

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

**QUARTERLY REPORT**

<b>CONTENTS</b>	<b>PAGES</b>
Condensed Consolidated Income Statements	1
Condensed Statements of Comprehensive Income	2
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Changes in Equity	4
Condensed Consolidated Cash Flow Statements	5
Notes to the Financial Report	6 - 14

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**  
(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
<b>Continuing operations</b>					
Revenue		20,681	23,056	40,952	44,269
Cost of sales		(16,889)	(18,168)	(33,110)	(35,089)
Gross profit		<u>3,792</u>	<u>4,888</u>	<u>7,842</u>	<u>9,180</u>
Operating expenses		(3,593)	(3,859)	(6,979)	(7,332)
Other operating income		483	104	781	174
Finance cost		(396)	(421)	(822)	(867)
Share of results in associate		<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Profit before taxation	B14	285	711	821	1,154
Taxation	B 6	<u>(71)</u>	<u>(208)</u>	<u>(235)</u>	<u>(349)</u>
Profit from continuing operations		214	503	586	805
<b>Discontinued operations</b>					
Gain/(Loss) from discontinued operation, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>214</u>	<u>503</u>	<u>586</u>	<u>805</u>
<b>Profit Attributable to:</b>					
Owners of the parent		348	490	676	739
Non-controlling interest		<u>(134)</u>	<u>13</u>	<u>(90)</u>	<u>66</u>
		<u>214</u>	<u>503</u>	<u>586</u>	<u>805</u>
<b>Basic earnings/(loss) per ordinary share (sen)</b>					
From continuing operations	B16	0.33	0.47	0.63	0.69
From discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>0.33</u>	<u>0.47</u>	<u>0.63</u>	<u>0.69</u>
- Fully diluted (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
<b>Continuing operations</b>				
Profit for the period	214	503	586	805
Translation reserve	20	(18)	-	(39)
	<u>234</u>	<u>485</u>	<u>586</u>	<u>766</u>
<b>Discontinued operation</b>				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u>234</u>	<u>485</u>	<u>586</u>	<u>766</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	368	472	676	700
Non-controlling interest	(134)	13	(90)	66
	<u>234</u>	<u>485</u>	<u>586</u>	<u>766</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 SEPTEMBER 2014**

	Note	As At 30/09/2014 RM'000	As At 31/03/2014 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	A 9	29,026	29,868
Investment in associate		482	482
Development expenditure		137,460	124,170
Goodwill on consolidation		17,496	17,496
		184,464	172,016
<b>Current Assets</b>			
Inventories		14,252	14,874
Trade and other receivables		23,467	22,753
Tax recoverable		462	349
Fixed deposits with licensed banks		18	18
Cash and bank balances		4,150	4,986
		42,349	42,980
<b>TOTAL ASSETS</b>		226,813	214,996
<b>EQUITY AND LIABILITIES</b>			
Share capital		98,868	98,868
Reserves		23,673	22,978
Total equity attributable to owners of the parent		122,541	121,846
Non-controlling interest		3,924	4,014
<b>TOTAL EQUITY</b>		126,465	125,860
<b>Non Current Liabilities</b>			
Hire purchase creditors		156	182
Long term borrowings	B8	2,084	2,260
Deferred tax liabilities		1,972	1,950
		4,212	4,392
<b>Current Liabilities</b>			
Trade and other payables		70,918	57,263
Amount owing to directors		246	220
Hire purchase creditors		482	795
Short term borrowings	B8	23,802	25,577
Tax liabilities		688	889
		96,136	84,744
<b>TOTAL LIABILITIES</b>		100,348	89,136
<b>TOTAL EQUITY AND LIABILITIES</b>		226,813	214,996
Net Assets Per Share Attributable to Owners of the Parent (RM)		1.15	1.14

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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**  
(The figures have not been audited)

	<--Attributable to Shareholders of the Company-->						
	<-Non-Distributable Reserves->				Distributable Reserve		Total Equity RM '000
	Share Capital RM '000	Share Premium RM '000	Warrant reserve RM '000	Translation Reserve RM '000	Retained Earnings RM '000	Non- Controlling Interest RM'000	
<b>Balance as at 1 April 2013</b>	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	-	-		(39)	739	66	766
<b>Balance as at 30 Sep 2013</b>	<b>98,868</b>	<b>-</b>	<b>8,132</b>	<b>157</b>	<b>10,540</b>	<b>3,998</b>	<b>121,695</b>
<b>Balance as at 1 April 2014</b>	<b>98,868</b>	<b>-</b>	<b>8,132</b>	<b>153</b>	<b>14,692</b>	<b>4,014</b>	<b>125,859</b>
Total comprehensive income/(expense) for the period	-	-	-	20	676	(90)	606
<b>Balance as at 30 Sep 2014</b>	<b>98,868</b>	<b>-</b>	<b>8,132</b>	<b>173</b>	<b>15,368</b>	<b>3,924</b>	<b>126,465</b>

