

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

QUARTERLY REPORT

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2015
 (The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Continuing operations					
Revenue		23,360	20,612	60,828	61,564
Cost of sales		(17,914)	(15,942)	(48,564)	(49,052)
Gross profit		<u>5,446</u>	<u>4,670</u>	<u>12,264</u>	<u>12,512</u>
Operating expenses		(3,352)	(2,754)	(10,308)	(9,734)
Other operating income		(617)	(139)	23	641
Finance cost		(401)	(426)	(1,137)	(1,247)
Share of results in associate		<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Profit before taxation	B14	1,075	1,350	841	2,171
Taxation	B 6	<u>(591)</u>	<u>(647)</u>	<u>(921)</u>	<u>(883)</u>
Profit from continuing operations		484	703	(80)	1,288
Discontinued operations					
Gain/(Loss) from discontinued operation, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>484</u>	<u>703</u>	<u>(80)</u>	<u>1,288</u>
Profit Attributable to:					
Owners of the parent		568	798	250	1,473
Non-controlling interest		<u>(84)</u>	<u>(95)</u>	<u>(330)</u>	<u>(185)</u>
		<u>484</u>	<u>703</u>	<u>(80)</u>	<u>1,288</u>
Basic earnings/(loss) per ordinary share (sen)					
From continuing operations	B16	0.53	0.75	0.23	1.38
From discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>0.53</u>	<u>0.75</u>	<u>0.23</u>	<u>1.38</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

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

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2015
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Continuing operations				
Profit for the period	484	703	(80)	1,288
Translation reserve		20		-
	<u>484</u>	<u>723</u>	<u>(80)</u>	<u>1,288</u>
Discontinued operation				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>484</u>	<u>723</u>	<u>(80)</u>	<u>1,288</u>
Total comprehensive income attributable to:				
Owners of the parent	568	857	250	1,378
Non-controlling interest	(84)	(134)	(330)	(90)
	<u>484</u>	<u>723</u>	<u>(80)</u>	<u>1,288</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 31 DECEMBER 2015

		As At 31/12/2015 RM'000	As At 31/03/2015 RM'000 (Audited)
ASSETS	Note		
Non Current Assets			
Property, plant and equipment	A 9	36,992	35,985
Investment in associate		481	482
Development expenditure		225,122	150,776
Goodwill on consolidation		17,496	17,496
		<u>280,091</u>	<u>204,739</u>
Current Assets			
Inventories		13,704	12,996
Trade and other receivables		23,815	21,699
Tax recoverable		170	140
Fixed deposits with licensed banks		19	19
Cash and bank balances		3,779	2,992
		<u>41,487</u>	<u>37,846</u>
TOTAL ASSETS		<u>321,578</u>	<u>242,585</u>
EQUITY AND LIABILITIES			
Share capital		98,868	98,868
Reserves		23,992	23,584
Total equity attributable to owners of the parent		<u>122,860</u>	<u>122,452</u>
Non-controlling interest		3,311	3,641
TOTAL EQUITY		<u>126,171</u>	<u>126,093</u>
Non Current Liabilities			
Hire purchase creditors		82	122
Long term borrowings	B8	8,431	8,120
Deferred tax liabilities		1,685	1,596
		<u>10,198</u>	<u>9,838</u>
Current Liabilities			
Trade and other payables		165,823	85,109
Amount owing to directors		170	278
Hire purchase creditors		57	82
Short term borrowings	B8	18,421	20,286
Tax liabilities		738	899
		<u>185,209</u>	<u>106,654</u>
TOTAL LIABILITIES		<u>195,407</u>	<u>116,492</u>
TOTAL EQUITY AND LIABILITIES		<u>321,578</u>	<u>242,585</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.15</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)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2015
 (The figures have not been audited)

