

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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended 30/06/2020 RM'000	Corresponding quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Corresponding year ended 30/06/2019 RM'000
Revenue		15,228	-	98,856	-
Cost of sales		(12,130)	-	(77,824)	-
Gross profit		3,098	-	21,032	-
Operating expenses		(4,282)	-	(19,715)	-
Other operating income		647	-	6,194	-
Finance cost		(65)	-	(430)	-
Share of results in associate		-	-	(3)	-
Profit before taxation	B14	(602)	-	7,078	-
Taxation	B 6	(154)	-	(1,358)	-
Profit for the period		(756)	-	5,720	-
Profit Attributable to:					
Owners of the parent		(756)	-	5,720	-
Non-controlling interest		-	-	-	-
		(756)	-	5,720	-
Basic earnings/(loss) per ordinary share (sen)	B16				
- Basic (sen)		(0.71)	-	5.35	-
- Fully diluted (sen)		-	-	-	-

Notes:

- 1) The financial year end of the Group has been changed from 31 March to 30 June. As such, the next set of audited financial statement shall be for a period of fifteen (15) months from 1 April 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.
- 2) The unaudited Condensed Consolidated Statements of Profit or Loss and Other 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 JUNE 2020

	Note	As At 30/06/2020 RM'000 (Unaudited)	As At 31/03/2019 RM'000 (Audited)
ASSETS			
Non Current Assets			
Property, plant and equipment	A 9	18,152	17,450
Right-of-use asset		990	-
Investment in associate		-	651
Other investment		690	-
Goodwill on consolidation		2,322	2,322
Development costs		-	123
Deferred expenditure		387,302	358,865
		409,456	379,411
Current Assets			
Inventories		15,343	13,424
Trade and other receivables		16,780	22,370
Tax recoverable		375	427
Fixed deposits with licensed banks		7,187	21
Cash and bank balances		2,953	14,081
		42,638	50,323
Non-current assets classified as held for sale		512	3,171
TOTAL ASSETS		452,606	432,905
EQUITY AND LIABILITIES			
Share capital		101,115	101,115
Reserves		21,555	20,115
Total equity attributable to owners of the parent		122,670	121,230
Non-controlling interest		-	-
TOTAL EQUITY		122,670	121,230
Non Current Liabilities			
Other payables		309,848	285,046
Lease liabilities		1,090	160
Long term borrowings	B8	-	1,534
Deferred tax liabilities		809	1,064
		311,747	287,804
Current Liabilities			
Trade and other payables		14,191	17,899
Amount owing to directors		123	80
Lease liabilities		190	185
Short term borrowings	B8	3,649	5,572
Tax liabilities		36	135
		18,189	23,871
TOTAL LIABILITIES		329,936	311,675
TOTAL EQUITY AND LIABILITIES		452,606	432,905
Net Assets Per Share Attributable to Owners of the Parent (RM)		1.15	1.13

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020**

(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	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	-	-	-	-
Reversal of allocation to warrant reserve	-	-				-
Allocation to warrant reserve	-	-				-
Balance as at 30 June 2019	-	-	-	-	-	-
Balance as at 1 April 2019	-	5,885	-	14,230	-	20,115
Total comprehensive income/(expense) for the period	-	-	-	5,720	-	5,720
Dividend paid				(4,280)		(4,280)
Balance as at 30 June 2020	-	5,885	-	15,670	-	21,555

Notes:

- 1) The financial year end of the Group has been changed from 31 March to 30 June. As such, the next set of audited financial statement shall be for a period of fifteen (15) months from 1 April 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.
- 2) The unaudited 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

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020**

(The figures have not been audited)

	Current period to date ended 30/06/2020 RM'000	Corresponding period to date ended 30/06/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	7,078	-
Adjustments for:		
Non-cash items	(3,297)	-
Interest income	(275)	-
Interest expense	493	-
Operating profit before working capital changes	<u>3,999</u>	<u>-</u>
Changes in working capital:		
Net changes in current assets	(4,199)	-
Net changes in current liabilities	3,300	-
Cash generated from/(in) operations	<u>3,100</u>	<u>-</u>
Tax refunded	303	-
Tax paid	(1,980)	-
Interest received	275	-
Interest paid	(493)	-
Translation reserve	-	-
Net cash from/(used in) operating activities	<u>1,205</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9,605	-
Acquisition of property, plant and equipment *	(4,338)	-
Development expenditure	(28,436)	-
Net cash used from/(in) investing activities	<u>(23,169)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(3,180)	-
Advances from other payables	24,804	-
Dividend to owners	(4,280)	-
Addition/(Payment) from/(to) hire purchase creditors	935	-
Net cash (used in)/from financing activities	<u>18,279</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(3,685)</u>	<u>-</u>
Cash and cash equivalents at beginning of financial year	<u>13,095</u>	<u>-</u>
Cash and cash equivalents at end of financial quarter	<u>9,410</u>	<u>-</u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	2,953	-
Fixed deposits with licensed banks	7,187	-
Bank overdraft	(730)	-
	<u>9,410</u>	<u>-</u>
Less: Fixed deposit pledged with a licensed bank	-	-
	<u>9,410</u>	<u>-</u>
* Acquisition of property, plant and equipment during the financial quarter are financed by:		
	30/06/2020	30/06/2019
	RM'000	RM'000
Mode of payments:		
Cash	4,338	-
Hire Purchase	-	-
	<u>4,338</u>	<u>-</u>

