

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

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**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Continuing operations					
Revenue		20,270	21,213	20,270	21,213
Cost of sales		(16,220)	(16,921)	(16,220)	(16,921)
Gross profit		4,050	4,292	4,050	4,292
Operating expenses		(3,386)	(3,472)	(3,386)	(3,472)
Other operating income		298	71	298	71
Finance cost		(426)	(446)	(426)	(446)
Share of results in associate		(1)	(1)	(1)	(1)
Profit before taxation	B14	535	444	535	444
Taxation	B 6	(164)	(141)	(164)	(141)
Profit from continuing operations		371	303	371	303
Discontinued operations					
Gain/(Loss) from discontinued operation, net of tax		-	-	-	-
Profit for the period		371	303	371	303
Profit Attributable to:					
Owners of the parent		326	250	326	250
Non-controlling interest		45	53	45	53
		371	303	371	303
Basic earnings/(loss) per ordinary share (sen)					
From continuing operations	B16	0.30	0.23	0.30	0.23
From discontinued operation		-	-	-	-
		0.30	0.23	0.30	0.23
- Fully diluted (sen)		-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 March 2014

TOYO INK GROUP BERHAD
 (Company No. 590521 D)
 (Incorporated in Malaysia)

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Continuing operations				
Profit for the period	371	303	371	303
Translation reserve	-	(20)	-	(20)
	<u>371</u>	<u>283</u>	<u>371</u>	<u>283</u>
Discontinued operation				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>371</u>	<u>283</u>	<u>371</u>	<u>283</u>
Total comprehensive income attributable to:				
Owners of the parent	326	230	326	230
Non-controlling interest	45	53	45	53
	<u>371</u>	<u>283</u>	<u>371</u>	<u>283</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 March 2014

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	As At 30/06/2014 RM'000	As At 31/03/2014 RM'000 (Audited)
ASSETS			
Non Current Assets			
Property, plant and equipment	A 9	29,507	29,868
Investment in associate		482	482
Development expenditure		134,218	124,170
Goodwill on consolidation		17,496	17,496
		<u>181,703</u>	<u>172,016</u>
Current Assets			
Inventories		15,092	14,874
Trade and other receivables		23,498	22,753
Tax recoverable		290	349
Fixed deposits with licensed banks		18	18
Cash and bank balances		3,251	4,986
		<u>42,149</u>	<u>42,980</u>
TOTAL ASSETS		<u>223,852</u>	<u>214,996</u>
EQUITY AND LIABILITIES			
Share capital		98,868	98,868
Reserves		23,305	22,978
Total equity attributable to owners of the parent		<u>122,173</u>	<u>121,846</u>
Non-controlling interest		4,059	4,014
TOTAL EQUITY		<u>126,232</u>	<u>125,860</u>
Non Current Liabilities			
Hire purchase creditors		165	182
Long term borrowings	B8	2,217	2,260
Deferred tax liabilities		1,979	1,950
		<u>4,361</u>	<u>4,392</u>
Current Liabilities			
Trade and other payables		67,887	57,263
Amount owing to directors		235	220
Hire purchase creditors		618	795
Short term borrowings	B8	23,794	25,577
Tax liabilities		725	889
		<u>93,259</u>	<u>84,744</u>
TOTAL LIABILITIES		<u>97,620</u>	<u>89,136</u>
TOTAL EQUITY AND LIABILITIES		<u>223,852</u>	<u>214,996</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.14</u>	<u>1.14</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 March 2014

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014**
(The figures have not been audited)

	<--Attributable to Shareholders of the Company-->				Distributable Reserve		Total Equity RM '000
	<-Non-Distributable Reserves->				Retained Earnings RM '000	Non-Controlling Interest RM'000	
	Share Capital RM '000	Share Premium RM '000	Warrant reserve RM '000	Translation Reserve RM '000			
Balance as at 1 April 2013	42,800	4,321	-	196	19,038	3,932	70,287
Issuance of shares pursuant to Rights Issue	42,800	8,560		-	-	-	51,360
Issuance of shares pursuant to Bonus Issue	21,400	(12,881)		-	(8,519)	-	
Share issue expenses	-	-		-	(718)		(718)
Transfer to Warrants reserve	(8,132)		8,132				-
Total comprehensive income/(expense) for the period	-	-		(20)	250	53	283
Balance as at 30 June 2013	98,868	-	8,132	176	10,051	3,985	121,212
Balance as at 1 April 2014	98,868	-	8,132	153	14,692	4,014	125,860
Total comprehensive income/(expense) for the period	-	-	-	1	326	45	372
Balance as at 30 June 2014	98,868	-	8,132	154	15,018	4,059	126,232

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 March 2014

TOYO INK GROUP BERHAD
(Company No. 590521 D)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014
(The figures have not been audited)

