

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 FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Note				
Continuing operations				
Revenue	20,409	19,929	20,409	19,929
Cost of sales	(16,721)	(15,481)	(16,721)	(15,481)
Gross profit	3,688	4,448	3,688	4,448
Operating expenses	(3,267)	(3,423)	(3,267)	(3,423)
Other operating income	(43)	173	(43)	173
Finance cost	(306)	(356)	(306)	(356)
Share of results in associate	(1)	(2)	(1)	(2)
Profit before taxation	B14 71	840	71	840
Taxation	B 6 (33)	(248)	(33)	(248)
Profit from continuing operations	38	592	38	592
Discontinued operations				
Gain/(Loss) from discontinued operation, net of tax		234	-	234
Profit for the period	38	826	38	826
Profit Attributable to:				
Owners of the parent	39	768	39	768
Non-controlling interest	(1)	58	(1)	58
	38	826	38	826
Basic earnings/(loss) per ordinary share (sen)				
From continuing operations	B16 0.04	0.50	0.04	0.50
From discontinued operation	-	0.22	-	0.22
	0.04	0.72	0.04	0.72
- 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 2017

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Continuing operations				
Profit for the period	38	592	38	592
Translation reserve			-	-
	<u>38</u>	<u>592</u>	<u>38</u>	<u>592</u>
Discontinued operation				
Profit/(Loss) for the period	-	234	-	234
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>38</u>	<u>826</u>	<u>38</u>	<u>826</u>
Total comprehensive income attributable to:				
Owners of the parent	39	66	39	66
Non-controlling interest	<u>(1)</u>	<u>(138)</u>	<u>(1)</u>	<u>(138)</u>
	<u>38</u>	<u>(72)</u>	<u>38</u>	<u>(72)</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 2017

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

		As At 30/06/2017 RM'000	As At 31/03/2017 RM'000 (Audited)
	Note		
ASSETS			
Non Current Assets			
Property, plant and equipment	A 9	33,221	32,957
Investment in associate		648	649
Goodwill on consolidation		8,739	8,739
Deferred expenditure		316,787	307,357
		<u>359,395</u>	<u>349,702</u>
Current Assets			
Inventories		12,575	12,472
Trade and other receivables		18,872	19,023
Tax recoverable		381	219
Fixed deposits with licensed banks		20	20
Cash and bank balances		15,686	5,137
		47,534	36,871
Non-current assets classified as held for sale		-	165
Assets included in disposal group classified as held for sale		2,827	3,087
TOTAL ASSETS		<u>409,756</u>	<u>389,825</u>
EQUITY AND LIABILITIES			
Share capital		98,868	98,868
Reserves		17,846	17,942
Total equity attributable to owners of the parent		116,714	116,810
Non-controlling interest		1,481	3,029
TOTAL EQUITY		118,195	119,839
Non Current Liabilities			
Other payables		251,622	229,766
Hire purchase creditors		77	90
Long term borrowings	B8	7,478	7,983
Deferred tax liabilities		1,142	1,142
		260,319	238,981
Current Liabilities			
Trade and other payables		15,839	15,448
Amount owing to directors		446	230
Hire purchase creditors		51	51
Short term borrowings	B8	14,560	14,959
Tax liabilities		223	193
		31,119	30,881
Liabilities included in disposal group classified as held for sale		123	124
TOTAL LIABILITIES		<u>291,561</u>	<u>269,986</u>
TOTAL EQUITY AND LIABILITIES		<u>409,756</u>	<u>389,825</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.09</u>	<u>1.09</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 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)

	<--Attributable to Shareholders of the Company-->						Distributable Reserve	Total Equity RM '000
	<-Non-Distributable Reserves->							
	Share Capital RM '000	Warrant reserve RM '000	Translation Reserve RM '000	Reserve of Disposal Group Classified as Held for Sale RM '000	Retained Earnings RM '000	Non- Controlling Interest RM'000		
Balance as at 1 April 2016	98,868	8,132	156	-	16,788	2,990	126,934	
Total comprehensive income/(expense) for the period	-	-	104	-	45	(1)	148	
Balance as at 30 June 2016	98,868	8,132	260	-	16,833	2,989	127,082	
Balance as at 1 April 2017	98,868	8,132	176	268	9,366	3,029	119,839	
Total comprehensive income/(expense) for the period	-	-	-		(382)	(1)	(383)	
Arising for acquisition of additional interest in a existing subsidiary					421	(1,421)	(1,000)	
Exchange translation difference			(135)			(126)	(261)	
Balance as at 30 June 2017	98,868	8,132	41	268	9,405	1,481	118,195	

