

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**QUARTERLY REPORT
FOR THE FOURTH FINANCIAL QUARTER ENDED
30 SEPTEMBER 2023**

This Report is dated 30 November 2023

TOYO VENTURES HOLDINGS BERHAD
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

QUARTERLY REPORT

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TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
Revenue		16,357	21,265	81,496	101,170
Cost of sales		(12,311)	(12,562)	(62,389)	(83,465)
Gross profit		<u>4,046</u>	<u>8,703</u>	<u>19,107</u>	<u>17,705</u>
Interest income		21	25	33	111
Other operating income		414	2,667	3,309	6,752
Operating expenses		(4,872)	(12,480)	(19,566)	(24,230)
Finance cost		(198)	(376)	(683)	(474)
Profit/(Loss) before taxation	B13	<u>(589)</u>	<u>(1,461)</u>	<u>2,200</u>	<u>(136)</u>
Taxation	B6	<u>(239)</u>	<u>362</u>	<u>(1,290)</u>	<u>(708)</u>
Profit/(Loss) for the period/year		<u><u>(828)</u></u>	<u><u>(1,099)</u></u>	<u><u>910</u></u>	<u><u>(844)</u></u>
Profit/(Loss) Attributable to:					
Owners of the parent		<u><u>(828)</u></u>	<u><u>(1,099)</u></u>	<u><u>910</u></u>	<u><u>(844)</u></u>
Basic earnings/(loss)					
per ordinary share (sen)	B14	<u>(0.70)</u>	<u>(0.93)</u>	<u>0.77</u>	<u>(0.72)</u>
Diluted earnings					
per ordinary share (sen)	B14	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note :

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2022.

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

		As At 30/9/2023 RM'000	As At 30/09/2022 RM'000 (Audited)
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	A9	21,162	19,765
Power plant development project		316,344	311,977
Other investment		-	690
		<u>337,506</u>	<u>332,432</u>
Current Assets			
Inventories		18,743	20,968
Trade and other receivables		128,574	128,751
Tax recoverable		913	1,061
Fixed deposits with licensed banks		917	900
Cash and bank balances		87,199	18,191
		<u>236,346</u>	<u>169,871</u>
TOTAL ASSETS		<u><u>573,852</u></u>	<u><u>502,303</u></u>
EQUITY AND LIABILITIES			
Share capital		131,605	131,605
Other reserve		7,530	6,830
Retained earnings		1,703	2,559
TOTAL EQUITY		<u>140,838</u>	<u>140,994</u>
LIABILITIES			
Non-Current Liabilities			
Lease liabilities		438	571
Loan and borrowings	B8	3,715	3,088
Other payables		406,359	329,045
Deferred tax liabilities		1,012	935
		<u>411,524</u>	<u>333,639</u>
Current Liabilities			
Lease liabilities		346	371
Loan and borrowings	B8	5,454	5,382
Trade and other payables		15,690	20,340
Contract liabilities		-	1,563
Tax payables		-	14
		<u>21,490</u>	<u>27,670</u>
TOTAL LIABILITIES		<u>433,014</u>	<u>361,309</u>
TOTAL EQUITY AND LIABILITIES		<u><u>573,852</u></u>	<u><u>502,303</u></u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.20</u>	<u>1.20</u>

Note:

- 1) The comparative figures in the consolidated statement of financial position are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.
- 2) 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 30 September 2022.

TOYO VENTURES HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

(The figures have not been audited)

	<----Attributable to Shareholders of the Company---->				
	<---Non-Distributable Reserves----->			Distributable	
	Share Capital RM '000	Warrant reserve RM '000	Other reserve RM'000	Retained earnings RM '000	Total Equity RM '000
At 1 October 2021, as previously reported	125,720	5,885	2,761	417	134,783
Prior year adjustments	5,885	(5,885)	(1,170)	2,986	1,816
At 1 October 2021, as restated	131,605	-	1,591	3,403	136,599
Loss for the financial year	-	-	-	(844)	(844)
Exchange differences on translation of foreign operations	-	-	5,239	-	5,239
Total comprehensive income/(loss) for the financial year	-	-	5,239	(844)	4,395
At 30 September 2022	131,605	-	6,830	2,559	140,994
At 1 October 2022	131,605	-	6,830	2,559	140,994
Profit for the financial year	-	-	-	910	910
Exchange difference on translation of foreign operations	-	-	700	-	700
Total comprehensive income for the financial year	-	-	700	910	1,610
Dividend paid	-	-	-	(1,766)	(1,766)
At 30 September 2023	131,605	-	7,530	1,703	140,838