	Current period to date ended	Corresponding period to date ended
	30/06/2014 RM'000	30/06/2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- Continuing operations	535	444
- Discontinued operation	-	-
	<u>535</u>	<u>444</u>
Adjustments for:		
Non-cash items	593	603
Interest income	(18)	(4)
Interest expense	426	426
Operating profit before working capital changes	<u>1,536</u>	<u>1,469</u>
Changes in working capital:		
Net changes in current assets	(976)	2,138
Net changes in current liabilities	10,638	(25,108)
Cash generated from/(in) operations	<u>11,198</u>	<u>(21,501)</u>
Tax refunded	116	90
Tax paid	(341)	(197)
Interest received	18	4
Interest paid	(426)	(426)
Translation reserve	-	(20)
Net cash from/(used in) operating activities	<u>10,565</u>	<u>(22,050)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	-
Acquisition of property, plant and equipment *	(232)	(1,289)
Development expenditure	(10,048)	(15,516)
Net cash used from/(in) investing activities	<u>(10,280)</u>	<u>(16,805)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(950)	(43)
Repayment from bankers acceptance and bills payable	-	(2,428)
Proceeds from issuance of shares	-	51,360
Share issue expenses	-	(718)
Payment from hire purchase creditors	(196)	(240)
Net cash (used in)/from financing activities	<u>(1,146)</u>	<u>47,931</u>
Net increase in cash and cash equivalents	<u>(861)</u>	<u>9,076</u>
Cash and cash equivalents at beginning of financial year	<u>(5,813)</u>	<u>(8,027)</u>
Cash and cash equivalents at end of financial quarter	<u>(6,674)</u>	<u>1,049</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,251	8,811
Fixed deposits with licensed banks	18	18
Bank overdraft	(9,943)	(7,780)
	<u>(6,674)</u>	<u>1,049</u>

* Acquisition of property, plant and equipment during the financial quarter are financed by:

	30/06/2014 RM'000	30/06/2013 RM'000
Mode of payments:		
Cash	232	1,289
Hire Purchase	-	-
	<u>232</u>	<u>1,289</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 March 2014

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2014

NOTES TO THE FINANCIAL REPORT

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

A1. Basic of Preparation

The unaudited interim financial statements, for the period ended 31 March 2015, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2014. For the periods up to and including the year ended 31 March 2014, the Group prepared its financial statement in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2013.

A2. Changes in Accounting Policies

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Company:

Effective for financial periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Effective for financial periods beginning on or after 1 January 2015

- Amendments to MFRS 9, *Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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. 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.

A10. Segmental Reporting**Current Year To Date 30 June 2014**

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	12,166	8,104	-		20,270
Inter-segment	4,700	497	-	(5,197)	-
Total revenue	16,866	8,601	-	(5,197)	20,270
Results					
Segment results	581	381	-	-	962
Finance costs	(221)	(205)	-	-	(426)
Share of results in associate		(1)			(1)
Taxation					(164)
Non-controlling interest					(45)
Net profit for the financial period					326
Other Information					
Segment assets	182,727	22,858	-	-	202,585
Associate					482
Unallocated corporate assets					17,785
Consolidated total assets					223,852
Segment liabilities	65,462	2,660	-	-	68,122
Unallocated corporate liabilities					29,498
Consolidated total liabilities					97,620
Capital expenditure	150	82	-	-	232
Depreciation/ amortization	504	75	-	-	579

Corresponding Year To Date 30 June 2013

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	12,772	8,441	-	-	21,213
Inter-segment	5,369	969	-	(6,338)	-
Total revenue	<u>18,141</u>	<u>9,410</u>	-	<u>(6,338)</u>	<u>21,213</u>
Results					
Segment results	388	503	-	-	891
Finance costs	(282)	(164)	-	-	(446)
Share of results in associate	-	(1)	-	-	(1)
Taxation					(141)
Non-controlling interest					(53)
Net profit for the financial period					<u>250</u>
Other Information					
Segment assets	160,429	21,704	-	-	182,133
Associate					483
Unallocated corporate assets					17,794
Consolidated total assets					<u>200,410</u>
Segment liabilities	48,485	3,468	-	-	51,953
Unallocated corporate liabilities					27,245
Consolidated total liabilities					<u>79,198</u>
Capital expenditure	1,283	6	-	-	1,289
Depreciation/ amortization	535	67	-	-	602

Geographical Segments

The Group's continuing operations are mainly production and sale of products in two principal geographical areas, Malaysia, Vietnam and Indonesia.

	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 June	30 June	30 June	30 June	30 June	30 June
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	19,300	20,753	198,233	178,821	113	36
Indonesia	970	460	4,778	3,775	119	1,253
Discontinued operation						
Vietnam	-	-	-	-	-	-
	<u>20,270</u>	<u>21,213</u>	<u>203,011</u>	<u>182,596</u>	<u>232</u>	<u>1,289</u>

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 changes in contingent liabilities or contingent assets since the last annual statements of financial position to the date of the report.

