

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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019
 (The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Continuing operations					
Revenue		20,789	23,335	41,565	47,393
Cost of sales		(16,464)	(18,723)	(32,763)	(38,047)
Gross profit		4,325	4,612	8,802	9,346
Operating expenses		(4,000)	(3,971)	(7,879)	(7,653)
Other operating income		119	(213)	2,033	2,174
Finance cost		(82)	(223)	(190)	(439)
Share of results in associate		(1)	(1)	(2)	(1)
Profit before taxation	B14	361	204	2,764	3,427
Taxation	B 6	(85)	(143)	(399)	(473)
Profit for the period		276	61	2,365	2,954
Profit Attributable to:					
Owners of the parent		276	61	2,365	2,954
Non-controlling interest		-	-	-	-
		276	61	2,365	2,954
Basic earnings/(loss)					
per ordinary share (sen)	B16				
From continuing operations		0.26	0.06	2.21	2.76
From discontinued operation		-	-	-	-
		0.26	0.06	2.21	2.76
- 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 2019

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

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000
Continuing operations				
Profit for the period	276	61	2,365	2,954
Translation reserve			-	-
	<u>276</u>	<u>61</u>	<u>2,365</u>	<u>2,954</u>
Discontinued operation				
Profit/(Loss) for the period	-	-	-	-
Translation reserve	-	-	-	-
Total comprehensive income for the period	<u>276</u>	<u>61</u>	<u>2,365</u>	<u>2,954</u>
Total comprehensive income attributable to:				
Owners of the parent	276	61	2,365	2,954
Non-controlling interest	-	-	-	-
	<u>276</u>	<u>61</u>	<u>2,365</u>	<u>2,954</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 2019

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	As At 30/09/2019 RM'000	As At 31/03/2019 RM'000 (Audited)
ASSETS			
Non Current Assets			
Property, plant and equipment	A 9	17,063	17,450
Investment in associate		649	651
Goodwill on consolidation		2,322	2,322
Development costs		123	123
Deferred expenditure		365,669	358,865
		<u>385,826</u>	<u>379,411</u>
Current Assets			
Inventories		15,018	13,424
Trade and other receivables		24,668	22,370
Tax recoverable		470	427
Fixed deposits with licensed banks		6,079	21
Cash and bank balances		4,727	14,081
		<u>50,962</u>	<u>50,323</u>
Non-current assets classified as held for sale		-	3,171
TOTAL ASSETS		<u>436,788</u>	<u>432,905</u>
EQUITY AND LIABILITIES			
Share capital		101,115	101,115
Reserves		20,340	20,115
Total equity attributable to owners of the parent		<u>121,455</u>	<u>121,230</u>
Non-controlling interest		-	-
TOTAL EQUITY		<u>121,455</u>	<u>121,230</u>
Non Current Liabilities			
Other payables		293,018	285,046
Hire purchase creditors		70	160
Long term borrowings	B8	-	1,534
Deferred tax liabilities		1,064	1,064
		<u>294,152</u>	<u>287,804</u>
Current Liabilities			
Trade and other payables		16,440	17,899
Amount owing to directors		38	80
Hire purchase creditors		162	185
Short term borrowings	B8	4,541	5,572
Tax liabilities		-	135
		<u>21,181</u>	<u>23,871</u>
TOTAL LIABILITIES		<u>315,333</u>	<u>311,675</u>
TOTAL EQUITY AND LIABILITIES		<u>436,788</u>	<u>432,905</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.14</u>	<u>1.13</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 2019

