<u>Notes to the Interim Financial Statements for the quarter ended 31 March 2013</u>

A. EXPLANATORY NOTES PURSUANT TO MFRS 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 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2012 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2013. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements. The impact of the adoption is described in Note A2.1 below.

A2. Significant Accounting Policies

<u>A2.1 Adoption of standards, Amendments and IC Interpretations</u>

Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

The Group has adopted the amendments to MFRS 116 "Property, Plant and Equipment". The amendment clarify the classification of serving equipment such as spare parts, stand-by equipment and servicing equipment to be recognised as property, plant and equipment when the definition of property, plant and equipment is met. This includes the requirement for such items to be used over more than one year; otherwise, they are classified as inventory. In prior years, all spare parts are all classified as inventories and expensed as consumed.

Upon adoption of MFRS116, the Group has reclassified those spare parts that meet the definition of property, plant and equipment from inventory to property, plant and equipment.

Amendments to MFRS 101, Presentation of Financial Statements - Presentation of items of Other Comprehensive Income (Annual Improvements 2009-2011 Cycle)

The amendments to MFRS 101, Presentation of items of Other Comprehensive Income change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that would never be reclassified to profit or loss. The adoption of this amendment affects presentation only and has no impact on the Group's financial statements.

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 January 2014

- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities

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

- MFRS 9, Financial Instruments (2009 and 2010)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures

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 operations of the Group were not affected by seasonal or cyclical factors.

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

No dividend was paid during the three months ended 31 March 2013.

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 three months ended 31 March

	Printing		**Trading**		**Total**	
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenue						
External revenue	42,070	48,689	52,673	48,769	94,743	97,458
Inter-segment revenue	50,123	45,847	3,139	1,738	53,262	47,585
Total revenue	92,193	94,536	55,812	50,507	148,005	145,043
Segment profit	13,778	12,086	5,668	3,879	19,446	15,965
Segment assets	386,983	370,906	173,386	165,133	560,369	536,039

Reconciliation of reportable segment profit or loss	3 months ended 31/03/2013 RM'000	3 months ended 31/03/2012 RM'000
Total profit for reporting segments	19,446	15,965
Other non-reportable segments	(17)	(1,455)
Elimination of inter-segment profits	132	1,756
Not included in the measure of segment profit but provided to the Board of Directors		
Depreciation and amortization	(6,957)	(6,842)
Finance costs	(925)	(1,262)
Finance income	310	376
Share of profit of associate not included in reportable segments	1,031	585
Consolidated profit before tax	13,020	9,123

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 2 May 2013.

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 31 March 2013, 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 31 March 2013 was at AUD9.0 million.

As at 31 March 2013, the Company had provided unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries (excluding MEIL) of RM40,060,000 and USD17,616,000 of which RM15,084,000 and USD14,045,000 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

	3 months ended 31 Mar 2013 RM'000
Property, plant and equipment	
- Authorised but not contracted for	12,533
- Contracted but not provided for	4,772
	17,305

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.

	3 months ended 31 Mar 2013 RM '000
New Toyo International Holdings Ltd	
- Management fees	646
- Interest paid	30
New Toyo International Co. (Pte) Ltd	
- Sales	(4,340)
- Purchases	2,454
Alliance Innovative Solutions Pte Ltd	
- Sales	(5)
- Purchases	154
Toyoma Non-Carbon Paper Manufacturer Sdn Bhd	
- Rental of warehouse	163
Paper Base Converting Sdn Bhd	
- Purchases	1,067
New Toyo Pulppy (Hong Kong) Ltd	
- Outsourcing of sales administrative and accounting work	66

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

B1. Review of Performance

Current Quarter against Previous Year Corresponding Quarter

Revenue

For the first quarter ended 31 March 2013, the Group's revenue decreased by 2.9% or RM2.8 million to RM94.7 million from RM97.5 million for the corresponding quarter in 2012. Marginal reduction in revenue was due to phasing of demands from customers.