Note :

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2022.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	Current year to date ended 30/9/2023 RM'000	Corresponding year to date ended 30/9/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,200	(136)
Adjustments for:		
Allowance for expected credit losses on trade receivables	-	9
Bad debts written off	-	17
Depreciation of property, plant and equipment	1,577	1,387
Gain on disposal of property, plant and equipment	-	(10)
Gain on termination of lease contract	(1)	(7)
Interest expense	683	474
Interest income	(33)	(111)
Inventories written off	-	827
Loss on winding up of subsidiaries	2	181
Loss on disposal of other investments	370	-
Property, plant and equipment written off	53	158
Unrealised gain on foreign exchange	(2,629)	(3,000)
Operating profit/(loss) before working capital changes	<u>2,222</u>	<u>(211)</u>
Changes in working capital:		
Decrease/(Increase) in inventories	2,225	(6,305)
Decrease/(Increase) in receivables	819	(23,559)
(Decrease)/Increase in payables	(7,348)	30,686
Cash (used in)/generated from operations	<u>(2,082)</u>	<u>611</u>
Tax paid, net of refunds	(1,079)	(1,034)
Net cash used in operating activities	<u>(3,161)</u>	<u>(423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(902)	(2,867)
Acquisition of power plant development project	(4,027)	(11,921)
Termination of lease	(32)	-
Interest received	33	111
Net cash outflow from winding up of subsidiaries	-	(103)
Proceeds from disposal of other investment	320	-
Proceeds from disposal of property, plant and equipment	-	12
Net cash used in investing activities	<u>(4,608)</u>	<u>(14,768)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,766)	-
Net changes in banker's acceptance	(2,070)	1,812
Drawdown of term loans	1,501	4,296
Interest paid	(683)	(474)
Placement of fixed deposits with licensed banks	(16)	(900)
Repayment to directors	-	(109)
Repayment of lease liabilities	(435)	(411)
Repayment of term loans	(770)	(438)
Advances from non-current other payables	75,425	-
Net cash generated from financing activities	<u>71,186</u>	<u>3,776</u>
Net increase/(decrease) in cash and cash equivalents	<u>63,417</u>	<u>(11,415)</u>
Effect of foreign exchange translation	3,557	973
Cash and cash equivalents at beginning of the financial year	<u>18,191</u>	<u>28,633</u>
Cash and cash equivalents at end of the financial quarter	<u><u>85,165</u></u>	<u><u>18,191</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	87,199	18,191
Bank overdraft	(2,034)	-
	<u><u>85,165</u></u>	<u><u>18,191</u></u>

Note :

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2022.

**QUARTERLY REPORT
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023**

NOTES TO THE FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 (INTERIM FINANCIAL REPORTING)

A1. Basis of Preparation

The unaudited interim financial statements, for the period ended 30 September 2023, 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 30 September 2022. For the periods up to and including the year ended 30 September 2022, 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 30 September 2022.

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 30 September 2022.

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

- | | |
|---|---|
| • Amendments to MFRS 16 | Covid-19 - Related Rent Concessions beyond 30 June 2021 |
| • Amendments to MFRS 9,
MFRS 139, MRS 7, MFRS 4
and MFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

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A3. Auditors' Report

The auditors' report of the preceding financial statements for the year ended 30 September 2022 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 were 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

On 28 March 2023, the Company paid a final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 September 2022.

A9. Valuation of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

The Group did not carry out any valuation on its property, plant and equipment during the current interim period.

