at AUD11.0 million.

As at 30 September 2012, the Company had provided unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries (excluding MEIL) of RM38,000,000 and USD17,616,000 of which RM10,000,000 and USD15,264,000 have been utilised.

Except for the above-mentioned, there were no other contingent liabilities which are expected to have an operational or financial impact on the Group.

A13. Inventories

There was no write-down of inventory value for the current financial year-to-date.

A14. Provision for Warranties

There was no provision for warranties for the current financial year-to-date.

A15. Capital Commitments

	9 months ended 30 Sept 2012 RM'000
Property, plant and equipment	
- Authorised but not contracted for	4,711
- Contracted but not provided for	7,579
	12,290

A16. Related Party Transactions

The following transactions have been entered into with related parties that were necessary for the day-to-day operations in the ordinary course of business.

	9 months ended 30 Sept 2012 RM '000
New Toyo International Holdings Ltd - Management fees	1,688
New Toyo International Co. (Pte) Ltd	
- Sales	(9,137)
- Purchases	4,879
Alliance Innovative Solutions Pte Ltd	
- Sales	(14)
- Purchases	235
New Toyo Aluminium Paper Product Co. (Pte) Ltd	
- Purchases	292
New Toyo (Vietnam) Aluminium Paper Packaging Co. Ltd - Purchases	278

Toyoma Non-Carbon Paper Manufacturer Sdn Bhd - Rental of warehouse	468
Paper Base Converting Sdn Bhd	
- Sales	(228)
- Purchases	676
New Toyo Pulppy (Hong Kong) Ltd - Outsourcing of sales administrative and accounting work	197

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

a) Current Quarter against Previous Year Corresponding Quarter

Revenue

Group's revenue for the third quarter ended 30 September 2012 increased by 9.5% or RM9.7 million to RM111.3 million from RM101.6 million in the preceding year corresponding quarter. This growth was attributable to the increase in sales under a major customer's contract.

Significant change in accounting policies

With effect from 1 January 2012, the Group had converged to the MFRS accounting framework, which is equivalent to International Financial Reporting Standards (IFRS) framework issued by the International Accounting Standards Board (IASB). A major consequence of this transition to the MFRS framework was the change in the accounting policy, which was adopted with retrospective effect.

As a result of the above change in accounting policy, the comparative results for the 3rd quarter 2011 have been restated as follows:-

Profit before tax	3rd quarter ended 30 Sept 2011 RM'000
As previously stated	13,506
Effect of transition to MFRS	(56)
As restated	13,450

Profit before tax

Profit before tax of RM14.3 million for the third quarter ended 30 September 2012 was higher by RM0.8 million or 5.9% as compared to the preceding year corresponding quarter of RM13.5 million (restated).

The better results were driven by higher sales from the Group's gravure printing segment and efforts made to reduce administrative costs and increase in other income.

Performance of the respective operating business segments for the third quarter ended 30 September 2012 as compared to the preceding year corresponding quarter is analysed as follows:-

1. Printing – Pre-tax profit decreased by RM0.5 million or 4.7% to RM10.2 million, mainly due to weakening of market demands.

2. Trading – Pre-tax profit (before elimination of inter-segment profits) decreased by RM8.5 million or 55.2% to RM6.9 million mainly due to lower dividend received as compared to the preceding year corresponding quarter.

b) Current Year-to-date against Previous Year-to-date

Group's revenue for the nine months ended 30 September 2012 of RM314.6 million was RM24.0 million or 8.3% higher than the previous corresponding period of RM290.6 million.

Profit before tax for the nine months ended 30 September 2012 improved by RM5.4 million or 15.7% to RM39.8 million as compared to the previous corresponding period of RM34.4 million. This improvement was a result of higher revenue and lower operating cost. The first quarter 2012 results were impacted by a one-off provision of RM1.27 million performance bonuses as reported in the first quarter 2012 announcement.

1. Printing – Pre-tax profit increased by RM1.8 million or 7.1% to RM27.1 million, mainly due to continuing growth from our major customer's markets in the Asia Pacific.

2. Trading – Pre-tax profit (before elimination of inter-segment profits) decreased by RM4.3 million or 18.8% to RM18.6 million mainly due to lower dividend received.

For the current quarter under review, the Group has realigned and merged Gravure printing and Litho printing as one business segment as they are being controlled by the same management and the Board of Directors views it and review its financial information as a similar business segment.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's revenue increased from RM105.8 million to RM111.3 million or 5.2% as compared to the preceding quarter.

Profit before tax and non controlling interest was at RM14.3 million as compared to RM16.4 million for the preceding quarter, a decrease of RM2.1 million or 12.8%.

The profit reduction was mainly due to lower gross profit margin as a result of higher value raw-material used in the product mix. In addition, there was a foreign exchange loss of RM476,000 in the third quarter ended 30 September 2012 due to the depreciation of the USD against RM.

B3. Current Year Prospects

Despite the challenging operating environment, the industry that our key customers are involved in remains resilient.

