



DENKO INDUSTRIAL CORPORATION BERHAD
(190155-M)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2009**

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

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DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

	Note	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
		31.03.2009 (Unaudited) RM'000	31.03.2008 (Unaudited) RM'000	31.03.2009 (Unaudited) RM'000	31.03.2008 (Audited) RM'000
Revenue	4	26,866	33,928	149,305	143,177
Cost of sales		(23,791)	(29,185)	(140,049)	(119,141)
Gross profit		<u>3,075</u>	<u>4,743</u>	<u>9,256</u>	<u>24,036</u>
Other operating income		928	2,417	2,337	5,550
Gain on deconsolidation of subsidiary companies		-	-	-	4,954
Gain on disposal of a subsidiary company		-	-	1,175	-
Provision for corporate guarantee written back		-	-	4,967	-
Marketing and distribution costs		(648)	(1,976)	(4,543)	(4,456)
Administration expenses		(4,580)	(3,499)	(12,627)	(13,242)
Other operating expenses		(1,403)	(573)	(4,522)	(2,887)
Profit/(Loss) from operations		<u>(2,628)</u>	<u>1,112</u>	<u>(3,957)</u>	<u>13,955</u>
Finance costs		(931)	(705)	(3,458)	(3,251)
Share of loss of an associate		-	(4)	(1)	(11)
Profit/(Loss) before taxation	4	<u>(3,559)</u>	<u>403</u>	<u>(7,416)</u>	<u>10,693</u>
Tax expenses	22	<u>2,547</u>	<u>(525)</u>	<u>3,150</u>	<u>(1,057)</u>
Profit/(Loss) for the period		<u>(1,012)</u>	<u>(122)</u>	<u>(4,266)</u>	<u>9,636</u>
Attributable to:					
Equity holders of the Parent		<u>(1,012)</u>	<u>(122)</u>	<u>(4,266)</u>	<u>9,636</u>
Earnings/(Loss) per ordinary share attributable to equity holders of the parent					
Basic earnings/(loss) per ordinary share (sen)	30	<u>(0.97)</u>	<u>(0.12)</u>	<u>(4.08)</u>	<u>9.27</u>
Fully diluted earnings/(loss) per ordinary share (sen)	31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

CONDENSED CONSOLIDATED BALANCE SHEETS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

	Note	AS AT 31.03.2009 (Unaudited) RM'000	AS AT 31.03.2008 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		92,049	85,087
Prepaid land lease payments		3,876	4,862
Investment in an associated company		1	2
Total non-current assets		95,926	89,951
Current assets			
Inventories		17,491	17,498
Trade and other receivables		19,168	25,734
Current tax assets		2,297	1,263
Fixed deposits with licensed banks		1,542	1,162
Cash and bank balances		2,974	1,720
Total current assets		43,472	47,377
Non-current asset held for sale		-	4,892
TOTAL ASSETS		139,398	142,220
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		104,469	104,469
Reserves	16	3,162	5,744
Accumulated losses		(67,473)	(65,789)
Total equity		40,158	44,424
Non-current liabilities			
Long term borrowings	26	30,517	20,629
Deferred tax liabilities		4,548	7,969
Total non-current liabilities		35,065	28,598
Current liabilities			
Trade and other payables	17	39,988	39,469
Short term borrowings	26	24,147	25,785
Current tax liabilities		40	-
Total current liabilities		64,175	65,254
Liabilities directly associated with assets classified as held for sale		-	3,944
Total liabilities		99,240	97,796
TOTAL EQUITY AND LIABILITIES		139,398	142,220
Net assets per share attributable to equity holders of the parent (RM)		0.3844	0.4252

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2009 (UNAUDITED)

	Attributable to equity holders of the parent				Total
	Share Capital	-----Non-distributable----- Share Premium	Revaluation Reserves	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2008	104,469	3,136	2,608	(65,789)	44,424
Realisation of revaluation reserve	-	-	(2,582)	2,582	-
Net income/(expenses) recognised directly in equity			(2,582)	2,582	-
Net loss for the financial period	-	-	-	(4,266)	(4,266)
Total recognised income and expenses for the period	-	-	(2,582)	(1,684)	(4,226)
At 31 March 2009	104,469	3,136	26	(67,473)	40,158

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2009 (AUDITED)

	Attributable to equity holders of the parent					Total
	Share Capital	Share Premium	Revaluation Reserves	Equity Component of RCSLS	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2007	103,526	3,136	2,112	737	(75,425)	34,086
Transfer from deferred tax liabilities	-	-	496	-	-	496
Net income/(expenses) recognised directly in equity	-	-	496	-	-	496
Net profit for the period	-	-	-	-	9,636	9,636
Conversion of RCSLS-equity component	737	-	-	(737)	-	-
Conversion of RCSLS-liability component	206	-	-	-	-	206
At 31 March 2008	104,469	3,136	2,608	-	(65,789)	44,424

