

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

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Continuing operations					
Revenue		22,013	20,305	82,840	81,764
Cost of sales		(16,129)	(15,937)	(64,693)	(64,987)
Gross profit		<u>5,884</u>	<u>4,368</u>	<u>18,147</u>	<u>16,777</u>
Operating expenses		(6,044)	(3,793)	(16,352)	(13,680)
Other operating income/(expenses)		1,227	(152)	1,250	845
Finance cost		(420)	(326)	(1,558)	(1,574)
Share of results in associate		-	-	(1)	(1)
Profit before taxation	B14	647	97	1,486	2,367
Taxation	B 6	<u>365</u>	<u>16</u>	<u>(554)</u>	<u>(942)</u>
Profit from continuing operations		1,012	113	932	1,425
Discontinued operations					
Gain/(Loss) from discontinued operation, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>1,012</u>	<u>113</u>	<u>932</u>	<u>1,425</u>
Profit Attributable to:					
Owners of the parent		1,276	142	1,526	1,693
Non-controlling interest		<u>(264)</u>	<u>(29)</u>	<u>(594)</u>	<u>(268)</u>
		<u>1,012</u>	<u>113</u>	<u>932</u>	<u>1,425</u>
Basic earnings/(loss) per ordinary share (sen)					
From continuing operations	B16	1.19	0.13	1.43	1.58
From discontinued operation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1.19</u>	<u>0.13</u>	<u>1.43</u>	<u>1.58</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 FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Profit for the period	1,012	113	932	1,425
Translation reserve	-	-	-	(11)
	<u>1,012</u>	<u>113</u>	<u>932</u>	<u>1,414</u>
Discontinued operation				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>1,012</u>	<u>113</u>	<u>932</u>	<u>1,414</u>
Total comprehensive income attributable to:				
Owners of the parent	1,276	142	1,526	1,687
Non-controlling interest	<u>(264)</u>	<u>(29)</u>	<u>(594)</u>	<u>(273)</u>
	<u>1,012</u>	<u>113</u>	<u>932</u>	<u>1,414</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 31/03/2016 RM'000	As At 31/03/2015 RM'000 (Audited)
ASSETS	Note		
Non Current Assets			
Property, plant and equipment	A 9	36,110	35,985
Investment in associate		481	482
Development expenditure		228,831	150,776
Goodwill on consolidation		17,496	17,496
		<u>282,918</u>	<u>204,739</u>
Current Assets			
Inventories		13,652	12,996
Trade and other receivables		21,648	21,699
Tax recoverable		318	140
Fixed deposits with licensed banks		19	19
Cash and bank balances		3,500	2,992
		<u>39,137</u>	<u>37,846</u>
TOTAL ASSETS		<u>322,055</u>	<u>242,585</u>
EQUITY AND LIABILITIES			
Share capital		98,868	98,868
Reserves		25,225	23,584
Total equity attributable to owners of the parent		<u>124,093</u>	<u>122,452</u>
Non-controlling interest		3,047	3,641
TOTAL EQUITY		<u>127,140</u>	<u>126,093</u>
Non Current Liabilities			
Hire purchase creditors		68	122
Long term borrowings	B8	8,694	8,120
Deferred tax liabilities		1,073	1,596
		<u>9,835</u>	<u>9,838</u>
Current Liabilities			
Trade and other payables		165,818	85,109
Amount owing to directors		133	278
Hire purchase creditors		55	82
Short term borrowings	B8	18,329	20,286
Tax liabilities		745	899
		<u>185,080</u>	<u>106,654</u>
TOTAL LIABILITIES		<u>194,915</u>	<u>116,492</u>
TOTAL EQUITY AND LIABILITIES		<u>322,055</u>	<u>242,585</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.16</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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

	<--Attributable to Shareholders of the Company-->						Total Equity RM '000
	<-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	
Balance as at 1 April 2014	98,868	-	8,132	153	14,692	4,014	125,859
Changes in equity interest	-	-	-	-	-	-	-
Dividend to owners	-	-	-	-	(1,070)	-	(1,070)
Total comprehensive income/(expense) for the period	-	-	-	(16)	1,693	(373)	1,392
Balance as at 31 March 2015	98,868	-	8,132	137	15,315	3,641	126,181
Balance as at 1 April 2015	98,868	-	8,132	137	15,315	3,641	126,093
Total comprehensive income/(expense) for the period				115	1,526	(594)	1,047
Balance as at 31 March 2016	98,868	-	8,132	252	16,841	3,047	127,140