In Australia, the Tobacco Plain Packaging Act 2011 received Royal Assent on 1 December 2011 and all tobacco companies are to supply plain packaging carrying graphic health warnings to the Australian tobacco effective 1 December 2012. The Tobacco Plain Packaging Act had been challenged by the international cigarette companies however this challenge was dismissed by the High Court in Australia on the 15^{th} of August 2012. The Group will continue to monitor closely with industry players on the above and does not expect any material financial or operational impact considering the late 2012 implementation date.

The Group continues to be exposed to the impact from foreign currency fluctuations from operations which will largely be mitigated by transacting in the operating units local currencies.

With the machine capacity investments completed in 2011, the Directors are of the opinion that the outlook for 2012 remains positive. The Group looks forward to stability in demand arising from key customers and at the same time actively pursuing for new market opportunities.

B4. Profit Forecast

None.

B5. Tax Expense

	3rd quarter ended 30 Sept		9 months ended 30 Sept	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax expense				
- Current year	3,168	1,976	7,977	6,042
- Prior year	4	-	4	(44)
Deferred tax	3,172	1,976	7,981	5,998
- Origination and reversal of temporary differences	(891)	435	(913)	474
- Prior year	-	-	-	34
	2,281	2,411	7,068	6,506

The Group's effective tax rate for the nine months ended 30 September 2012 was lower than the Malaysian statutory tax rate of 25% due to effects of lower tax rates in certain tax jurisdictions and effects of certain foreign sourced income which are not subject to tax during the financial year under review.

B6. Status of corporate proposals announced

The Group does not have any corporate proposal as at the date of this announcement.

B7. Borrowings and Debt Securities

	As at 30 Sept 2012		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Borrowings – Term Loans	3,126	-	3,126
Borrowings – Revolving Credits	6,405	5,707	12,112
Borrowings – Finance lease liabilities	6	-	6
Borrowings – Working Capital	2,561	34,946	37,507
Sub-totals	12,098	40,653	52,751
Long-term borrowings			
Borrowings – Revolving Credits	28,821	10,661	39,482
Borrowings – Finance lease liabilities	26	-	26
Sub-totals	28,847	10,661	39,508
Grand total	40,945	51,314	92,259

Secured short-term and long-term borrowings due to the banks were secured by inventories and tangible fixed assets of APT, shares of Anzpac Services (Australia) Pty. Ltd and assignment of future proceeds by MEIL from the disposal of land and buildings owned by Anzpac.

Group's borrowings in Ringgit Malaysia equivalent analysed by currencies in which the borrowings are denominated were as follows:-

	As at 30 Sept 2012	
	Long- term borrowings RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	26	10,006
Australian Dollar	28,821	6,405
United States Dollar	10,661	36,340
Total	39,508	52,751

B8. Derivatives

As at 30 September 2012, there were no forward foreign exchange contracts for purchases or sales.

B9. Changes in Material Litigation

As at the date of issuance of this quarterly report, the Company was not engaged in any material litigation.

B10. Dividends

The directors do not recommend any interim dividend for the current quarter under review (3^{rd} Quarter 2011: Nil). The directors had on 13 August 2012 declared an interim dividend of 8.52 sen gross per share less tax of 25% in respect of the financial year ending 31 December 2012 which will be paid on 6 November 2012 to the shareholders of the Company whose names appear on the register of members as at 10 October 2012.

B11. Earnings per share

a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders over the weighted average number of ordinary shares outstanding.

	9 months ended 30/09/2012	9 months ended 30/09/2011
	RM'000	RM'000
Profit attributable to equity holders of the Company	21,194	19,665
Weighted average number of ordinary shares in issue	96,495	96,495
Basic earnings per share (sen)	21.96	20.38

b) Diluted earnings per share

Not applicable for the Group.

B12. Retained Profits

Total retained profits of the Group and its subsidiaries:-

	As at 30/09/2012	As at 31/12/2011
	RM'000	RM'000
Realised	254,117	242,617
Unrealised	(14,962)	(7,609)
Total retained profits	239,155	235,008
Total share of retained profits of associate		
Realised	11,912	10,160
Unrealised	(704)	(586)
Total retained profits	11,208	9,574
Consolidated adjustments	(141,323)	(144,433)
Total retained profits	109,040	100,149

B13. Auditor's Report on Preceding Annual Financial Statements

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2011 was unqualified.

B14. Additional Disclosures

	Current Quarter Ended 30/09/2012	9 months Ended 30/09/2012
	RM'000	RM'000
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	1,037	3,095
Depreciation of property, plant and equipment	5,711	17,467
Inventories written off	346	391
Net foreign exchange loss	(393)	(303)
and after crediting:-		
Gain on disposal of property, plant and equipment	47	158

Other than the above, there was no impairment loss on trade receivables, gain or loss on disposal of quoted or unquoted securities or investments, gain or loss on derivatives and exceptional items included in the results for the current quarter and financial year ended 30 September 2012.