

**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 2017**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Note				
<b>Continuing operations</b>				
Revenue	22,999	19,583	63,910	59,349
Cost of sales	(18,307)	(15,207)	(51,228)	(46,161)
Gross profit	4,692	4,376	12,682	13,188
Operating expenses	(3,128)	(3,426)	(10,046)	(10,383)
Other operating income	71	282	159	499
Finance cost	(259)	(320)	(854)	(1,025)
Share of results in associate	-	(1)	(1)	(3)
Profit before taxation	B14 1,376	911	1,940	2,276
Taxation	B 6 (474)	(144)	(614)	(608)
Profit from continuing operations	902	767	1,326	1,668
<b>Discontinued operations</b>				
Gain/(Loss) from discontinued operation, net of tax	486	(135)	486	113
Profit for the period	1,388	632	1,812	1,781
<b>Profit Attributable to:</b>				
Owners of the parent	1,357	693	1,812	1,752
Non-controlling interest	31	(61)	-	29
	1,388	632	1,812	1,781
<b>Basic earnings/(loss) per ordinary share (sen)</b>	B16			
From continuing operations	0.81	0.77	1.24	1.53
From discontinued operation	0.45	(0.13)	0.45	0.11
	1.27	0.64	1.69	1.64
- 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 THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2017**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
<b>Continuing operations</b>				
Profit for the period	902	767	1,326	1,668
Translation reserve			-	-
	<u>902</u>	<u>767</u>	<u>1,326</u>	<u>1,668</u>
<b>Discontinued operation</b>				
Profit/(Loss) for the period	486	(135)	486	113
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>1,388</u>	<u>632</u>	<u>1,812</u>	<u>1,781</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	1,357	291	1,812	1,752
Non-controlling interest	31	(61)	-	29
	<u>1,388</u>	<u>230</u>	<u>1,812</u>	<u>1,781</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 31 DECEMBER 2017**

	Note	As At 31/12/2017 RM'000	As At 31/03/2017 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	A 9	32,830	32,957
Investment in associate		648	649
Goodwill on consolidation		8,739	8,739
Deferred expenditure		334,206	307,357
		<u>376,423</u>	<u>349,702</u>
<b>Current Assets</b>			
Inventories		13,953	12,472
Trade and other receivables		24,188	19,023
Tax recoverable		426	219
Fixed deposits with licensed banks		20	20
Cash and bank balances		2,880	5,137
		<u>41,467</u>	<u>36,871</u>
Non-current assets classified as held for sale		-	165
Assets included in disposal group classified as held for sale		-	3,087
<b>TOTAL ASSETS</b>		<u>417,890</u>	<u>389,825</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		98,868	98,868
Reserves		19,310	17,942
Total equity attributable to owners of the parent		<u>118,178</u>	<u>116,810</u>
Non-controlling interest		-	3,029
<b>TOTAL EQUITY</b>		<u>118,178</u>	<u>119,839</u>
<b>Non Current Liabilities</b>			
Other payables		268,440	229,766
Hire purchase creditors		50	90
Long term borrowings	B8	6,791	7,983
Deferred tax liabilities		1,142	1,142
		<u>276,423</u>	<u>238,981</u>
<b>Current Liabilities</b>			
Trade and other payables		13,742	15,448
Amount owing to directors		45	230
Hire purchase creditors		52	51
Short term borrowings	B8	9,252	14,959
Tax liabilities		197	193
		<u>23,288</u>	<u>30,881</u>
Liabilities included in disposal group classified as held for sale		-	124
<b>TOTAL LIABILITIES</b>		<u>299,711</u>	<u>269,986</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>417,889</u>	<u>389,825</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.10</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

**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 2017**  
 (The figures have not been audited)

	<--Attributable to Shareholders of the Company-->				Distributable Reserve		
	<-Non-Distributable Reserves->				Retained Earnings	Non-Controlling Interest	Total Equity
	Share Capital	Warrant reserve	Translation Reserve	Reserve of Disposal Group Classified as Held for Sale	RM '000	RM'000	RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000	RM'000	RM '000
<b>Balance as at 1 April 2016</b>	98,868	8,132	156	-	16,788	2,990	126,934
Total comprehensive income/(expense) for the period	-	-	418	-	1,752	29	2,199
<b>Balance as at 31 December 2016</b>	98,868	8,132	574	-	18,540	3,019	129,133
<b>Balance as at 1 April 2017</b>	98,868	8,132	176	268	9,366	3,029	119,839
Total comprehensive income/(expense) for the period	-	-	(176)	(268)	1,391	31	978
Arising for acquisition of additional interest in a existing subsidiary					421	(1,421)	(1,000)
Disposal of a subsidiary company						(1,639)	(1,639)
Exchange translation difference							-
<b>Balance as at 31 December 2017</b>	98,868	8,132	-	-	11,178	-	118,178