**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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

	Current period to date ended	Corresponding period to date ended
	30/09/2014 RM'000	30/09/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation		
- Continuing operations	821	1,154
- Discontinued operation	-	-
	<u>821</u>	<u>1,154</u>
Adjustments for:		
Non-cash items	1,185	1,205
Interest income	-	(5)
Interest expense	772	828
<b>Operating profit before working capital changes</b>	<u>2,778</u>	<u>3,182</u>
<b>Changes in working capital:</b>		
Net changes in current assets	(110)	4,939
Net changes in current liabilities	13,668	(25,054)
<b>Cash generated from/(in) operations</b>	<u>16,336</u>	<u>(16,933)</u>
Tax refunded	154	441
Tax paid	(647)	(406)
Interest received	-	5
Interest paid	(772)	(828)
Translation reserve	4	(39)
<b>Net cash from/(used in) operating activities</b>	<u>15,075</u>	<u>(22,050)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	69	80
Acquisition of property, plant and equipment *	(415)	(1,657)
Development expenditure	(13,290)	(27,288)
<b>Net cash used from/(in) investing activities</b>	<u>(13,636)</u>	<u>(28,865)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(2)	(86)
Proceeds/(Repayment) from bankers acceptance and bills payable	(1,365)	(1,590)
Proceeds from issuance of shares	-	51,360
Share issue expenses	-	(718)
Payment from hire purchase creditors	(339)	(411)
<b>Net cash (used in)/from financing activities</b>	<u>(1,706)</u>	<u>48,555</u>
<b>Net increase in cash and cash equivalents</b>	<u>(267)</u>	<u>1,930</u>
<b>Cash and cash equivalents at beginning of financial year</b>	<u>(5,813)</u>	<u>(8,027)</u>
<b>Cash and cash equivalents at end of financial quarter</b>	<u>(6,080)</u>	<u>(6,097)</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	4,150	4,481
Fixed deposits with licensed banks	18	18
Bank overdraft	(10,248)	(10,596)
	<u>(6,080)</u>	<u>(6,097)</u>

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

	30/09/2014 RM'000	30/09/2013 RM'000
<b>Mode of payments:</b>		
Cash	415	1,289
Hire Purchase	-	-
	<u>415</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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 September 2014**

	<b>Manufacturing RM'000</b>	<b>Trading and investment holding RM'000</b>	<b>Discontinued Operation RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External	24,095	16,857	-		40,952
Inter-segment	8,503	683	-	(9,188)	-
Total revenue	<u>16,866</u>	<u>17,540</u>	-	<u>(9,188)</u>	<u>40,952</u>
<b>Results</b>					
Segment results	517	1,126	-	-	1,643
Finance costs	(411)	(411)	-	-	(822)
Share of results in associate		(1)			(1)
Taxation					(235)
Non-controlling interest					90
Net profit for the financial period					<u>676</u>
<b>Other Information</b>					
Segment assets	185,424	22,949	-	-	208,373
Associate					482
Unallocated corporate assets					17,958
Consolidated total assets					<u>226,812</u>
Segment liabilities	68,322	2,764	-	-	71,086
Unallocated corporate liabilities					29,560
Consolidated total liabilities					<u>100,346</u>
Capital expenditure	227	188	-	-	415
Depreciation/ amortization	981	160	-	-	1,141

## Corresponding Year To Date 30 September 2013

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External	27,974	16,295	-	-	44,269
Inter-segment	10,361	1,937	-	(12,298)	-
Total revenue	38,335	18,232	-	(12,298)	44,269
<b>Results</b>					
Segment results	1,448	573	-	-	2,021
Finance costs	(549)	(318)	-	-	(867)
Share of results in associate	-	-	-	-	-
Taxation					(349)
Non-controlling interest					(66)
Net profit for the financial period					739
<b>Other Information</b>					
Segment assets	164,425	22,021	-	-	186,446
Associate					483
Unallocated corporate assets					17,501
Consolidated total assets					204,430
Segment liabilities					52,008
Unallocated corporate liabilities					30,727
Consolidated total liabilities					82,735
Capital expenditure	1,512	145	-	-	1,657
Depreciation/ amortization	1,086	130	-	-	1,216