A14. Capital Commitments

	3 months ended 30 June 2014 RM'000	3 months ended 30 June 2013 RM'000
Approved and contracted but not provided for:		
Property, Plant & Machinery	<u>7,277</u>	<u>10,507</u>
Total	<u><u>7,277</u></u>	<u><u>10,507</u></u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the first financial quarter ended 30 June 2014 (“1Q 2015”), the Group registered a lower revenue of RM 20.27 million as compared to RM 21.21 million in the previous corresponding quarter ended 30 June 2013 (“1Q 2014”), a reduction of RM0.94 million (4.4%). The decrease in revenue was due to lower overall demand for goods and services from Manufacturing as well as Trading Segments.

Profit before tax was RM 0.54 million for 1Q 2015 compared to RM 0.44 million for 1Q 2014. The increase in profit before tax was mainly due to the better margin contributed by Manufacturing Segment for the current quarter.

B2 Review of Performance by segment

	Individual 30/06/2014 RM'000	Quarter 30/06/2013 RM'000	Cumulative 30/06/2014 RM'000	Quarter 30/06/2013 RM'000
External Revenue By Segment :				
Manufacturing	12,166	12,772	12,166	12,772
Trading	8,104	8,441	8,104	8,441
	20,270	21,213	20,270	21,213

The manufacturing segment contributed revenue of RM 12.17 million for 1Q 2015 compared to RM12.77 million in 1Q 2014. The lower revenue in the current quarter compared to the previous year corresponding quarter was due to lower demand from ink, metal and graphite parts and cut wires industry.

The trading segment contributed revenue of RM8.10 million for 1Q 2015 compared to RM 8.44 million in the previous year corresponding quarter. The lower revenue for the current quarter compared to the previous year corresponding quarter was due to the lower demand from graphic art, equipment for lithography and allied industries.

B3. Prospects

In view of the on-going market penetration strategy and continuous cost control management, the Board of Directors is confident of achieving encouraging performance for the financial year ending 31 March 2015.

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 Current quarter ended 30/06/2014 RM'000	QUARTER Corresponding quarter ended 30/06/2013 RM'000	CUMULATIVE Current year ended 30/06/2014 RM'000	QUARTER Corresponding year ended 30/06/2013 RM'000
Malaysia Income Tax				
-Provision for the period	(134)	(111)	(134)	(111)
Deferred Taxation				
-Provision for the period	(30)	(30)	(30)	(30)
	<u>(164)</u>	<u>(141)</u>	<u>(164)</u>	<u>(141)</u>

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:

	30/06/2014 RM'000	30/06/2013 RM'000
Short term borrowings		
Unsecured		
Bankers' acceptances	986	4,819
Bank overdrafts	1,826	3,894
	<u>2,812</u>	<u>8,713</u>
Secured		
Bankers' acceptances	12,640	9,887
Bank overdrafts	8,117	3,886
Term loan	225	187
	<u>20,982</u>	<u>13,960</u>
Long term borrowings		
Secured		
Term Loan	2,217	307
Total	<u>26,011</u>	<u>22,980</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. Realized/unrealized profit/(losses)

	30/06/2014	30/06/2013
	RM'000	RM'000
Total retained earnings of the Group:		
Realized	16,927	12,930
Unrealized	<u>(1,972)</u>	<u>(2,942)</u>
	14,955	9,988
Add: Consolidation adjustment	<u>63</u>	<u>63</u>
Total group retained profits as per consolidated financial statements	<u><u>15,018</u></u>	<u><u>10,051</u></u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 30 June 2014.

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 June 2014.

B14. Notes to the condensed consolidated Income Statement

Profit before taxation is arrived at after (charging)/crediting the following items:

	Individual /Cumulative
	quarter ended 30/06/2014
	RM'000
Other income	298
Interest expense	(426)
Depreciation of property, plant and equipment	(579)
Foreign exchange gain	129

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 30/06/2014 RM'000	QUARTER Corresponding quarter ended 30/06/2013 RM'000	CUMULATIVE Current year ended 30/06/2014 RM'000	QUARTER Corresponding year ended 30/06/2013 RM'000
Profit / (Loss) attributable to shareholders	326	250	326	250
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen) From continuing operations	0.30	0.23	0.30	0.23
	0.30	0.23	0.30	0.23

- ii. The Company does not have any dilutive potential ordinary shares as the fair value of the ordinary shares during the period less than the exercise price. Accordingly, the diluted earnings per share are not presented.

By Order of the Board,

Chow Chooi Yoong
Company Secretary

Dated 25 August 2014