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019
 (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	Warrant reserve RM '000	Translation Reserve RM '000	Retained Earnings RM '000	Non- Controlling Interest RM'000	
Balance as at 1 April 2018	98,868	8,132	-	10,682	-	117,682
Total comprehensive income/(expense) for the period	-	-	-	2,954	-	2,954
Reversal of allocation to warrant reserve	8,132	(8,132)	-	-	-	-
Exchange translation difference	-	-	-	-	-	-
Balance as at 30 September 2018	<u>107,000</u>	<u>-</u>	<u>-</u>	<u>13,636</u>	<u>-</u>	<u>120,636</u>
Balance as at 1 April 2019	101,115	5,885	-	14,230	-	121,230
Total comprehensive income/(expense) for the period	-	-	-	2,365	-	2,365
Dividend paid	-	-	-	(2,140)	-	(2,140)
Balance as at 30 September 2019	<u>101,115</u>	<u>5,885</u>	<u>-</u>	<u>14,455</u>	<u>-</u>	<u>121,455</u>

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 2019

TOYO INK GROUP BERHAD

(Company No. 590521 D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019**

(The figures have not been audited)

	Current period to date ended 30/09/2019 RM'000	Corresponding period to date ended 30/09/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,764	3,427
Adjustments for:		
Non-cash items	(1,231)	(1,602)
Interest expense	190	381
Operating profit before working capital changes	<u>1,723</u>	<u>2,206</u>
Changes in working capital:		
Net changes in current assets	(10,129)	(3,603)
Net changes in current liabilities	4,730	5,919
Cash generated from/(in) operations	<u>(3,676)</u>	<u>4,522</u>
Tax refunded	88	107
Tax paid	(663)	(385)
Interest paid	(190)	(381)
Translation reserve	-	-
Net cash from/(used in) operating activities	<u>(4,441)</u>	<u>3,863</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5,400	3,938
Acquisition of property, plant and equipment *	(609)	(106)
Development expenditure	(6,803)	(9,648)
Net cash used from/(in) investing activities	<u>(2,012)</u>	<u>(5,816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,558)	10,557
Advances from other payables	7,974	-
Dividend to owners	(2,140)	-
Proceeds/(Repayment) of term loans	-	(467)
Addition/(Payment) from/(to) hire purchase creditors	(113)	90
Net cash (used in)/from financing activities	<u>4,163</u>	<u>10,180</u>
Net increase in cash and cash equivalents	<u>(2,290)</u>	<u>8,227</u>
Cash and cash equivalents at beginning of financial year	<u>13,074</u>	<u>(777)</u>
Cash and cash equivalents at end of financial quarter	<u>10,784</u>	<u>7,450</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	4,727	7,456
Fixed deposits with licensed banks	6,079	21
Bank overdraft	-	(6)
	<u>10,806</u>	<u>7,471</u>
Less: Fixed deposit pledged with a licensed bank	(22)	(21)
	<u>10,784</u>	<u>7,450</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	30/09/2019 RM'000	30/09/2018 RM'000
Mode of payments:		
Cash	609	106
Hire Purchase	-	-
	<u>609</u>	<u>106</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 2019

Company No. 590521 D

TOYO INK GROUP BERHAD

(Company No. 590521 D)
(Incorporated in Malaysia)

QUARTERLY REPORT

FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019

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 2019, 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 2019. For the periods up to and including the year ended 31 March 2019, 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 2019.

A2. Changes in Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”). The significant accounting policies adopted in preparing the interim financial statement are consistent with those of the audited financial statement for the year ended 31 March 2019.

The Group plans to apply the following accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”).

- | | |
|--------------------------|---|
| • MFRS 16 | Leases |
| • IC Interpretation 23 | Uncertainty over Income Tax Treatments |
| • Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |
| • Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| • Amendments to MFRS 3 | Annual Improvements to MFRS Standards 2015-2018 Cycle |
| • Amendments to MFRS 11 | Annual Improvements to MFRS Standards 2015-2018 Cycle |
| • Amendments to MFRS 112 | Annual Improvements to MFRS Standards 2015-2018 Cycle |
| • Amendments to MFRS 123 | Annual Improvements to MFRS Standards 2015-2018 Cycle |
| • Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement |

The adoption of the above amendments to published standards and interpretations does not give rise to any material effects to the Group.

