

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

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
<b>Continuing operations</b>					
Revenue		19,039	20,681	37,468	40,952
Cost of sales		(15,986)	(16,889)	(30,650)	(33,110)
Gross profit		<u>3,053</u>	<u>3,792</u>	<u>6,818</u>	<u>7,842</u>
Operating expenses		(3,549)	(3,593)	(6,956)	(6,979)
Other operating income		500	483	640	781
Finance cost		(413)	(396)	(737)	(822)
Share of results in associate		(1)	(1)	(1)	(1)
Profit before taxation	B14	(410)	285	(236)	821
Taxation	B 6	<u>(82)</u>	<u>(71)</u>	<u>(329)</u>	<u>(235)</u>
Profit from continuing operations		(492)	214	(565)	586
<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>(492)</u>	<u>214</u>	<u>(565)</u>	<u>586</u>
<b>Profit Attributable to:</b>					
Owners of the parent		(384)	348	(319)	676
Non-controlling interest		<u>(108)</u>	<u>(134)</u>	<u>(246)</u>	<u>(90)</u>
		<u>(492)</u>	<u>214</u>	<u>(565)</u>	<u>586</u>
<b>Basic earnings/(loss) per ordinary share (sen)</b>					
From continuing operations	B16	(0.36)	0.33	(0.30)	0.63
From discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(0.36)</u>	<u>0.33</u>	<u>(0.30)</u>	<u>0.63</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 2015

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015**

		As At 30/09/2015 RM'000	As At 31/03/2015 RM'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	A 9	36,957	35,985
Investment in associate		481	482
Development expenditure		195,001	150,776
Goodwill on consolidation		17,496	17,496
		249,935	204,739
<b>Current Assets</b>			
Inventories		13,762	12,996
Trade and other receivables		20,678	21,699
Tax recoverable		59	140
Fixed deposits with licensed banks		19	19
Cash and bank balances		5,186	2,992
		39,704	37,846
<b>TOTAL ASSETS</b>		289,639	242,585
<b>EQUITY AND LIABILITIES</b>			
Share capital		98,868	98,868
Reserves		23,285	23,584
Total equity attributable to owners of the parent		122,153	122,452
Non-controlling interest		3,395	3,641
<b>TOTAL EQUITY</b>		125,548	126,093
<b>Non Current Liabilities</b>			
Hire purchase creditors		95	122
Long term borrowings	B8	8,083	8,120
Deferred tax liabilities		1,596	1,596
		9,774	9,838
<b>Current Liabilities</b>			
Trade and other payables		133,553	85,109
Amount owing to directors		394	278
Hire purchase creditors		61	82
Short term borrowings	B8	19,561	20,286
Tax liabilities		748	899
		154,317	106,654
<b>TOTAL LIABILITIES</b>		164,091	116,492
<b>TOTAL EQUITY AND LIABILITIES</b>		289,639	242,585
Net Assets Per Share Attributable to Owners of the Parent (RM)			
		1.14	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 2015

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015**  
 (The figures have not been audited)

	<--Attributable to Shareholders of the Company-->						
	<-Non-Distributable Reserves->				Distributable 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	Total Equity RM '000
<b>Balance as at 1 April 2014</b>	98,868	-	8,132	153	14,692	4,014	125,859
Total comprehensive income/(expense) for the period	-	-	-	20	676	(90)	606
<b>Balance as at 30 September 2014</b>	98,868	-	8,132	173	15,368	3,924	126,465
<b>Balance as at 1 April 2014</b>	98,868	-	8,132	137	15,315	3,641	126,093
Total comprehensive income/(expense) for the period	-	-	-	20	(319)	(246)	(545)
<b>Balance as at 30 September 2015</b>	98,868	-	8,132	157	14,996	3,395	125,548