**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 30 Sep 2014 RM'000	YTD 30 Sep 2013 RM'000	YTD 30 Sep 2014 RM'000	YTD 30 Sep 2013 RM'000	YTD 30 Sep 2014 RM'000	YTD 30 Sep 2013 RM'000
<b>Continuing operations</b>						
Malaysia	39,271	43,302	204,442	182,735	296	306
Indonesia	1,681	967	4,413	4,194	119	1,351
<b>Discontinued operation</b>						
Vietnam	-	-	-	-	-	-
	<u>40,952</u>	<u>44,269</u>	<u>208,855</u>	<u>186,929</u>	<u>415</u>	<u>1,657</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**

	6 months ended 30 Sep 2014 RM'000	6 months ended 30 Sep 2013 RM'000
Approved and contracted but not provided for:		
Property, Plant & Machinery	<u>7,277</u>	<u>10,448</u>
Total	<u>7,277</u>	<u>10,448</u>

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

**B1. Review of Performance**

For the first financial quarter ended 30 September 2014 (“2Q 2015”), the Group registered a lower revenue of RM 20.68 million as compared to RM 23.06 million in the previous corresponding quarter ended 30 September 2013 (“2Q 2014”), a reduction of RM2.38 million (-10.3%). 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 0.29 million for 2Q 2015 compared to RM 0.71 million for 2Q 2014. The decrease in profit before tax was mainly due to the lower margin contributed by Manufacturing Segment for the current quarter.

**B2 Review of Performance by segment**

	<b>Individual 30/09/2014 RM’000</b>	<b>Quarter 30/09/2013 RM’000</b>	<b>Cumulative 30/09/2014 RM’000</b>	<b>Quarter 30/09/2013 RM’000</b>
<b>External Revenue By Segment :</b>				
Manufacturing	11,929	15,202	24,095	27,974
Trading	8,752	7,854	16,857	16,295
	20,681	23,056	40,952	44,269

The manufacturing segment contributed revenue of RM 11.93 million for 2Q 2015 compared to RM15.20 million in 2Q 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 RM8.75 million for 2Q 2015 compared to RM 7.85 million in the previous year corresponding quarter. The higher revenue for the current quarter compared to the previous year corresponding quarter was due to the higher 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**

	<b>INDIVIDUAL Current quarter ended 30/09/2014 RM'000</b>	<b>QUARTER Corresponding quarter ended 30/09/2013 RM'000</b>	<b>CUMULATIVE Current year ended 30/09/2014 RM'000</b>	<b>QUARTER Corresponding year ended 30/09/2013 RM'000</b>
<b>Malaysia Income Tax</b>				
-Provision for the period	(71)	(178)	(205)	(178)
<b>Deferred Taxation</b>				
-Provision for the period	-	(30)	(30)	(30)
	<u>(71)</u>	<u>(208)</u>	<u>(235)</u>	<u>(208)</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:

	<b>30/09/2014 RM'000</b>	<b>30/09/2013 RM'000</b>
<b>Short term borrowings</b>		
<b>Unsecured</b>		
Bankers' acceptances	1,275	4,968
Bank overdrafts	1,281	2,603
	<u>2,556</u>	<u>7,571</u>
<b>Secured</b>		
Bankers' acceptances	12,280	10,575
Bank overdrafts	8,967	7,992
Term loan	-	189
	<u>21,247</u>	<u>18,756</u>
<b>Long term borrowings</b>		
<b>Secured</b>		
Term Loan	2,097	261
<b>Total</b>	<u>25,900</u>	<u>26,588</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)**

	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group:		
Realized	17,351	13,236
Unrealized	<u>(2,046)</u>	<u>(2,759)</u>
	15,305	10,477
Add: Consolidation adjustment	<u>63</u>	<u>63</u>
Total group retained profits as per consolidated financial statements	<u><u>15,368</u></u>	<u><u>10,540</u></u>

**B12. Disclosures of derivatives**

There were no outstanding derivatives as at 30 September 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 September 2014.

**B14. Notes to the condensed consolidated Income Statement**

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

	<b>Individual</b>	<b>Cumulative</b>
	<b>quarter ended</b>	<b>quarter ended</b>
	<b>30/09/2014</b>	<b>30/09/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Other income	482	781
Interest expense	(396)	(822)
Depreciation of property, plant and equipment	(562)	(1,141)
Foreign exchange (loss)/ gain	(15)	114

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.

	<b>INDIVIDUAL</b> Current quarter ended <b>30/09/2014</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding quarter ended <b>30/09/2013</b> <b>RM'000</b>	<b>CUMULATIVE</b> Current year ended <b>30/09/2014</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding year ended <b>30/09/2013</b> <b>RM'000</b>
Profit / (Loss) attributable to shareholders	348	490	676	739
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	0.33	0.47	0.63	0.69

- 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 November 2014