A2. Changes in Accounting Policies (Cont'd)

MFRS 6 Leases

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduce a single accounting model, requiring the lessee to recognize the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The Group applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in the retained earnings on 1 April 2019.

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

A final single tier dividend of 2 sen per ordinary share amounting to RM2,140,000 in respect of the financial year ended 31 March 2019 was paid on 30 September 2019.

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 September 2019

	Manufacturing	Trading and investment holding	Discontinued Operation	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	26,487	15,078	-	-	41,565
Inter-segment	2,029	1,445	-	(3,474)	-
Total revenue	<u>28,516</u>	<u>16,523</u>	-	<u>(3,474)</u>	<u>41,565</u>
Results					
Segment results	946	2,010	-	-	2,956
Finance costs	(99)	(91)	-	-	(190)
Share of results in associate					(2)
Taxation					<u>(399)</u>
Net profit for the financial period					<u>2,365</u>
Other Information					
Segment assets	409,241	24,106	-		433,347
Associate					649
Unallocated corporate assets					<u>2,739</u>
Consolidated total assets					<u>436,735</u>
Segment liabilities	302,349	7,216	-		309,565
Unallocated corporate liabilities					<u>5,718</u>
Consolidated total liabilities					<u>315,283</u>
Capital expenditure	216	393	-	-	609
Depreciation/ amortization	384	157	-	-	541

A1. Segmental Reporting (continued)

Corresponding Year To Date 30 September 2018

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	30,767	16,626	-	-	47,393
Inter-segment	4,262	2,714	-	(6,976)	-
Total revenue	<u>35,029</u>	<u>19,340</u>	-	<u>(6,976)</u>	<u>47,393</u>
Results					
Segment results	660	3,208	-	-	3,867
Finance costs	(361)	(78)	-	-	(439)
Share of results in associate					(1)
Taxation					<u>(473)</u>
Net profit for the financial period					<u>2,954</u>
Other Information					
Segment assets	407,752	15,633	-		423,385
Associate					655
Unallocated corporate assets					8,129
Consolidated total assets					<u>432,169</u>
Segment liabilities	296,474	1,400	-		297,874
Unallocated corporate liabilities					13,659
Consolidated total liabilities					<u>311,533</u>
Capital expenditure	94	12	-	-	106
Depreciation/ amortization	573	59	-	-	632

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	YTD	YTD	YTD	YTD	YTD
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	41,565	47,393	436,735	432,169	609	106
Indonesia	-	-	-	-	-	-
	<u>41,565</u>	<u>47,393</u>	<u>436,735</u>	<u>432,169</u>	<u>609</u>	<u>106</u>

A11. Subsequent Material Events

Save as disclosed below, there is 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.

PROPOSED DISPOSAL

On 29 October 2019, EDM-Tools (Penang) Sdn. Bhd., which is 100% owned subsidiary of Toyo Ink Sdn. Bhd. (Co. No. 45097-M) ("TISB"), which in turn is a wholly owned subsidiary of TIGB had entered into a Sale and Purchase Agreement with Future Tech Trading (M) Sdn for the sale of one unit of 1 ½ storey light industrial factory known as No. 26, Lorong Nagasari 3, Taman Nagasari, 13600 Perai, Pulau Pinang erected on lands held under Individual Title GM 2389, Lot 3073 and Geran 147212, Lot 2998 both in Mukim 06, Daerah Seberang Perai Tengah, Negeri Pulau Pinang for an aggregate total consideration of RM670,000.00.

A12. Changes in the Composition of the Group

There were no material changes in the composition of the Group in the current financial quarter under review.

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 RM41,220,000 as at 30 September 2019 (31 March 2019 : RM41,220,000).