Notes:

The financial year end of the Group has been changed from 31 March to 30 June. As such, the next set of audited financial statement shall be for a period of fifteen (15) months from 1 April 2019 to 30 June 2020. There will be no comparative financial information available for the quarter ended 30 June 2020.

The unaudited Condensed Consolidated Cash Flow Statement 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)

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

**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 2020, 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 16 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 without any restatement comparative information and the cumulative effect of initial application is recognized in the retained earnings on 1 April 2019.

Impact on change in accounting policy in Condensed Consolidated Statement of Financial Position as at 1 April 2019

Opening Balance	As previously report RM'000	MFRS 16 adjustment RM'000	After adjustment RM'000
<u>Assets</u>			
Right-of-use assets	-	936	936
<u>Liabilities</u>			
Lease liabilities	-	936	936
<u>Equity</u>			
Retained earnings	14,230	-	14,230

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

The segmental revenue by business segment and results for the fifteen (15) months financial period ended 30 June 2020 is as follows:-

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	66,062	32,794	-	-	98,856
Inter-segment	5,665	3,285	-	(8,950)	-
Total revenue	<u>71,727</u>	<u>36,078</u>	-	<u>(8,950)</u>	<u>98,856</u>
Results					
Segment results	5,897	1,614	-	-	7,511
Finance costs	(337)	(93)	-	-	(430)
Share of results in associate		(3)			(3)
Taxation					<u>(1,358)</u>
Net profit for the financial period					<u>5,720</u>
Other Information					
Segment assets	426,419	21,965	-		448,384
Associate					-
Unallocated corporate assets					2,697
Consolidated total assets					<u>451,081</u>
Segment liabilities	317,353	3,733	-		321,086
Unallocated corporate liabilities					8,851
Consolidated total liabilities					<u>329,937</u>
Capital expenditure	693	3,646	-	-	4,339
Depreciation/ amortization	1,164	160	-	-	1,324

A1. Segmental Reporting (continued)

Corresponding Year To Date 30 June 2019

	Manufacturing RM'000	Trading and investment holding RM'000	Discontinued Operation RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	-	-	-	-	-
Inter-segment	-	-	-	-	-
Total revenue	-	-	-	-	-
Results					
Segment results	-	-	-	-	-
Finance costs	-	-	-	-	-
Share of results in associate					-
Taxation					-
Net profit for the financial period					-
Other Information					
Segment assets	-	-	-	-	-
Associate					-
Unallocated corporate assets					-
Consolidated total assets					-
Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities					-
Consolidated total liabilities					-
Capital expenditure	-	-	-	-	-
Depreciation/ amortization	-	-	-	-	-

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 Vietnam.

	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 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	98,856	-	63,778	-	4,339	-
Vietnam	-	-	387,302	-	-	-
	<u>98,856</u>	<u>-</u>	<u>451,080</u>	<u>-</u>	<u>4,339</u>	<u>-</u>

A11. Subsequent Material Events

Except for those disclosed in, 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.

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 June 2020 (30 June 2019 : RM41,220,000).

A14. Capital Commitments

	15 months ended 30 June 2020 RM'000	12 months ended 31 Mar 2019 RM'000
Approved and contracted but not provided for:		
- Investment Property	-	-
- Property, Plant & Machinery	-	-
Total	<u>-</u>	<u>-</u>

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

For the fifth financial quarter ended 30 June 2020 (“5Q 2020”), the Group registered a revenue of RM15.23 million for the current quarter and RM98.86 million for current year to date.

Loss before tax for the current quarter was RM 0.60 million and profit before tax for current year to date was RM5.72 million.