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A10. Segmental Reporting

Current Period To Date 30 September 2023

	Manufacturing	Trading and investment holding	Energy	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External	48,592	33,302	-	(398)	81,496
Inter-segment	-	1,639	-	(1,639)	-
Total revenue	<u>48,592</u>	<u>34,941</u>	<u>-</u>	<u>(2,037)</u>	<u>81,496</u>
Results					
Segment results	863	2,326	(815)	476	2,850
Interest income	285	(126)	3	(129)	33
Finance cost	(589)	(360)	137	129	(683)
Taxation	(845)	(445)	-	-	(1,290)
Net profit/(loss) for the financial period	<u>(286)</u>	<u>1,395</u>	<u>(675)</u>	<u>476</u>	<u>910</u>
Other Information					
Segment assets	49,247	706,669	228,715	(420,381)	564,250
Unallocated corporate assets					9,602
Consolidated total assets					<u>573,852</u>
Segment liabilities	18,815	438,635	137,269	(169,042)	425,677
Unallocated corporate liabilities					7,337
Consolidated total liabilities					<u>433,014</u>
Capital expenditure	275	627	-	-	902
Depreciation/ amortization	864	738	3	-	1,577

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A10. Segmental Reporting (continued)

Corresponding Period To Date 30 September 2022

	Manufacturing RM'000	Trading and investment holding RM'000	Energy RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	73,298	27,872	-	-	101,170
Inter-segment	-	723	-	(723)	-
Total revenue	<u>73,298</u>	<u>28,595</u>	<u>-</u>	<u>(723)</u>	<u>101,170</u>
Results					
Segment results	1,566	13,601	(6,662)	(8,278)	227
Interest income	-	111	-	-	111
Finance cost	(203)	(137)	(134)	-	(474)
Taxation	(389)	(319)	-	-	(708)
Net profit/(loss) for the financial period	<u>974</u>	<u>13,256</u>	<u>(6,796)</u>	<u>(8,278)</u>	<u>(844)</u>
Other Information					
Segment assets	54,485	643,471	159,097	(367,463)	489,590
Unallocated corporate assets					12,713
Consolidated total assets					<u>502,303</u>
Segment liabilities	24,944	369,908	67,243	(139,915)	322,180
Unallocated corporate liabilities					39,129
Consolidated total liabilities					<u>361,309</u>
Capital expenditure	2,390	477	-	-	2,867
Depreciation/ amortization	746	638	3	-	1,387

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-Sep	30-Sep	30-Sep	30-Sep	30-Sep	30-Sep
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations						
Malaysia	81,496	101,170	345,137	343,206	902	2,867
Vietnam	-	-	228,715	159,097	-	-
	<u>81,496</u>	<u>101,170</u>	<u>573,852</u>	<u>502,303</u>	<u>902</u>	<u>2,867</u>

A11. Subsequent Material Events

- (i) On 27 December 2022, the Company proposes to settle RM354,000,000 ("**Settlement Sum**") out of the total outstanding debts as at 22 December 2022 of RM355,154,481 owing to non-current other payables related to a substantial shareholder through the issuance of RM354,000,000 nominal value of five (5)-year, zero coupon Irredeemable Convertible Unsecured Loan Stocks ("**ICULS**") at 100% of its nominal value ("**Proposed Settlement**").

The Bursa Securities had vide its letter dated 8 November 2023, approved the listing of and quotation for up to 295,000,000 new ordinary shares in the Company to be issued upon the conversion of ICULS pursuant to the Proposed Settlement, subject to the conditions in the approval letter.

- (ii) On 7 September 2023, the Company proposes to undertake a proposed establishment of an employees' share scheme ("**Scheme**") of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Scheme to the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) ("**Proposed ESS**").

The Bursa Securities had vide its letter dated 4 October 2023, approved the listing and quotation of such number of additional new shares in the Company, to be issued pursuant to the Proposed ESS, subject to the conditions stated in the approval letter.

- (iii) On 6 November 2023, the Company informed Bursa Malaysia Depository Sdn Bhd of the Warrants 2020/2023 ("**Warrants B**") expiring on 6 November 2023 and to be removed from the Official List of Bursa Malaysia Securities Berhad by debiting all unexercised Warrants remaining in the depositor's securities, with effect from 9.00 a.m. on 7 November 2023.

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A12. Changes in the Composition of the Group

On 27 March 2023, TIGB (HK) Private Limited was incorporated in Hong Kong which is a wholly owned subsidiary of Toyo Ink Group Berhad.

On 7 July 2023, EMS Power Solutions Vietnam Limited was incorporated in Vietnam which is a wholly owned subsidiary of Toyo Ink Group Berhad.

A13. Contingent Liabilities or Contingent Assets

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.

A14. Capital Commitments

	12 months ended 30/09/2023 RM'000	12 months ended 30/09/2022 RM'000
Approved and contracted but not provided for:		
Power plant development project	<u>70,907</u>	<u>70,907</u>

The commitment related to the land lease payment for power plant development project is approximately RM70,907,000 equivalent to VND365.5 billion (30.9.2022 : RM70,907,000 equivalent to VND365.5 billion).