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



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

	Current period to date ended 30/09/2015 RM'000	Corresponding period to date ended 30/09/2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(236)	821
Adjustments for:		
Non-cash items	1,025	1,185
Interest income	-	-
Interest expense	732	772
<b>Operating profit before working capital changes</b>	<u>1,521</u>	<u>2,778</u>
<b>Changes in working capital:</b>		
Net changes in current assets	256	(110)
Net changes in current liabilities	48,566	13,668
<b>Cash generated from/(in) operations</b>	<u>50,343</u>	<u>16,336</u>
Tax refunded	113	154
Tax paid	(516)	(647)
Interest received	-	-
Interest paid	(732)	(772)
Translation reserve	43	4
<b>Net cash from/(used in) operating activities</b>	<u>49,251</u>	<u>15,075</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	37	69
Acquisition of property, plant and equipment *	(2,055)	(415)
Development expenditure	(44,225)	(13,290)
<b>Net cash used from/(in) investing activities</b>	<u>(46,243)</u>	<u>(13,636)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	346	(2)
Proceeds/(Repayment) from bankers acceptance and bills payable	(654)	(1,365)
Proceeds from issuance of shares	-	-
Share issue expenses	-	-
Payment from hire purchase creditors	(48)	(339)
<b>Net cash (used in)/from financing activities</b>	<u>(356)</u>	<u>(1,706)</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,652</u>	<u>(267)</u>
<b>Cash and cash equivalents at beginning of financial year</b>	<u>(5,290)</u>	<u>(5,813)</u>
<b>Cash and cash equivalents at end of financial quarter</b>	<u>(2,638)</u>	<u>(6,080)</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	5,186	4,150
Fixed deposits with licensed banks	19	18
Bank overdraft	(7,843)	(10,248)
	<u>(2,638)</u>	<u>(6,080)</u>

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

	30/09/2014 RM'000	30/09/2014 RM'000
<b>Mode of payments:</b>		
Cash	2,055	415
Hire Purchase	-	-
	<u>2,055</u>	<u>415</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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015**

		As At 30/09/2015 RM'000	As At 31/03/2015 RM'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	A 9	36,957	35,985
Investment in associate		481	482
Development expenditure		195,001	150,776
Goodwill on consolidation		17,496	17,496
		<u>249,935</u>	<u>204,739</u>
<b>Current Assets</b>			
Inventories		13,762	12,996
Trade and other receivables		20,678	21,699
Tax recoverable		59	140
Fixed deposits with licensed banks		19	19
Cash and bank balances		5,186	2,992
		<u>39,704</u>	<u>37,846</u>
<b>TOTAL ASSETS</b>		<u>289,639</u>	<u>242,585</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		98,868	98,868
Reserves		23,285	23,584
Total equity attributable to owners of the parent		<u>122,153</u>	<u>122,452</u>
Non-controlling interest		3,395	3,641
<b>TOTAL EQUITY</b>		<u>125,548</u>	<u>126,093</u>
<b>Non Current Liabilities</b>			
Hire purchase creditors		95	122
Long term borrowings	B8	8,083	8,120
Deferred tax liabilities		1,596	1,596
		<u>9,774</u>	<u>9,838</u>
<b>Current Liabilities</b>			
Trade and other payables		133,553	85,109
Amount owing to directors		394	278
Hire purchase creditors		61	82
Short term borrowings	B8	19,561	20,286
Tax liabilities		748	899
		<u>154,317</u>	<u>106,654</u>
<b>TOTAL LIABILITIES</b>		<u>164,091</u>	<u>116,492</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>289,639</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**

(Company No. 590521 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT**

**FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 September 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 Sep 2015

	<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	29,937	7,530			37,468
Inter-segment	4,393	815		(5,207)	-
<b>Total revenue</b>	<b>34,330</b>	<b>8,345</b>		<b>(5,207)</b>	<b>37,468</b>
<b>Results</b>					
Segment results	1,219	(717)			502
Finance costs	(465)	(272)			(737)
Share of results in associate		(1)			(1)
Taxation					(329)
Non-controlling interest					246
<b>Net loss for the financial period</b>					<b>(319)</b>
<b>Other Information</b>					
Segment assets	255,285	16,319	-	-	271,604
Associate					481
Unallocated corporate assets					17,555
<b>Consolidated total assets</b>					<b>289,640</b>
Segment liabilities	132,490	1,458	-	-	133,948
Unallocated corporate liabilities					30,143
<b>Consolidated total liabilities</b>					<b>164,091</b>
Capital expenditure	2,051	4			2,055
Depreciation/ amortization	902	172			1,074

## Corresponding Year To Date 30 Sep 2014

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External	24,095	16,857	-		40,952
Inter-segment	8,503	683	-	(9,188)	-
Total revenue	16,866	17,540	-	(9,188)	40,952
<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					676
<b>Other Information</b>					
Segment assets	185,424	22,949	-	-	208,373
Associate					482
Unallocated corporate assets					17,958
Consolidated total assets					226,812
Segment liabilities	68,322	2,764	-	-	71,086
Unallocated corporate liabilities					29,560
Consolidated total liabilities					100,346
Capital expenditure	227	188	-	-	415
Depreciation/ amortization	981	160	-	-	1,141

