

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

CONTENTS	PAGES
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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Note				
Continuing operations				
Revenue	18,462	20,270	18,462	20,270
Cost of sales	(14,665)	(16,220)	(14,665)	(16,220)
Gross profit	3,797	4,050	3,797	4,050
Operating expenses	(3,404)	(3,386)	(3,404)	(3,386)
Other operating income	107	298	107	298
Finance cost	(324)	(426)	(324)	(426)
Share of results in associate	(1)	(1)	(1)	(1)
Profit before taxation	B14 175	535	175	535
Taxation	B 6 (247)	(164)	(247)	(164)
Profit from continuing operations	(72)	371	(72)	371
Discontinued operations				
Gain/(Loss) from discontinued operation, net of tax	-	-	-	-
Profit for the period	(72)	371	(72)	371
Profit Attributable to:				
Owners of the parent	66	326	66	326
Non-controlling interest	(138)	45	(138)	45
	(72)	371	(72)	371
Basic earnings/(loss) per ordinary share (sen)				
From continuing operations	B16 0.06	0.30	0.06	0.30
From discontinued operation	-	-	-	-
	0.06	0.30	0.06	0.30
- 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 2015

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Continuing operations				
Profit for the period	(72)	371	(72)	371
Translation reserve		-	-	-
	<u>(72)</u>	<u>371</u>	<u>(72)</u>	<u>371</u>
Discontinued operation				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>(72)</u>	<u>371</u>	<u>(72)</u>	<u>371</u>
Total comprehensive income attributable to:				
Owners of the parent	66	326	66	326
Non-controlling interest	(138)	45	(138)	45
	<u>(72)</u>	<u>371</u>	<u>(72)</u>	<u>371</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 2015

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	As At 30/06/2015 RM'000	As At 31/03/2015 RM'000 (Audited)
ASSETS			
Non Current Assets			
Property, plant and equipment	A 9	35,481	35,985
Investment in associate		482	482
Development expenditure		160,239	150,776
Goodwill on consolidation		17,496	17,496
		<u>213,698</u>	<u>204,739</u>
Current Assets			
Inventories		13,360	12,996
Trade and other receivables		23,108	21,699
Tax recoverable		31	140
Fixed deposits with licensed banks		19	19
Cash and bank balances		3,273	2,992
		<u>39,791</u>	<u>37,846</u>
TOTAL ASSETS		<u>253,489</u>	<u>242,585</u>
EQUITY AND LIABILITIES			
Share capital		98,868	98,868
Reserves		23,640	23,584
Total equity attributable to owners of the parent		<u>122,508</u>	<u>122,452</u>
Non-controlling interest		3,503	3,641
TOTAL EQUITY		<u>126,011</u>	<u>126,093</u>
Non Current Liabilities			
Hire purchase creditors		106	122
Long term borrowings	B8	8,046	8,120
Deferred tax liabilities		1,596	1,596
		<u>9,748</u>	<u>9,838</u>
Current Liabilities			
Trade and other payables		97,261	85,109
Amount owing to directors		331	278
Hire purchase creditors		72	82
Short term borrowings	B8	18,946	20,286
Tax liabilities		1,120	899
		<u>117,730</u>	<u>106,654</u>
TOTAL LIABILITIES		<u>127,478</u>	<u>116,492</u>
TOTAL EQUITY AND LIABILITIES		<u>253,489</u>	<u>242,585</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 2015

TOYO INK GROUP BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**

(The figures have not been audited)

	<--Attributable to Shareholders of the Company-->				Distributable		Total Equity RM '000
	<-Non-Distributable Reserves->				Reserve		
	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	
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
Balance as at 1 April 2014	98,868	-	8,132	137	15,315	3,641	126,093
Total comprehensive income/(expense) for the period	-	-	-	(10)	66	(138)	(82)
Balance as at 30 June 2015	98,868	-	8,132	127	15,381	3,503	126,011

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 2015

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015
(The figures have not been audited)

	Current period to date ended	Corresponding period to date ended
	30/06/2015 RM'000	30/06/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	175	535
Adjustments for:		
Non-cash items	593	593
Interest income	-	(18)
Interest expense	322	426
Operating profit before working capital changes	<u>1,090</u>	<u>1,536</u>
Changes in working capital:		
Net changes in current assets	(1,772)	(976)
Net changes in current liabilities	12,257	10,638
Cash generated from/(in) operations	<u>11,575</u>	<u>11,198</u>
Tax refunded	113	116
Tax paid	(286)	(341)
Interest received	-	18
Interest paid	(322)	(426)
Translation reserve	-	-
Net cash from/(used in) operating activities	<u>11,080</u>	<u>10,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	37	-
Acquisition of property, plant and equipment *	(30)	(232)
Development expenditure	(9,463)	(10,048)
Net cash used from/(in) investing activities	<u>(9,456)</u>	<u>(10,280)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(825)	(950)
Proceeds/(Repayment) of term loans	100	-
Payment from hire purchase creditors	(25)	(196)
Net cash (used in)/from financing activities	<u>(750)</u>	<u>(1,146)</u>
Net increase in cash and cash equivalents	<u>874</u>	<u>(861)</u>
Cash and cash equivalents at beginning of financial year	<u>(5,290)</u>	<u>(5,813)</u>
Cash and cash equivalents at end of financial quarter	<u>(4,416)</u>	<u>(6,674)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,273	3,251
Fixed deposits with licensed banks	19	18
Bank overdraft	(7,708)	(9,943)
	<u>(4,416)</u>	<u>(6,674)</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	30/06/2015 RM'000	30/06/2014 RM'000
Mode of payments:		
Cash	30	232
Hire Purchase	-	-
	<u>30</u>	<u>232</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 2015

TOYOINK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015

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 30 June 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 2015. For the periods up to and including the year ended 31 March 2016, 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 2014.