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 THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2017  
(The figures have not been audited)

	Current period to date ended 31/12/2017 RM'000	Corresponding period to date ended 31/12/2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation		
- Continuing operations	1,940	2,276
- Discontinued operation	-	113
	<u>1,940</u>	<u>2,389</u>
Adjustments for:		
Non-cash items	510	649
Interest expense	854	589
<b>Operating profit before working capital changes</b>	<u>3,304</u>	<u>3,627</u>
<b>Changes in working capital:</b>		
Net changes in current assets	(6,895)	2,436
Net changes in current liabilities	37,033	51,818
<b>Cash generated from/(in) operations</b>	<u>33,442</u>	<u>57,881</u>
Tax refunded	174	13
Tax paid	(990)	(911)
Interest paid	(854)	(589)
Translation reserve	-	193
<b>Net cash from/(used in) operating activities</b>	<u>31,772</u>	<u>56,587</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional interests in existing subsidiary	(1,000)	-
Proceeds from disposal of property, plant and equipment	695	826
Disposal of discontinued operation, net of cash	517	-
Acquisition of property, plant and equipment *	(1,309)	(451)
Development expenditure	(26,849)	(51,548)
<b>Net cash used from/(in) investing activities</b>	<u>(27,946)</u>	<u>(51,173)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(2,987)	2,142
Proceeds/(Repayment) of term loans	(287)	(7,017)
Payment from/(to) hire purchase creditors	(39)	37
<b>Net cash (used in)/from financing activities</b>	<u>(3,313)</u>	<u>(4,838)</u>
<b>Net increase in cash and cash equivalents</b>	<u>513</u>	<u>576</u>
<b>Cash and cash equivalents at beginning of financial year</b>	<u>551</u>	<u>(4,386)</u>
<b>Cash and cash equivalents at end of financial quarter</b>	<u>1,064</u>	<u>(3,810)</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>		
Cash and bank balances	2,880	3,383
Fixed deposits with licensed banks	20	20
Bank overdraft	(1,816)	(7,213)
	<u>1,084</u>	<u>(3,810)</u>
Less: Fixed deposit pledged with a licensed bank	(20)	(20)
	<u>1,064</u>	<u>(3,830)</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	31/12/2017 RM'000	31/12/2016 RM'000
<b>Mode of payments:</b>		
Cash	1,309	359
Hire Purchase	-	92
	<u>1,309</u>	<u>451</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

Company No. 590521 D

**TOYO INK GROUP BERHAD**

(Company No. 590521 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT  
FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 31 December 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 31 December 2017

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External	43,007	20,903	-	-	63,910
Inter-segment	6,542	1,863	-	(8,405)	-
Total revenue	49,549	22,766	-	(8,405)	63,910
<b>Results</b>					
Segment results	514	2,281	-	-	2,795
Finance costs	(710)	(144)	-	-	(854)
Share of results in associate					(1)
Gain on disposal of discontinued operation					486
Taxation					(614)
Non-controlling interest					-
Net profit for the financial period					1,812
<b>Other Information</b>					
Segment assets	392,780	15,297	-		408,078
Associate					648
Unallocated corporate assets					9,164
Consolidated total assets					417,890
Segment liabilities	280,803	1,445	-		282,249
Unallocated corporate liabilities					17,463
Consolidated total liabilities					299,712
Capital expenditure	1,291	18	-	-	1,309
Depreciation/ amortization	1,015	71	-	-	1,086

## A10. Segmental Reporting (continued)

Corresponding Year To Date 30 September 2016

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>					
External	26,168	14,503	7	-	40,678
Inter-segment	2,215	911	-	(3,126)	-
Total revenue	28,383	15,414	7	(3,126)	40,678
<b>Results</b>					
Segment results	784	1,189	392	-	2,364
Finance costs	(585)	(119)	(45)	-	(749)
Share of results in associate					(3)
Taxation					(463)
Non-controlling interest					(90)
Net profit for the financial period					1,059
<b>Other Information</b>					
Segment assets	322,896	13,896	2,036		338,828
Associate					477
Unallocated corporate assets					17,671
Consolidated total assets					356,976
Segment liabilities	198,309	1,942	923		201,174
Unallocated corporate liabilities					26,721
Consolidated total liabilities					227,895
Capital expenditure	67	-	-	-	67
Depreciation/ amortization	787	58	30	-	875

**A10. Segmental Reporting (continued)**

**Geographical Segments**

The Group's continuing operations are mainly production and sale of products in two principal geographical areas, Malaysia and Indonesia.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	YTD 31 Dec 2017 RM'000	YTD 31 Dec 2016 RM'000	YTD 31 Dec 2017 RM'000	YTD 31 Dec 2016 RM'000	YTD 31 Dec 2017 RM'000	YTD 31 Dec 2016 RM'000
Malaysia	63,910	59,383	417,890	350,817	1,086	451
Indonesia	-	1,270	-	3,773	-	-
	<u>63,910</u>	<u>60,653</u>	<u>417,890</u>	<u>354,590</u>	<u>1,086</u>	<u>451</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**

On 10 October 2017, EDM-Tools (S) Pte. Ltd. ("ETSPL"), a fully-owned subsidiary of the Group had been struck off from the register of the Accounting and Corporate Regulatory Authority of Singapore ("ACRA").