### 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 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>						
Malaysia	36,403	39,271	267,963	204,442	2,036	296
Indonesia	720	1,681	4,121	4,413	19	119
Vietnam	345	-	-	-	-	-
	<u>37,468</u>	<u>40,952</u>	<u>272,084</u>	<u>208,855</u>	<u>2,055</u>	<u>415</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 2015 RM'000	6 months ended 30 Sep 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 second financial quarter ended 30 September 2015 (“2Q 2016”), the Group registered a lower revenue of RM 19.04 million as compared to RM 20.68 million in the previous corresponding quarter ended 30 September 2014 (“2Q 2015”), a decreased of 7.9% (RM 1.64 million).

Loss before tax was RM 0.24 million for 2Q 2016 as compared to profit before tax of RM 0.82 million for 2Q 2015. The decrease in profit before tax by RM1.06 million (129%) was mainly due to lower contribution as a result from lower revenue achieved in current quarter as compared to 2Q 2015.

**B2 Review of Performance by segment**

	<b>Individual 30/09/2015 RM'000</b>	<b>Quarter 30/09/2014 RM'000</b>	<b>Cumulative 30/09/2015 RM'000</b>	<b>Quarter 30/09/2014 RM'000</b>
<b>External Revenue By Segment :</b>				
Manufacturing	12,922	11,929	29,937	24,095
Trading	6,117	8,752	7,564	16,857
	19,039	20,681	37,501	40,952

The manufacturing segment contributed revenue of RM 12.92 million for 2Q 2016 compared to RM11.93 million in 2Q 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 RM6.17 million for 2Q 2016 compared to RM 8.75 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 Electrical Discharge Machining tools in the mould and die market and semiconductor industry and 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**

	<b>INDIVIDUAL Current quarter ended 30/09/2015 RM'000</b>	<b>QUARTER Corresponding quarter ended 30/09/2014 RM'000</b>	<b>CUMULATIVE Current year to date ended 30/09/2015 RM'000</b>	<b>QUARTER Corresponding year to date ended 30/09/2014 RM'000</b>
<b>Malaysia Income Tax</b>				
-Provision for the period	(82)	(71)	(329)	(205)
<b>Vietnam Income Tax</b>				
-Reversal for Over provision made in prior year	-	-	-	-
<b>Deferred Taxation</b>				
-Provision for the period	-	-	-	(30)
	<u>(82)</u>	<u>(71)</u>	<u>(329)</u>	<u>(235)</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>30/09/2015 RM'000</b>	<b>30/09/2014 RM'000</b>
<b>Short term borrowings</b>		
<b>Unsecured</b>		
Bankers' acceptances	-	1,275
Bank overdrafts	-	1,281
	<u>-</u>	<u>2,556</u>
<b>Secured</b>		
Bankers' acceptances	10,980	12,280
Bank overdrafts	7,843	8,967
Term loan	737	-
	<u>19,561</u>	<u>21,247</u>
<b>Long term borrowings</b>		
<b>Secured</b>		
Term Loan	8,083	2,097
Total	<u>27,644</u>	<u>25,900</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>30/09/2015</b>	<b>30/09/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group:		
Realized	16,528	17,351
Unrealized	(1,595)	(2,046)
	<u>14,933</u>	<u>15,305</u>
Add: Consolidation adjustment	63	63
Total group retained profits as per consolidated financial statements	<u>14,996</u>	<u>15,368</u>

**B12. Disclosures of derivatives**

There were no outstanding derivatives as at 30 September 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 September 2015.

**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>30/09/2015</b>	<b>30/09/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Other income	500	607
Interest expense	(413)	(737)
Depreciation of property, plant and equipment	(1,074)	(1,074)
Foreign exchange (loss)/ gain	(214)	(294)

**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>30/09/2015</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding quarter ended <b>30/09/2014</b> <b>RM'000</b>	<b>CUMULATIVE</b> Current year to date ended <b>30/09/2015</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding year to date ended <b>30/09/2014</b> <b>RM'000</b>
Profit / (loss) attributable to shareholders	(384)	348	(319)	676
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	(0.36)	0.33	(0.30)	0.63

- 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 27 November 2015