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:

- FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- FRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs Annual Improvements to MFRSs 2012 - 2014 Cycle

A2. Changes in Accounting Policies (continued)

The adoption of the above amendments to published standards and interpretations does not give rise to any material effects to the Group.

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 Paid

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 2015

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	15,232	3,230			18,462
Inter-segment	2,383	442		(2,825)	-
Total revenue	17,615	3,672		(2,825)	18,462
Results					
Segment results	853	(353)			500
Finance costs	(180)	(144)			(324)
Share of results in associate		(1)			(1)
Taxation					(247)
Non-controlling interest					138
Net profit for the financial period					66
Other Information					
Segment assets	217,688	17,791	-	-	235,480
Associate					481
Unallocated corporate assets					16,416
Consolidated total assets					252,377
Segment liabilities	95,113	2,489	-	-	97,602
Unallocated corporate liabilities					30,987
Consolidated total liabilities					128,589
Capital expenditure	27	3			30
Depreciation/ amortization	460	39			499

Corresponding 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)
Netprofit 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

Geographical Segments

The Group's continuing operations are mainly production and sale of products in three 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 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	18,167	19,300	231,371	198,233	11	113
Indonesia	295	970	4,160	4,778	19	119
Vietnam	-	-	-	-	-	-
Discontinued operation						
Vietnam	-	-	-	-	-	-
	<u>18,462</u>	<u>20,270</u>	<u>235,531</u>	<u>203,011</u>	<u>30</u>	<u>232</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 2015 RM'000	3 months ended 30 June 2014 RM'000
Approved and contracted but not provided for:		
Property, Plant & Machinery	-	7,277
Total	<u>-</u>	<u>7,277</u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the first financial quarter ended 30 June 2015 (“1Q 2016”), the Group registered a lower revenue of RM 18.46 million as compared to RM 20.27 million in the previous corresponding quarter ended 30 June 2014 (“1Q 2015”), a decreased of 8.9% (RM 1.81 million).

Profit before tax was RM 0.16 million for 1Q 2016 compared to RM 0.54 million for 1Q 2015. The decrease in profit before tax by RM0.38 million (70%) was mainly due to lower contribution as a result from lower revenue achieved in current quarter as compared to 1Q 2015.

B2. Review of Performance by segment

	Individual 30/06/2015 RM'000	Quarter 30/06/2014 RM'000	Cumulative 30/06/2015 RM'000	Quarter 30/06/2014 RM'000
External Revenue By Segment :				
Manufacturing	15,232	12,166	15,232	12,166
Trading	3,230	8,104	3,230	8,104
	18,462	20,270	18,462	20,270

The manufacturing segment contributed revenue of RM 15.23 million for 1Q 2016 compared to RM12.17 million in 1Q 2015. The higher revenue in the current quarter compared to the previous year corresponding quarter was due to higher demand from ink, metal and graphite parts and cut wires industry.

The trading segment contributed revenue of RM3.23 million for 1Q 2016 compared to RM 8.10 million in the previous year corresponding quarter. 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 2016.

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 30/06/2015 RM'000	QUARTER Corresponding quarter ended 30/06/2014 RM'000	CUMULATIVE Current year to date ended 30/06/2015 RM'000	QUARTER Corresponding year to date ended 30/06/2014 RM'000
Malaysia Income Tax				
-Provision for the period	(247)	(134)	(247)	(134)
Vietnam Income Tax				
-Reversal for Over provision made in prior year	-	-	-	-
Deferred Taxation				
-Provision for the period		(30)		(30)
	(247)	(164)	(247)	(164)

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:

	30/06/2015 RM'000	30/06/2014 RM'000
Short term borrowings		
Unsecured		
Bankers' acceptances	-	986
Bank overdrafts	320	1,826
	320	2,812
Secured		
Bankers' acceptances	8,950	12,640
Bank overdrafts	7,388	8,117
Term loan	2,239	225
	18,577	20,982
Long term borrowings		
Secured		
Term Loan	8,095	2,217
Total	26,992	26,011

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)

	30/06/2015	30/06/2014
	RM'000	RM'000
Total retained earnings of the Group:		
Realized	17,049	16,927
Unrealized	(1,731)	(1,972)
	<u>15,318</u>	<u>14,955</u>
Add: Consolidation adjustment	63	63
Total group retained profits as per consolidated financial statements	<u>15,381</u>	<u>15,018</u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 30 June 2015.

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 2015.

B14. Notes to the condensed consolidated Income Statement

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

	Individual /Cumulative
	quarter ended 30/06/2015
	RM'000
Other income	(107)
Interest expense	324
Depreciation of property, plant and equipment	499
Foreign exchange (gain)/loss	80

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 30/06/2015 RM'000	QUARTER Corresponding quarter ended 30/06/2014 RM'000	CUMULATIVE Current year to date ended 30/06/2015 RM'000	QUARTER Corresponding year to date ended 30/06/2014 RM'000
Profit / (Loss) attributable to shareholders	66	326	66	326
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	0.06	0.30	0.06	0.30

- 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,

Andrea Huong Jia Mei
Company Secretary

Dated 28 August 2015