Profit before tax

Profit before tax for the first quarter ended 31 March 2013 stood at RM13.0 million was higher by RM3.9 million as compared to the preceding year corresponding quarter of RM9.1 million. The better results were due to improvement in cost of sales and operational efficiencies. There was a one-off provision of RM1.27 million in 2012 related to a performance bonus paid to the former Chief Executive Officer who retired on 31 December 2011.

Performance of the respective operating business segments for the first quarter ended 31 March 2013 as compared to the preceding year corresponding quarter is analysed as follows:-

1. Printing – Pre-tax profit increased by RM1.8 million or 28.6% to RM8.1 million, mainly due to improvement in cost of sales from better wastage and operational efficiencies.

2. Trading – Pre-tax profit (before elimination of inter-segment profits) increased by RM2.1 million or 63.6% to RM5.4 million mainly due to higher revenue and lower interest expense paid for long-term loan.

B2. Variation of Results against Preceding Quarter

For the current quarter under review, the Group's revenue increased from RM93.5 million to RM94.7 million or 1.3% as compared to the preceding quarter.

Profit before tax and non controlling interest was at RM13.0 million as compared to RM7.5 million for the preceding quarter, an increase of RM5.5 million or 73.3%.

The better profit was due to higher revenue and continuous improvement in operational efficiencies.

B3. Current Year Prospects

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

The Directors are of the opinion that the outlook for 2013 remains positive with potential for growth despite the easing of market demands globally. 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

	1st quarter ended 31 March		3 months ended 31 March	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax expense				
- Current year	1,527	1,501	1,527	1,501
- Prior year	-	-	-	-
	1,527	1,501	1,527	1,501
Deferred tax				
- Origination and reversal of temporary differences	318	269	318	269
- Prior year	-	-	-	-
	1,845	1,770	1,845	1,770

The Group's effective tax rate for the three months ended 31 March 2013 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 31 Mar 2013		
	RM'000 Secured	RM'000 Unsecured	RM'000 Total
Short-term borrowings			
Borrowings – Term Loans	1,921	-	1,921
Borrowings – Revolving Credits	6,461	6,252	12,713
Borrowings – Finance lease liabilities	6	-	6
Borrowings – Working Capital	4,380	43,851	48,231
Sub-totals	12,768	50,103	62,871
Long-term borrowings			
Borrowings – Revolving Credits	22,614	8,493	31,107
Borrowings – Finance lease liabilities	23	-	23
Sub-totals	22,637	8,493	31,130
Grand total	35,405	58,596	94,001

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 31 March 2013	
	Long- term borrowings RM'000	*Short-term borrowings* RM'000
Ringgit Malaysia	623	14,489
Australian Dollar	22,614	6,461
United States Dollar	7,893	41,921
Total	31,130	62,871

B8. Derivatives

As at 31 March 2013, 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 three months ended 31 March 2013.

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.

	3 months ended 31/03/2013 RM'000	3 months ended 31/03/2012 RM'000
Profit attributable to equity holders of the Company	7,635	4,020
Weighted average number of ordinary shares in issue	96,495	96,495
Basic earnings per share (sen)	7.91	4.17

b) Diluted earnings per share

Not applicable for the Group.

B12. Retained Profits

Total retained profits of the Group and its subsidiaries:-

	As at 31/03/2013 RM'000	As at 31/12/2012 RM'000
Realised	278,482	270,486
Unrealised	(29,111)	(32,096)
Total retained profits	249,371	238,390
Total share of retained profits of associate		
Realised	13,499	12,463
Unrealised	(618)	(614)
Total retained profits	12,881	11,849
Consolidated adjustments	(152,433)	(148,055)
Total retained profits	109,819	102,184

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 2012 was unqualified.

B14. Additional Disclosures

	Current Quarter Ended 31/03/2013 RM'000	3 months Ended 31/03/2013 RM'000
Profit for the period is arrived at after charging:-		
Amortisation of intangible assets	1,293	1,293
Depreciation of property, plant and equipment	5,664	5,664
Inventories written off	5	5
Loss on disposal of property, plant and equipment	2	2
and after crediting:-		
Reversal of impairment loss on trade receivables	371	371
Net foreign exchange gain	49	49

Other than the above, there was no 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 31 March 2013.