B. ADDITIONAL DISCLOSURES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance**

Group revenue for 4Q-2023 decreased by RM4.9 million or 23%, to RM16.4 million compared to 4Q-2022 of RM21.3 million due to weakening market sentiment in the printing and packaging industry and semiconductor industry.

The group incurred loss before tax ("LBT") of RM0.6 million for the 4th quarter ended 30 September 2023 ("4Q-2023") compared to LBT of RM1.5 million in the corresponding preceding quarter ("4Q-2022") due to lower operating expenses in the energy segment.

For the 12 months ended 30 September 2023 ("YTD-2023), the group's revenue declined by RM19.7 million or 24.1%, to RM81.5 million compared to a year ago (YTD-2022) of RM101.2 million. However, gross profit year-on-year increased by RM1.4 million from RM17.7 million in YTD-2022 to RM19.1 million in YTD-2023. Revenue contributed by the manufacturing segment is RM48.6 million while trading and investment holding generated RM32.9 million.

The group posted profit before tax ("PBT") of RM2.2 million for YTD-2023, reversing the LBT suffered in YTD-2022 of RM0.1 million, due to continuous improvements implemented by the management and favourable foreign currency exchange.

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B1. Review of Performance (cont'd)

The group revenue YTD-2023 of RM81.5 million was contributed by Toyo Ink Sdn Bhd (“TISB”) RM34.7 million, EDM Tools (M) Sdn Bhd (“ETSB”) RM24.7 million and EDM Machining Solutions (M) Sdn Bhd (“EMSSB”) RM23 million.

The group’s operating business units generated YTD-2023 PBT of RM3.3 million, mainly contributed by EMSSB with RM1.9 million while TISB and ETSB each contributed RM0.9 million and RM0.5 million respectively.

B2. Comparison with Preceding Quarter’s Results**Quarter ended 30 September 2023 vs 30 June 2023**

	3 months ended 30 September 2023 RM’000	3 months ended 30 June 2023 RM’000
Revenue	<u>16,357</u>	<u>19,975</u>
(Loss)/Profit before tax	<u>(589)</u>	<u>2,387</u>

The group’s quarterly revenue of RM16.4 million decreased by 18% compared to RM20 million registered in the preceding quarter 3Q-2023 due mainly from the drastic drop of 50% in EMSSB quarterly revenue to RM2.7 million from RM5.3 million, followed by ETSB quarterly revenue drop of 18% to RM5.2 million from RM6.4 million. TISB quarterly revenue increased by 12% to RM9.4 million from RM8.4 million.

The significant drop in group quarterly revenue in 4Q-2023 resulted in LBT of RM0.6 million compared to 3Q-2023 PBT of RM2.4 million.

B3. Prospects

As group revenue decreased by 24% from the previous financial year, the board expects its financial year ending 30 September 2024 to remain challenging. Nevertheless, the board of directors strive to expand the group’s business with cost efficiency, better product mix and new business ventures, except for the energy segment which currently is at pre-operational stage.

Currently, as the production output and sales are still within the group’s manufacturing capacity, the group aims to increase its customers base in more countries to optimise production capacity.

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
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Tax expenses recognised in profit or loss				
Current tax				
- Current financial year	300	-	1,209	653
- (Over)/Under provision in prior financial year	(139)	(362)	3	(50)
	161	(362)	1,212	603
Deferred Tax				
- Origination and reversal of temporary differences	78	-	78	100
- Under provision in prior financial year	-	-	-	5
	78	-	78	105
	239	(362)	1,290	708

B7. Status of Corporate Proposals

- (i) On 27 December 2022, the Company proposes to settle RM354,000,000 (“**Settlement Sum**”) out of the total outstanding debts as at 22 December 2022 of RM355,154,481 owing to non-current other payables related to a substantial shareholder through the issuance of RM354,000,000 nominal value of five (5)-year, zero coupon Irredeemable Convertible Unsecured Loan Stocks (“**ICULS**”) at 100% of its nominal value (“**Proposed Settlement**”).