Other than above, there were no major changes in the composition of the Group during the financial quarter ended 31 December 2017.

**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 31 December 2017 (31 March 2017 : RM48,397,000).

**A14. Capital Commitments**

	9 months ended 31 December 2017 RM'000	9 months ended 31 December 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 third financial quarter ended 31 December 2017 (“3Q 2018”), the Group registered a higher revenue of RM23.00 million as compared to RM 19.58 million in the previous corresponding quarter ended 31 December 2016 (“3Q 2017”), an increase of 17.4% (RM 3.42 million).

Profit before tax was RM 1.38 million for 3Q 2018 compared to RM 0.91 million for 3Q 2017. The increase in profit before tax by RM0.47 million (51%) is mainly due to better contribution from sales in manufacturing division in the current quarter as compared to 3Q 2017.

**B2 Review of Performance by segment**

	<b>Individual 31/12/2017 RM'000</b>	<b>Quarter 31/12/2016 RM'000</b>	<b>Cumulative 31/12/2017 RM'000</b>	<b>Quarter 31/12/2016 RM'000</b>
<b>External Revenue By Segment :</b>				
Manufacturing	15,181	12,796	43,007	38,059
Trading	7,818	6,787	20,903	21,290
	22,999	19,583	63,910	59,349

The manufacturing segment contributed revenue of RM 15.18 million for 3Q 2018 compared to RM12.80 million in 3Q 2017. The higher revenue in the current quarter compared to the previous year corresponding quarter were mainly due to higher demand from the ink manufacturing division and EDM cut-wire manufacturing division.

The trading segment contributed revenue of RM7.82 million for 3Q 2017 compared to RM 6.79 million in the previous year corresponding quarter. Higher revenue for the current quarter compared to the previous year corresponding quarter was due to higher 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 2018.

**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</b>	<b>QUARTER</b>	<b>CUMULATIVE</b>	<b>QUARTER</b>
Current	Corresponding	Current	Corresponding
quarter	quarter	year to date	year to date
ended	ended	ended	ended
31/12/2017	31/12/2016	31/12/2017	31/12/2016
RM'000	RM'000	RM'000	RM'000

**Malaysia Income Tax**

-Provision for the period	(474)	(144)	(614)	(608)
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**Deferred Taxation**

-Provision for the period	-	-	-	-
	(474)	(144)	(614)	(608)

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:

	31/12/2017	31/12/2016
	RM'000	RM'000
<b>Short term borrowings</b>		
<b>Secured</b>		
Bankers' acceptances	6,190	5,706
Bank overdrafts	1,816	7,213
Term loan	1,245	423
	9,252	13,342
<b>Long term borrowings</b>		
<b>Secured</b>		
Term Loan	6,791	8,123
<b>Total</b>	<u>16,043</u>	<u>21,465</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.

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**B11. Realized/unrealized profit/(losses)**

	31/12/2017 RM'000	31/12/2016 RM'000
Total retained earnings of the Group:		
Realized	35,529	50,165
Unrealized	<u>(1,142)</u>	<u>(1,209)</u>
	34,387	48,956
Add: Consolidation adjustment	<u>(23,209)</u>	<u>(30,416)</u>
Total group retained profits as per consolidated financial statements	<u>11,178</u>	<u>18,540</u>

**B12. Disclosures of derivatives**

There were no outstanding derivatives as at 31 December 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 31 December 2017.

**B14. Notes to the condensed consolidated Income Statement**

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

	Individual quarter ended 31/12/2017 RM'000	Cumulative quarter ended 31/12/2017 RM'000
Other income	71	159
Interest expense	(259)	(854)
Depreciation of property, plant and equipment	(367)	(1,086)
Foreign exchange (loss)/ gain	(37)	(240)

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.

	<b>INDIVIDUAL</b> Current quarter ended <b>31/12/2017</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding quarter ended <b>31/12/2016</b> <b>RM'000</b>	<b>CUMULATIVE</b> Current year to date ended <b>31/12/2017</b> <b>RM'000</b>	<b>QUARTER</b> Corresponding year to date ended <b>31/12/2016</b> <b>RM'000</b>
Profit / (Loss) attributable to shareholders	1,357	693	1,812	1,752
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)				
- From continuing operations	0.81	0.77	1.24	1.53
- From discontinued operation	0.45	(0.13)	0.45	0.11
Basic earnings per share (sen)	1.26	0.64	1.69	1.64

- 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 February 2018