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 FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

	Current period to date ended 31/03/2016 RM'000	Corresponding period to date ended 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,486	2,367
Adjustments for:		
Non-cash items	2,285	3,056
Interest income	-	-
Interest expense	1,558	1,573
Operating profit before working capital changes	<u>5,329</u>	<u>6,996</u>
Changes in working capital:		
Net changes in current assets	9,518	2,955
Net changes in current liabilities	70,273	27,903
Cash generated from/(in) operations	<u>85,120</u>	<u>37,854</u>
Tax refunded	208	348
Tax paid	(1,387)	(1,426)
Interest received	-	-
Interest paid	(1,558)	(1,573)
Translation reserve	-	(11)
Net cash from/(used in) operating activities	<u>82,383</u>	<u>35,192</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	934	430
Acquisition of property, plant and equipment *	(3,287)	(9,530)
Development expenditure	(78,055)	(26,606)
Net cash used from/(in) investing activities	<u>(80,408)</u>	<u>(35,706)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,899)	(2,952)
Drawdown of term loan	917	6,038
Proceeds/(Repayment) from bankers acceptance and bills payable	-	-
Dividend paid	-	(1,180)
Payment from hire purchase creditors	(81)	(869)
Net cash (used in)/from financing activities	<u>(1,063)</u>	<u>1,037</u>
Net increase in cash and cash equivalents	<u>912</u>	<u>523</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>(4,378)</u>	<u>(5,290)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,500	2,993
Fixed deposits with licensed banks	19	19
Bank overdraft	(7,897)	(8,302)
	<u>(4,378)</u>	<u>(5,290)</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	31/03/2016 RM'000	31/03/2015 RM'000
Mode of payments:		
Cash	986	3,181
Finance lease financing	2,301	6,349
	<u>3,287</u>	<u>9,530</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

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

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 2016, 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 2015.

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 31 Mar 2016**

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	56,595	26,245	-	-	82,840
Inter-segment	9,152	1,679	-	(10,831)	-
Total revenue	<u>65,747</u>	<u>27,924</u>	-	<u>(10,831)</u>	<u>82,840</u>
Results					
Segment results	1,617	1,427			3,044
Finance costs	(1,082)	(476)			(1,558)
Share of results in associate		(1)			(1)
Taxation					(554)
Non-controlling interest					594
Net profit/(loss) for the financial period					<u>1,527</u>
Other Information					
Segment assets	287,653	16,109	-	-	303,762
Associate					481
Unallocated corporate assets					17,814
Consolidated total assets					<u>322,058</u>
Segment liabilities	163,988	1,964	-	-	165,951
Unallocated corporate liabilities					28,965
Consolidated total liabilities					<u>194,916</u>
Capital expenditure	3,278	10			3,288
Depreciation/ amortization	2,249	191			2,440

Corresponding Year To Date 31 Mar 2015

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	48,530	33,234	-	-	81,764
Inter-segment	16,184	3,554	-	(19,738)	-
Total revenue	64,714	36,788	-	(19,738)	81,764
Results					
Segment results	2,772	1,170	-	-	3,942
Finance costs	(795)	(779)	-	-	(1,574)
Share of results in associate	-	(1)	-	-	(1)
Taxation					(942)
Non-controlling interest					268
Net profit/(loss) for the financial period					1,693
Other Information					
Segment assets	201,899	22,568	-	-	224,468
Associate					481
Unallocated corporate assets					17,636
Consolidated total assets					242,585
Segment liabilities	82,182	3,205	-	-	85,387
Unallocated corporate liabilities					31,105
Consolidated total liabilities					116,492
Capital expenditure	9,150	380	-	-	9,530
Depreciation/ amortization	2,677	355	-	-	3,032