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

	Note	Period to date	
		31.03.2009 (Unaudited) RM'000	31.03.2008 (Audited) RM'000
Net cash generated from operating activities		16,993	13,865
Net cash used in investing activities		(21,418)	(3,229)
Net cash from/(used in) financing activities		<u>7,881</u>	<u>(9,832)</u>
Net increase in cash and cash equivalents		3,456	804
Cash and cash equivalents as at beginning of financial period		<u>(3,951)</u>	<u>(4,755)</u>
Cash and cash equivalents as at end of financial period		<u>(495)</u>	<u>(3,951)</u>
*Cash and cash equivalents at the end of the financial period comprise the followings:			
Fixed deposits with licensed banks		1,542	1,162
Bank overdrafts	26	(3,469)	(5,671)
Cash and bank balances		<u>2,974</u>	<u>1,720</u>
		1,047	(2,789)
Less: Fixed deposits pledged to licensed banks		<u>(1,542)</u>	<u>(1,162)</u>
		<u>(495)</u>	<u>(3,951)</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(1) Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (FRSs) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2008. These explanatory notes attached to the interim financial statements provides 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 2008.

(2) Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted and disclosed in the audited financial statements for the year ended 31 March 2008.

The effective date for FRS 139 “Financial Instruments: Recognition and Measurement”, has now been determined by the Malaysian Accounting Standards Board (“MASB”) to be from 1 January 2010. The Group is exempted from disclosing the possible impact of FRS 139 in accordance with FRS 108 “Accounting Policies, Change in Accounting Estimates and Errors” prior to its effective date.

(3) Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 March 2008 was not qualified.

(4) Segmental Reporting

The Group’s operations comprise of the following business segments:

Manufacturing	:	Manufacture and sales of consumer and industrial products
Trading	:	Wholesaler/retailer of foodstuff and marketing of sport-wear
Property rental	:	Rental of property
Management services	:	Provision of Management services
Investment holdings & others	:	Investment holdings, dormant and inactive companies

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended 31.03.2009 (Unaudited) RM’000	31.03.2008 (Unaudited) RM’000	12 months ended 31.03.2009 (Unaudited) RM’000	31.03.2008 (Audited) RM’000
<u>Segment Revenue</u>				
Manufacturing	19,935	27,005	121,255	119,546
Trading	7,040	7,340	29,731	25,909
Property rental	-	-	-	-
Management services	341	(254)	1,484	1,871
Investment holdings & others	6,088	-	6,088	1,396
Total revenue including inter-segment sales	33,404	34,091	158,558	148,722
Elimination of inter-segment sales	(6,538)	(163)	(9,253)	(5,545)
Total revenue	26,866	33,928	149,305	143,177

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.03.2009 (Unaudited) RM'000	31.03.2008 (Unaudited) RM'000	31.03.2009 (Unaudited) RM'000	31.03.2008 (Audited) RM'000
<u>Segment Results</u>				
Manufacturing	(3,636)	1,064	(12,286)	6,330
Trading	457	788	1,291	828
Property rental	-	-	-	(196)
Management services	139	(899)	(289)	1,176
Investment holdings & others	(481)	1,325	1,773	5,091
	<u>(3,521)</u>	<u>2,278</u>	<u>(9,511)</u>	<u>13,229</u>
Eliminations	(38)	(1,871)	2,096	(2,525)
Share of loss of an associate	-	(4)	(1)	(11)
	<u>(3,559)</u>	<u>403</u>	<u>(7,416)</u>	<u>10,693</u>

There is no geographical segmental analysis as the operations of the Group are conducted within Malaysia. All inter segment transactions within the Group have been entered and established on terms and conditions that are not materially different from that entered with unrelated parties.

In the previous quarters of 31 March 2008, management services have been incorporated as a new segment while property rental segment has ceased.

(5) Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

(6) Nature and Amount of Changes in Estimates

There were no significant changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect in the current quarter.

(7) Comments about Seasonal or Cyclical Factors

The business operations of the Group's performance were not significantly affected by any seasonal and cyclical factors.

(8) Dividend Paid

There was no dividend paid for the 4th quarter ended of 31 March 2009.

(9) Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment from the financial statements for the year ended 31 March 2008.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(10) Debt and Equity Securities

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share cancellations, shares held as treasury and resale of treasury shares for current quarter except for pursuant to the condition stipulated in the Deed Poll dated 27 October 2003 governing the Warrants 2004/2009 and as amended in a Supplemental Deed Poll dated 11 March 2004, the Exercise Rights of the Warrants 2004/2009 has expired at 5.00 p.m. on Friday, 13 March 2009. The Exercise Price of the Warrants 2004/2009 was RM1.00 for each new Ordinary Share of Denko Industrial Corporation Berhad and no Warrants was exercised.

(11) Changes in the Composition of the Group

There was no change in the composition of the Group during the current quarter.

(12) Commitments

(a) Capital commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2009 are as follows:

	As at 31.03.2009 (Unaudited) RM'000
Approved by the Directors and contracted for	330
Authorised by the Directors but not contracted	40
	<hr/>
	370
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(b) Non-Cancellable Operating Lease Commitment

	As at 31.03.2009 (Unaudited) RM'000
Minimum operating lease commitment payable	
- not later than one year	156
- later than one year but not later than five years	373
	<hr/>
	529
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(13) Changes in Contingent Liabilities and Contingent Assets

There were no changes to the contingent liabilities or assets of the Group since the last audited financial statements.