	<-Attributable to Shareholders of the Company-->						
	<-Non-Distributable Reserves->				Distributable Reserve	Non-Controlling Interest	Total Equity
	Share Capital	Share Premium	Warrant reserve	Translation Reserve	Retained Earnings	Interest	Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM'000	RM '000
Balance as at 1 April 2014	98,868	-	8,132	153	14,692	4,014	125,859
Total comprehensive income/(expense) for the period	-	-	-	7	1,473	(185)	1,295
Balance as at 31 December 2014	98,868	-	8,132	160	16,165	3,829	127,154
Balance as at 1 April 2015	98,868	-	8,132	137	15,315	3,641	126,093
Total comprehensive income/(expense) for the period				158	250	(330)	78
Balance as at 31 December 2015	98,868	-	8,132	295	15,565	3,311	126,171

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)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2015
(The figures have not been audited)

	Current period to date ended 31/12/2015 RM'000	Corresponding period to date ended 31/12/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	841	2,171
Adjustments for:		
Non-cash items	1,372	1,772
Interest income	-	-
Interest expense	(1,137)	(1,247)
Operating profit before working capital changes	1,076	2,696
Changes in working capital:		
Net changes in current assets	3,042	329
Net changes in current liabilities	74,831	21,655
Cash generated from/(in) operations	78,949	24,680
Tax refunded	125	153
Tax paid	(1,008)	(959)
Interest received	-	-
Interest paid	1,137	1,247
Translation reserve	(71)	(10)
Net cash from/(used in) operating activities	79,132	25,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	228	83
Acquisition of property, plant and equipment *	(2,606)	(865)
Development expenditure	(74,346)	(19,012)
Net cash used from/(in) investing activities	(76,724)	(19,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(5,801)	(3,965)
Proceeds/(Repayment) from bankers acceptance and bills payable	4,736	-
Dividend paid to minority shareholders of a subsidiary	-	(110)
Payment from hire purchase creditors	(64)	(749)
Net cash (used in)/from financing activities	(1,129)	(4,824)
Net increase in cash and cash equivalents	1,279	493
Cash and cash equivalents at beginning of financial year	(5,290)	(5,813)
Cash and cash equivalents at end of financial quarter	(4,011)	(5,320)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,779	3,895
Fixed deposits with licensed banks	19	19
Bank overdraft	(7,809)	(9,234)
	(4,011)	(5,320)

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

	30/09/2014 RM'000	30/09/2014 RM'000
Mode of payments:		
Cash	2,606	809
Hire Purchase	-	56
	2,606	865

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

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TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FIRST FINANCIAL QUARTER ENDED 31 DECEMBER 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 31 December 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.

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A10. Segmental Reporting

Current Year To Date 31 Dec 2015

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	48,083	12,745	-	-	60,828
Inter-segment	7,091	1,466	-	(8,557)	-
Total revenue	55,174	14,211	-	(8,557)	60,828
Results					
Segment results	2,599	(620)			1,979
Finance costs	(753)	(384)			(1,137)
Share of results in associate		(1)			(1)
Taxation					(921)
Non-controlling interest					330
Net profit/(loss) for the financial period					250
Other Information					
Segment assets	286,221	17,211	-	-	303,432
Associate					481
Unallocated corporate assets					17,666
Consolidated total assets					321,579
Segment liabilities	164,144	1,848	-	-	165,993
Unallocated corporate liabilities					29,417
Consolidated total liabilities					195,409
Capital expenditure	2,596	10			2,606
Depreciation/ amortization	1,346	259			1,605

Corresponding Year To Date 31 Dec 2014

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	36,500	25,064	-	-	61,564
Inter-segment	12,596	2,097	-	(14,693)	-
Total revenue	49,096	27,161	-	(14,693)	61,564
Results					
Segment results	2,446	973	-	-	3,419
Finance costs	(646)	(602)	-	-	(1,247)
Share of results in associate	(1)	-	-	-	(1)
Taxation					(883)
Non-controlling interest					185
Net profit/(loss) for the financial period					1,473
Other Information					
Segment assets	189,460	23,561	-	-	213,021
Associate					482
Unallocated corporate assets					17,881
Consolidated total assets					231,384
Segment liabilities	75,817	3,079	-	-	78,813
Unallocated corporate liabilities					24,524
Consolidated total liabilities					103,337
Capital expenditure	533	332	-	-	865
Depreciation/ amortization	1,466	257	-	-	1,723