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 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	81,150	78,905	318,334	220,129	3,268	9,022
Indonesia	1,690	2,859	3,724	4,338	19	508
	<u>82,840</u>	<u>81,764</u>	<u>322,058</u>	<u>224,467</u>	<u>3,287</u>	<u>9,530</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

	12 months ended 31 Mar 2016 RM'000	12 months ended 31 Mar 2015 RM'000
Approved and contracted but not provided for:		
Property, Plant & Machinery	-	7,301
Total	<u>-</u>	<u>7,301</u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the fourth financial quarter ended 31 March 2016 (“4Q 2016”), the Group registered a higher revenue of RM 22.01 million as compared to RM 20.31 million in the previous corresponding quarter ended 31 March 2015 (“4Q 2015”), increased by 8.4% (RM 1.71 million).

Profit before tax was RM 0.65 million for 4Q 2016 as compared to profit before tax of RM 0.10 million for 4Q 2015. The increase in profit before tax by RM0.55 million (567%) was mainly due to higher contribution from the revenue recorded in the manufacturing segment as compared to 4Q 2015.

B2 Review of Performance by segment

	Individual 31/03/2016 RM’000	Quarter 31/03/2015 RM’000	Cumulative 31/03/2016 RM’000	Quarter 31/03/2015 RM’000
External Revenue By Segment :				
Manufacturing	13,500	12,128	56,595	48,629
Trading	8,513	8,177	26,245	33,240
	22,013	20,305	82,840	81,869

The manufacturing segment contributed revenue of RM13.50 million for 4Q 2016 compared to RM12.13 million in 4Q 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 RM8.51 million for 4Q 2016 compared to RM 8.18 million in the previous year corresponding quarter. Higher revenue for the current quarter compared to the previous year corresponding quarter was due to the higher demand from Electrical Discharge Machining tools in the mould and die market and semiconductor industry.

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 2017.

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 31/03/2016 RM'000	QUARTER Corresponding quarter ended 31/03/2015 RM'000	CUMULATIVE Current year to date ended 31/03/2016 RM'000	QUARTER Corresponding year to date ended 31/03/2015 RM'000
Malaysia Income Tax				
-Provision for the period	(244)	(317)	(1,074)	(1,379)
Vietnam Income Tax				
-Reversal for Over provision made in prior year	-	-	-	82
Deferred Taxation				
-Reversal/(Provision) for the period	609	333	520	355
	<u>365</u>	<u>16</u>	<u>(554)</u>	<u>(942)</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:

	31/03/2016 RM'000	31/03/2015 RM'000
Short term borrowings		
Unsecured		
Bankers' acceptances	-	1,816
Bank overdrafts	-	3,416
	<u>-</u>	<u>5,232</u>
Secured		
Bankers' acceptances	9,915	9,761
Bank overdrafts	7,897	4,881
Term loan	517	412
	<u>18,329</u>	<u>15,054</u>
Long term borrowings		
Secured		
Term Loan	8,694	8,120
Total	<u>27,023</u>	<u>28,406</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)

	31/03/2016	31/03/2015
	RM'000	RM'000
Total retained earnings of the Group:		
Realized	17,851	16,848
Unrealized	<u>(1,073)</u>	<u>(1,596)</u>
	16,778	15,252
Add: Consolidation adjustment	<u>63</u>	<u>63</u>
Total group retained profits as per consolidated financial statements	<u><u>16,841</u></u>	<u><u>15,315</u></u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 31 March 2016.

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 March 2016.

B14. Notes to the condensed consolidated Income Statement

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

	Individual	Cumulative
	quarter ended	quarter ended
	31/03/2016	31/03/2016
	RM'000	RM'000
Other income/(expenses)	1,204	1,227
Interest expense	(421)	(1,558)
Depreciation of property, plant and equipment	(835)	(2,440)
Foreign exchange (loss)/ gain	26	(944)

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 31/03/2016 RM'000	QUARTER Corresponding quarter ended 31/03/2015 RM'000	CUMULATIVE Current quarter ended 31/03/2016 RM'000	QUARTER Corresponding quarter ended 31/03/2015 RM'000
Profit / (loss) attributable to shareholders	1,276	142	1,526	1,693
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	1.19	0.13	1.43	1.58

- 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 31 May 2016