B2 Review of Performance by segment

	Individual 30/06/2020 RM’000	Quarter 30/06/2019 RM’000	Cumulative 30/06/2020 RM’000	Quarter 30/06/2019 RM’000
External Revenue By Segment :				
Manufacturing	9,112	-	66,062	-
Trading	6,116	-	32,794	-
	<u>15,228</u>	<u>-</u>	<u>98,856</u>	<u>-</u>

The Group contribution of revenue are mainly from the manufacturing segment under the ink division which contributed revenue of RM 9.11 million while the trading segment contributed revenue of RM6.12 million for 5Q 2020 mainly from the sales and distribution of electrical discharge machining tools (EDM), machinery and machine parts division and component automotive refinish system.

There will be no comparative financial information available for the corresponding period previous year due to the Group changed its financial year-end from 31 Mar to 30 June.

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 30 June 2021.

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 quarter ended	Corresponding quarter ended	Current year to date ended	Corresponding year to date ended
30/06/2020	30/06/2019	30/06/2020	30/06/2019
RM'000	RM'000	RM'000	RM'000

Malaysia Income Tax

-Provision for the period	(280)	-	(1,484)	-
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Deferred Taxation

-Reversal / (Provision) for the period	126	-	126	-
	(154)	-	(1,358)	-

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 gains arising from the disposal of investment property is subject to lower Real Property Gain Tax rate.

B7. Status of Corporate Proposals

On 23 January 2020, TIGB proposes to undertake a proposed internal reorganisation by way of a member's scheme of arrangement under Section 366 of the Companies Act 2016 comprising the following:-

- (i) proposed securities exchange, whereby the existing shareholders and warrant holders of TIGB will exchange all their existing securities held in TIGB with new securities in Toyo Ventures Holdings Berhad ("NewCo") on an entitlement date to be determined later ("Proposed Securities Exchange"); and
- (ii) proposed assumption of the listing status of TIGB by NewCo, the admission of NewCo to, and withdrawal of TIGB from, the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for the new ordinary shares in NewCo and new warrants in NewCo on the Main Market of Bursa Securities ("Proposed Listing Transfer").

The application in relation to the Proposed Internal Reorganisation was submitted to Bursa Securities on 10 Mar 2020 and Bursa Securities vide its letter dated 23 April 2020, resolved to approve the admission to the Official List, and the listing and quotation of the entire issued share capital of NewCo of up to 160,499,997 ordinary shares and 53,499,995 warrants under the "Industrial Products & Services" sector of the Main Market of Bursa Securities, in place of the Company's shares and warrants. NewCo will assume the stock code and ISIN code on the Company whilst the short name of NewCo shares and warrants shall be changed to "TOYOVEN" and "TOYOVEN-WB" respectively.

On 27 May 2020, the High Court at Kuala Lumpur has granted leave for the Company to convene a meeting of its member pursuant to Section 366 of the Act in relation to the Proposed Internal Reorganisation within six (6) months from 27 May 2020.

The internal reorganisation proposal was approved by the shareholders on 8 July 2020. On 17 July 2020, TIGB has filed the relevant court papers to obtain the requisite order from the High Court pursuant to Section 366 of the Act to approve the Proposed Internal Reorganisation.

On 4 August 2020, the High Court at Kuala Lumpur has fixed 2 September 2020 as the hearing date for the Company's application to obtain the final sanction in relation to the Proposed Internal Reorganisation.

B8. Borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	30/06/2020 RM'000	30/06/2019 RM'000
Short term borrowings		
Secured		
Bankers' acceptances	2,919	-
Bank overdrafts	730	-
Term loan	-	-
	3,649	-
Long term borrowings		
Secured		
Term Loan	-	-
Total	<u>3,649</u>	<u>-</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. Disclosures of derivatives

There were no outstanding derivatives as at 30 June 2020.

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 June 2020.

B13. Notes to the condensed consolidated Income Statement

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

	Individual quarter ended 30/06/2020 RM'000	Cumulative quarter ended 30/06/2020 RM'000
Other income	647	6,194
Interest expense	(65)	(430)
Depreciation of property, plant and equipment	(272)	(1,324)
Foreign exchange (loss)/ gain	(61)	(299)

B14. Earnings Per Share

- i. Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	INDIVIDUAL Current quarter ended 30/06/2020 RM'000	QUARTER Corresponding quarter ended 30/06/2019 RM'000	CUMULATIVE Current year to date ended 30/06/2020 RM'000	QUARTER Corresponding year to date ended 30/06/2019 RM'000
Profit / (Loss) attributable to shareholders	(756)	-	5,720	-
Weighted average number of ordinary shares in issue	107,000	-	107,000	-
Basic earnings per share (sen)	(0.71)	-	5.35	-

- 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 28 August 2020