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 2017

TOYO INK GROUP BERHAD
(Company No. 590521 D)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017
(The figures have not been audited)

	Current period to date ended 30/06/2017 RM'000	Corresponding period to date ended 30/06/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- Continuing operations	71	840
- Discontinued operation	-	234
	<u>71</u>	<u>1,074</u>
Adjustments for:		
Non-cash items	(276)	561
Interest expense	303	219
Operating profit before working capital changes	<u>98</u>	<u>1,854</u>
Changes in working capital:		
Net changes in current assets	(12)	1,564
Net changes in current liabilities	22,773	5,987
Cash generated from/(in) operations	<u>22,859</u>	<u>9,405</u>
Tax refunded	111	-
Tax paid	(276)	(254)
Interest paid	(303)	(219)
Translation reserve	(168)	52
Net cash from/(used in) operating activities	<u>22,223</u>	<u>8,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of additional interests in existing subsidiary	(1,000)	-
Proceeds from disposal of property, plant and equipment	544	-
Acquisition of property, plant and equipment *	(778)	(30)
Development expenditure	(9,430)	(8,371)
Net cash used from/(in) investing activities	<u>(10,664)</u>	<u>(8,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(2,332)	(1,818)
Proceeds/(Repayment) of term loans	(13)	(197)
Payment from hire purchase creditors	(690)	(16)
Net cash (used in)/from financing activities	<u>(3,035)</u>	<u>(2,031)</u>
Net increase in cash and cash equivalents	<u>8,524</u>	<u>(1,448)</u>
Cash and cash equivalents at beginning of financial year	<u>551</u>	<u>(4,406)</u>
Cash and cash equivalents at end of financial quarter	<u>9,075</u>	<u>(5,854)</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	16,635	2,204
Fixed deposits with licensed banks	20	20
Bank overdraft	(7,560)	(8,058)
	<u>9,095</u>	<u>(5,834)</u>
Less: Fixed deposit pledged with a licensed bank	(20)	(20)
	<u>9,075</u>	<u>(5,854)</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	30/06/2017 RM'000	30/06/2015 RM'000
Mode of payments:		
Cash	778	30
Hire Purchase	-	-
	<u>778</u>	<u>30</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 2017

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2017

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 2017, 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 2017. For the periods up to and including the year ended 31 March 2017, 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 2017.

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:

- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers
- Amendment to MFRS 15 Clarification to MFRS 15
- MFRS 116 Leases
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

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 2017

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	14,569	5,840	-	-	20,409
Inter-segment	1,842	989	-	(2,831)	-
Total revenue	16,411	6,829	-	(2,831)	20,409
Results					
Segment results	(108)	486	-	-	378
Finance costs	(252)	(54)	-	-	(306)
Share of results in associate					(1)
Taxation					(33)
Non-controlling interest					1
Net profit for the financial period					39
Other Information					
Segment assets	384,576	15,413	-		399,989
Associate					648
Unallocated corporate assets					9,120
Consolidated total assets					409,757
Segment liabilities	266,771	1,171	-		267,942
Unallocated corporate liabilities					23,619
Consolidated total liabilities					291,561
Capital expenditure	777	1	-	-	778
Depreciation/ amortization	339	3	-	-	342

A1. Segmental Reporting (continued)

Corresponding Year To Date 30 June 2016

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	12,905	7,024	-	-	19,929
Inter-segment	1,166	589	194	(1,949)	-
Total revenue	14,071	7,613	194	(1,949)	19,929
Results					
Segment results	584	614	260	-	1,458
Finance costs	(296)	(60)	(26)	-	(383)
Share of results in associate					(2)
Taxation					(248)
Non-controlling interest					(57)
Net profit for the financial period					768
Other Information					
Segment assets	290,602	15,114	6,082		311,798
Associate					477
Unallocated corporate assets					17,728
Consolidated total assets					330,003
Segment liabilities	170,031	2,600	2,249		174,880
Unallocated corporate liabilities					27,259
Consolidated total liabilities					202,139
Capital expenditure	30	-	-	-	30
Depreciation/ amortization	445	114	-	-	559

A10. Segmental Reporting (continued)

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	30 June	30 June	30 June	30 June	30 June
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	20,409	19,467	406,930	326,360	778	30
Indonesia	-	462	2,827	3,643	-	-
	<u>20,409</u>	<u>19,929</u>	<u>409,757</u>	<u>330,003</u>	<u>778</u>	<u>30</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

During the first quarter ended 30 June 2017, the Group completed its acquisition on the remaining 40% equity interest not already owned by the Group in Toyo Dai-Nichi Ink Sdn Bhd, a subsidiary of the Group, for net cash consideration of RM 1,000,000.