The Bursa Securities had vide its letter dated 8 November 2023, approved the listing of and quotation for up to 295,000,000 new ordinary shares in the Company to be issued upon the conversion of ICULS pursuant to the Proposed Settlement, subject to the conditions in the approval letter.

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B7. Status of Corporate Proposals (cont'd)

- (ii) On 7 September 2023, the Company proposes to undertake a proposed establishment of an employees' share scheme (“**Scheme**”) of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Scheme to the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (“**Proposed ESS**”).

The Bursa Securities had vide its letter dated 4 October 2023, approved the listing and quotation of such number of additional new shares in the Company, to be issued pursuant to the Proposed ESS, subject to the conditions stated in the approval letter.

B8. Borrowings

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

	30/9/2023	30/09/2022
	RM'000	RM'000
Long term borrowings		
Secured		
Term loans	3,715	3,088
Short term borrowings		
Secured		
Banker's acceptance	2,546	4,612
Bank overdraft	2,034	-
Term loans	874	770
	<u>5,454</u>	<u>5,382</u>
Total	<u>9,169</u>	<u>8,470</u>

B9. Litigation

- (i) Toyo Ink Group Berhad (“**TIGB**”), a wholly owned subsidiary of TVHB, has been served with the Writ of Summon and Statement of Claims filed at the Kuala Lumpur Sessions Court (WA-B52NCVC-347-08/2022) dated 25 August 2022 commenced by K.S. Lee Energy LLP (“**KSLE**”) (“**Suit**”). The Suit is in regard to the Advisory and Services Agreement dated 28 January 2018 (“**Advisory Agreement**”) between KSLE and TIGB for the appointment of an advisor for the Song Hau 2 Thermal Power Plant located at Hau Giang province in Vietnam (“**Project**”). As the financial closing of the Project could not be achieved by the required date, TIGB terminated the Advisory Agreement. The Suit was initiated by KSLE to claim for compensation in relation to the termination of the Advisory Agreement.

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B9. Litigation (cont'd)

- (i) Pleadings for the Suit have been exhausted. On 30 October 2022, KSLE has filed an application for a summary judgment against TIGB. On 18 January 2023, the summary judgment application by KSLE is allowed by the Sessions Court with the following orders:-
- (a) a sum of USD168,000.00 (equivalent to RM754,782.00) to be fully paid to KSLE;
 - (b) interest calculated at the rate of 5% per annum on the total sum of USD168,000.00 (equivalent to RM754,782.00) from the date of judgment till the date of full settlement; and
 - (c) costs of RM3,000.00.

TIGB has made the relevant payments of USD168,000.00 to KSLE on 21 February 2023 and the costs of RM3,000.00 to KSLE's solicitors, Messrs T.J. Chin & Co. on 20 February 2023.

- (ii) On 28 April 2023, the solicitors of TIGB were served with the Writ of Summons and Statement of Claim dated 20 April 2023 filed at the High Court of Malaya at Kuala Lumpur (WA-22NCvC-202-04/2023) ("**Suit 1**"). The Suit 1 was commenced by KSLE through its solicitors in relation to a Project Success Fee Agreement dated 28 January 2018 between TIGB and KSLE ("**PSF Agreement**") in relation to the Project. KSLE's claim against TIGB:-
- (a) is for the sum of USD10,363,516.00 for the "Equity Success Fee" and "Debt Success Fee" ("**Success Fee Claim**"); or
 - (b) in the alternative, the sum of USD8,839,947.60 for professional fees and loss of business opportunity ("**Alternative Claim**"); or
 - (c) in the further alternative, damages on a quantum meruit basis based on Section 71 of the Contracts Act, 1950 to be assessed.

Under the PSF Agreement, KSLE was to be remunerated through, *inter alia*, a Project Success Fee ("**PSF**"). The PSF was calculated based on debt financing and contributions towards the Project which were meant to be received by the initial investors, but which did not materialise. The PSF forms the subject matter of the Suit, which TIGB disputes. The PSF Agreement was officially terminated on 22 July 2022 vide letter issued by TIGB by email and registered post.

On 15 June 2023, TIGB filed an Application to refer certain preliminary issues for the determination of the Court, the determination of which will result in a summary disposal of the Suit 1 without having to go to full trial. TIGB's Application was heard by the Judge on 15 and 21 September 2023. After hearing submissions from Counsel, the Judge reserved his decision to be delivered on 4 October 2023.