A14. Capital Commitments

	6 months ended 30 September 2019 RM'000	6 months ended 30 September 2018 RM'000
Approved and contracted but not provided for:		
- Investment Property	2,980	-
- Property, Plant & Machinery	-	-
Total	2,980	-

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the second financial quarter ended 30 September 2019 ("2Q 2020"), the Group registered a lower revenue of RM20.79 million as compared to RM 23.34 million in the previous corresponding quarter ended 30 September 2019 ("2Q 2019"), a decrease of -10.9% (-RM 2.55 million).

Profit before tax was RM 0.36 million for 2Q 2020 compared to RM 0.20 million for 2Q 2019. The higher profit before tax for the current year quarter ended mainly due to higher contribution from the manufacturing segment as a result from the lower foreign currency exchange loss incurred for the period.

B2 Review of Performance by segment

External Revenue By Segment :	Individual 30/09/2019 RM'000	Quarter 30/09/2018 RM'000	Cumulative 30/09/2019 RM'000	Quarter 30/09/2018 RM'000
Manufacturing	12,878	12,942	26,487	30,767
Trading	7,911	10,393	15,078	16,626
	20,789	23,335	41,565	47,393

The manufacturing segment contributed revenue of RM 12.88 million for 2Q 2020 compared to RM12.94 million in 2Q 2019. The slightly lower revenue in the current quarter compared to the previous year corresponding quarter were mainly due to lower demand from EDM cut wires division.

The trading segment contributed revenue of RM 7.91 million for 2Q 2020 compared to RM 10.39 million in the previous year corresponding quarter. Lower revenue for the current quarter compared to the previous year corresponding quarter was mainly due to lower sales achieved in 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 2020.

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	QUARTER	CUMULATIVE	QUARTER
Current	Corresponding	Current	Corresponding
quarter	quarter	year to date	year to date
ended	ended	ended	ended
30/09/2019	30/09/2018	30/09/2019	30/09/2018
RM'000	RM'000	RM'000	RM'000

Malaysia Income Tax

-Provision for the period	(85)	(143)	(399)	(473)
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Deferred Taxation

-Provision for the period	-	-	-	-
	(85)	(143)	(399)	(473)

The effective rate of tax applicable to the Group for the current year to date is lower than Malaysia statutory tax rate mainly from the one-off gain arising from the disposal of investment property as the gain is subject to lower Real Property Gain Tax rate.

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:

	30/09/2019 RM'000	30/09/2018 RM'000
Short term borrowings		
Secured		
Bankers' acceptances	4,541	4,365
Bank overdrafts	-	6
Term loan	-	1,518
	4,541	5,889
Long term borrowings		
Secured		
Term Loan	-	6,056
Total	<u>4,541</u>	<u>11,945</u>

B9. Material Litigations

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

B10. Dividend

The Board of Directors proposes to recommend an interim single tier dividend of 2 sen per ordinary share in respect of financial year ending 31 March 2020.

B11. Disclosures of derivatives

There were no outstanding derivatives as at 30 September 2019.

B12. 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 2019.

B13. Notes to the condensed consolidated Income Statement

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

	Individual quarter ended 30/09/2019 RM'000	Cumulative quarter ended 30/09/2019 RM'000
Other income	119	2,033
Interest expense	(82)	(190)
Depreciation of property, plant and equipment	(283)	(541)
Foreign exchange (loss)/ gain	(53)	(176)

B14. 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 30/09/2019 RM'000	QUARTER Corresponding quarter ended 30/09/2018 RM'000	CUMULATIVE Current year to date ended 30/09/2019 RM'000	QUARTER Corresponding year to date ended 30/09/2018 RM'000
Profit / (Loss) attributable to shareholders	276	61	2,365	2,954
Weighted average number of ordinary shares in issue	107,000	107,000	107,000	107,000
Basic earnings per share (sen)	0.26	0.06	2.21	2.76

- 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.

Save as disclosed above, the other items as required under Appendix 9B, Part A Note 16 of the Bursa Listing Requirements are not applicable.

By Order of the Board,

Andrea Huong Jia Mei
Company Secretary

Dated 29 November 2019