On 9 June 2017, EDM-Tools (S) Pte. Ltd. ("ETSPL"), a fully-owned subsidiary of the Group had proceeded with an application for de-registration from the Accounting and Corporate Regulatory Authority of Singapore.

A13. Contingent Liabilities or Contingent Assets

Save as disclosed below, there were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at the end of the current quarter.

The contingent liabilities pertaining to the corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries were RM48,397,000 as at 30 June 2017 (31 March 2017 : RM48,397,000).

A14. Capital Commitments

	3 months ended 30 June 2017 RM'000	3 months ended 30 June 2016 RM'000
Approved and contracted but not provided for:		
Property, Plant & Machinery	-	-
Total	<u>-</u>	<u>-</u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the first financial quarter ended 30 June 2017 (“1Q 2018”), the Group registered a higher revenue of RM20.41 million as compared to RM 19.93 million in the previous corresponding quarter ended 30 June 2016 (“1Q 2017”), an increase of 2.4% (RM 0.49 million).

Profit before tax was RM 0.08 million for 1Q 2018 compared to RM 0.84 million for 1Q 2017. Despite the increase in revenue, the profit before tax has decreased by RM0.76 million (90%) mainly due to lower gross profit contribution from sales in the current quarter as compared to 1Q 2017.

B2. Review of Performance by segment

	Individual 30/06/2017 RM'000	Quarter 30/06/2016 RM'000	Cumulative 30/06/2017 RM'000	Quarter 30/06/2016 RM'000
External Revenue By Segment :				
Manufacturing	14,569	12,905	14,569	12,905
Trading	5,840	7,024	5,840	7,024
	<u>20,409</u>	<u>19,929</u>	<u>20,409</u>	<u>19,929</u>

The manufacturing segment contributed revenue of RM 14.57 million for 1Q 2018 compared to RM12.91 million in 1Q 2017. The higher revenue in the current quarter compared to the previous year corresponding quarter were mainly due to higher demand from EDM cut wires division.

The trading segment contributed revenue of RM5.84 million for 1Q 2017 compared to RM 7.02 million in the previous year corresponding quarter. Lower revenue for the current quarter compared to the previous year corresponding quarter was due to lower sales achieved in the sales and distribution of electrical discharge machining tools (EDM), machinery and machine parts division.

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 30/06/2017 RM'000	QUARTER Corresponding quarter ended 30/06/2016 RM'000	CUMULATIVE Current year to date ended 30/06/2017 RM'000	QUARTER Corresponding year to date ended 30/06/2016 RM'000
Malaysia Income Tax				
-Provision for the period	(33)	(248)	(33)	(248)
Deferred Taxation				
-Provision for the period	-	-	-	-
	<u>(33)</u>	<u>(248)</u>	<u>(33)</u>	<u>(248)</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:

	30/06/2017 RM'000	30/06/2016 RM'000
Short term borrowings		
Unsecured		
Bankers' acceptances	-	-
Bank overdrafts	-	-
	<u>-</u>	<u>-</u>
Secured		
Bankers' acceptances	6,791	8,325
Bank overdrafts	7,560	8,058
Term loan	209	545
	<u>14,560</u>	<u>16,928</u>
Long term borrowings		
Secured		
Term Loan	7,478	8,241
Total	<u>22,038</u>	<u>25,169</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)

	30/06/2017	30/06/2016
	RM'000	RM'000
Total retained earnings of the Group:		
Realized	31,170	43,912
Unrealized	<u>(1,142)</u>	<u>(1,209)</u>
	30,028	42,703
Add: Consolidation adjustment	<u>(20,623)</u>	<u>(25,147)</u>
Total group retained profits as per consolidated financial statements	<u><u>9,405</u></u>	<u><u>17,556</u></u>

B12. Disclosures of derivatives

There were no outstanding derivatives as at 30 June 2017.

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 2017.

B14. Notes to the condensed consolidated Income Statement

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

	Individual /Cumulative
	quarter ended 30/06/2017
	RM'000
Other income / (expenses)	(43)
Interest expense	306
Depreciation of property, plant and equipment	342
Foreign exchange (gain)/loss	330

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 30/06/2017 RM'000	QUARTER Corresponding quarter ended 30/06/2016 RM'000	CUMULATIVE Current year to date ended 30/06/2017 RM'000	QUARTER Corresponding year to date ended 30/06/2016 RM'000
Profit / (Loss) attributable to shareholders	39	768	39	768
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)				
- From continuing operations	0.04	0.50	0.04	0.50
- From discontinued operation	-	0.22	-	0.22
Basic earnings per share (sen)	0.04	0.72	0.04	0.72

- 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 30 August 2017