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
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	58,305	59,147	300,135	209,037	2,586	665
Indonesia	1,186	2,417	3,778	4,466	20	200
Vietnam	1,337	-	-	-	-	-
	<u>60,828</u>	<u>61,564</u>	<u>303,913</u>	<u>213,503</u>	<u>2,606</u>	<u>865</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

	9 months ended 31 Dec 2015 RM'000	9 months ended 31 Dec 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 third financial quarter ended 31 December 2015 ("3Q 2016"), the Group registered a higher revenue of RM 23.36 million as compared to RM 20.61 million in the previous corresponding quarter ended 31 December 2014 ("3Q 2015"), increased by 13.3% (RM 2.75 million).

Profit before tax was RM 0.84 million for 3Q 2016 as compared to profit before tax of RM 2.17 million for 3Q 2015. The decrease in profit before tax by RM1.37 million (61%) was mainly due to lower contribution as a result from much lower revenue recorded mainly in the trading segment in current quarter as compared to 3Q 2015.

B2 Review of Performance by segment

	Individual 31/12/2015 RM'000	Quarter 31/12/2014 RM'000	Cumulative 31/12/2015 RM'000	Quarter 31/12/2014 RM'000
External Revenue By Segment :				
Manufacturing	17,277	12,405	45,398	36,500
Trading	6,083	8,207	15,430	25,064
	<u>23,360</u>	<u>20,612</u>	<u>60,828</u>	<u>61,564</u>

The manufacturing segment contributed revenue of RM 17.28 million for 3Q 2016 compared to RM12.41 million in 3Q 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 RM6.08 million for 3Q 2016 compared to RM 8.21 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

	INDIVIDUAL Current quarter ended 31/12/2015 RM'000	QUARTER Corresponding quarter ended 31/12/2014 RM'000	CUMULATIVE Current year to date ended 31/12/2015 RM'000	QUARTER Corresponding year to date ended 31/12/2014 RM'000
Malaysia Income Tax				
-Provision for the period	(591)	(669)	(831)	(424)
Vietnam Income Tax				
-Reversal for Over provision made in prior year	-	82	-	82
Deferred Taxation				
-Provision for the period	-	(60)	(90)	(90)
	<u>(591)</u>	<u>(647)</u>	<u>(921)</u>	<u>(883)</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:

	31/12/2015 RM'000	31/12/2014 RM'000
Short term borrowings		
Unsecured		
Bankers' acceptances	-	1,390
Bank overdrafts	-	1,809
	<u>-</u>	<u>3,199</u>
Secured		
Bankers' acceptances	10,028	9,370
Bank overdrafts	7,809	7,425
Term loan	584	292
	18,421	20,286
Long term borrowings		
Secured		
Term Loan	8,431	2,009
Total	<u>26,852</u>	<u>22,295</u>

B9. Material Litigations

There were no material litigations as at the date of this quarterly report.

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B10. Dividend

The Board does not recommend any dividend for the current quarter under review.

B11. Realized/unrealized profit/(losses)

	31/12/2015 RM'000	31/12/2014 RM'000
Total retained earnings of the Group:		
Realized	17,181	18,142
Unrealized	<u>(1,679)</u>	<u>(2,040)</u>
	15,502	16,102
Add: Consolidation adjustment	<u>63</u>	<u>63</u>
Total group retained profits as per consolidated financial statements	<u>15,565</u>	<u>16,165</u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 31 December 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 31 December 2015.

B14. Notes to the condensed consolidated Income Statement

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

	Individual quarter ended 31/12/2015 RM'000	Cumulative quarter ended 31/12/2015 RM'000
Other income	(617)	23
Interest expense	(401)	(1,137)
Depreciation of property, plant and equipment	(531)	(1,605)
Foreign exchange (loss)/ gain	(676)	(970)

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	QUARTER	CUMULATIVE	QUARTER
	Current quarter ended	Corresponding quarter ended	Current year to date ended	Corresponding year to date ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) attributable to shareholders	568	798	250	1,473
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	0.53	0.75	0.23	1.38

- 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 26 February 2016