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B9. Litigation (cont'd)

(ii) On 4 October 2023, the High Court of Malaya at Kuala Lumpur had answered all the preliminary issues proposed by TIGB in favour of TIGB; found that the action commenced by KSLE to be an abuse of Court process and ordered that the action commenced by KSLE be dismissed with costs. The Court also ordered KSLE to pay TIGB a total sum of RM60,000.00, comprising the followings:-

- (a) RM30,000.00 costs for the action; and
- (b) RM30,000.00 costs for TIGB's application.

In view of the decision of the High Court, all the Trial dates previously fixed by the High Court are vacated.

On 2 November 2023, KSLE lodged an Appeal to the Court of Appeal against the decision of the High Court made on 4 October 2023. KSLE's Appeal is fixed for Case Management on 31 January 2024.

On 7 November 2023, TIGB's solicitors wrote to KSLE's solicitors demanding payment of RM62,679.45 within 7 days, comprising the followings:-

- (a) costs totalling the sum of RM60,000.00;
- (b) interest at the rate of 5% per annum on RM60,000.00 calculated from 4 October 2023 to 7 November 2023, pursuant to Order 59 Rule 24 of the *Rules of Court*, 2012; and
- (c) allocatur fees in the sum of RM2,400.00.

(iii) On 29 August 2023, TIGB were served with a Writ of Summons and Statement of Claim dated 23 August 2023 filed at the High Court of Malaya at Kuala Lumpur (WA-22NCvC-470-08/2023). ("**Suit 2**"). The Suit 2 was commenced by Phu My Vinh Consulting Investment & Trading Service Company Limited ("**PMV**") in relation to an agreement dated 28 September 2015 between TIGB and PMV ("**PMV Agreement**") for PMV's provision of consultancy services pertaining to the project.

PMV's claim is monetary in nature for the sum of USD7,657,150.42 which TIGB disputes and the case management was scheduled on 21 September 2023.

On 23 October 2023, TIGB filed the following Applications in the High Court:

- (a) an Application to Strike Out the endorsement on the Writ of Summons and Statement of Claim, and for an Order to dismiss the action; and
- (b) an Application for security for costs be furnished by PMV to TIGB's solicitors.

Both Applications are fixed for Hearing before the Judge on 24 January 2024. The Board is of the opinion that the Suit 2 will not have any impact to the Group as TIGB has paid all sum as agreed under the PMV Agreement and no amount is owing to PMV.

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B10. Dividend

The Board had recommended a final single tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 September 2022. The proposed dividend was approved by the shareholders at the Annual General Meeting held on 13 March 2023 and paid on 28 March 2023.

B11. Disclosures of derivatives

There were no outstanding derivatives as at 30 September 2023.

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 2023.

B13. Notes to the Condensed Consolidated Income Statement

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 30/9/2023 RM'000	Corresponding quarter ended 30/9/2022 RM'000	Current year to date ended 30/9/2023 RM'000	Corresponding year to date ended 30/9/2022 RM'000
Depreciation of property, plant and equipment	408	375	1,577	1,387
Gain on disposal of property, plant and equipment	-	-	-	(10)
Gain on termination of lease contract	-	-	(1)	(7)
Interest expense	198	376	683	474
Interest income	(21)	(25)	(33)	(111)
Inventories written off	-	827	-	827
Loss/(Gain) on foreign exchange				
- realised	64	(1,713)	151	147
- unrealised	(3)	(1,117)	(2,629)	(3,000)
Loss on winding up of subsidiaries	2	181	2	181
Loss on disposal of other investments	-	-	370	-
Property, plant and equipment written off	9	-	53	158

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B14. Basic 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 QUARTER		CUMULATIVE QUARTER	
	Current quarter ended	Corresponding quarter ended	Current year to date ended	Corresponding year to date ended
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to shareholders	(828)	(1,099)	910	(844)
Weighted average number of ordinary shares in issue	117,703	117,703	117,703	117,703
Basic earnings/(loss) per share (sen)	<u>(0.70)</u>	<u>(0.93)</u>	<u>0.77</u>	<u>(0.72)</u>

- ii. The Company does not have any dilutive potential ordinary shares as the fair value of the ordinary shares during the period is less than the exercise price. Accordingly, the diluted earnings per share were not presented.

By Order of the Board,

Andrea Huong Jia Mei
Company Secretary

Dated 30 November 2023