(14) Material Subsequent Events

There were no other material events subsequent to the end of the current quarter except for cessation of business of a subsidiary company, WSP Plastic Industry Sdn. Bhd. (WSPPI) with effect from 1 April 2009. The cessation of WSPPI's operations will not have any adverse impact on the NTA of Denko for the financial year ended 31 March 2009.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(15) Significant Related Parties Transactions

	12 Months ended 31.03.2009 (Unaudited) RM'000
-Sub contractor fees paid/payable	1,360
-Professional fees paid/payables	<u>85</u>

The Directors are of the view that the above transactions have been entered into in the normal course of business under terms and conditions no less favourable to the Group and the Company than those arranged with independent third parties

(16) Reserves

	As at 31.03.2009 (Unaudited) RM'000	As at 31.03.2008 (Audited) RM'000
Non distributable:		
Share premium	3,136	3,136
Revaluation reserves	26	2,608
	<u>3,162</u>	<u>5,744</u>

(17) Trade and Other Payables

	As at 31.03.2009 (Unaudited) RM'000	As at 31.03.2008 (Audited) RM'000
Trade creditors	16,562	14,932
Other creditors and accruals	23,232	17,030
Provision for corporate guarantee	43	7,467
Amounts owing to directors	151	40
	<u>39,988</u>	<u>39,469</u>

Amounts owing to directors represent accruals for directors' fees and allowances payable for the current and previous financial year which are unsecured and interest free.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(18) Review of Current Quarter Performance

The Group's revenue decreased approximately by RM7.062 million or 20.81%, from RM33.928 million in the same quarter in the preceding financial period ended 31 March 2008 to RM26.866 million in this quarter. The decrease in revenue is due to decrease in demand of electronic and electrical products in the current quarter.

The Group's performance declined from a pre tax profit of RM403 thousand in the same quarter in the preceding financial year to a pre tax loss of RM3.559 million for the current quarter. The significant decline is mainly due to higher operating costs, effect of unrealised foreign exchange, inventory written off and decline in demand.

(19) Comparison with Immediate Preceding Quarter's Results

The Group achieved revenue of RM26.866 million for the quarter under review. This represents an decrease of RM15.329 million in revenue or 36.32% lower than the revenue achieved in the previous quarter. The sharp decline in revenue has resulted the group to register a loss before tax of RM3.559 million in the current quarter as compared to the preceding quarter ended 31 December 2008 when it registered a loss before tax of RM3.962 million. The higher loss recorded in the previous quarter was mainly due to higher unrealised foreign exchange losses, as the Company did not hedge its foreign currencies.

(20) Current Year Prospects

Against the backdrop of global economic uncertainties, it is inevitable that the Group is expected to face challenging and difficult times in the new financial period ending 31 March 2010. Nevertheless, the directors are taking serious measures to ride out this challenging time.

(21) Profit Forecast and Profit Guarantee

The profit forecast is not applicable for the current quarter under review.

There are no further developments on the outstanding profit guarantee as reported in the Audited Financial Statements for the year ended 31 March 2008.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(22) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
-Malaysian income tax	969	(287)	868	(684)
-Deferred tax	1,578	(238)	2,282	(373)
	<u>2,547</u>	<u>(525)</u>	<u>3,150</u>	<u>(1,057)</u>

(23) Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties in the current quarter under review.

(24) Quoted securities

There was no purchase or disposal of quoted securities for the financial period ended 31 March 2009.

(25) Status of Corporate Proposals

There were no corporate proposals announced or completed as at the date of this announcement.

(26) Group Borrowings

Details of the unaudited Group borrowings as at 31 March 2009 is as follows

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank Overdrafts	-	-	-	3,469	-	3,469
Bills Payable and Bankers Acceptance	-	-	-	10,291	-	10,291
Short Term payable	-	-	-	6,170	-	6,170
Hire Purchase payable	8,653	-	8,653	4,217	-	4,217
Long Term payable	21,864	-	21,864	-	-	-
TOTAL	30,517	-	30,517	24,147	-	24,147

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2009

(27) Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this current quarter.

(28) Material Litigation

There are no new development and additional litigation reported in this current quarter.

(29) Dividend Payable

The Directors do not recommend any interim dividend in the current quarter.

(30) Basic Earnings Per Ordinary Share

The basic earnings per ordinary share of the Group are calculated by dividing the net profit/(loss) for the current period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.03.2009 (Unaudited) RM'000	31.03.2008 (Unaudited) RM'000	31.03.2009 (Unaudited) RM'000	31.03.2008 (Audited) RM'000
Profit/(loss) attributable to ordinary equity holders of the parent	(1,012)	(122)	(4,266)	9,636
Weighted average number of ordinary shares in issue ('000)	104,469	104,469	104,469	103,934
Basic earnings/(loss) per share for (sen):	<u>(0.97)</u>	<u>(0.12)</u>	<u>(4.08)</u>	<u>9.27</u>

(31) Fully Diluted Earnings/(Loss) Per Ordinary Share

Fully diluted earnings/(loss) per ordinary share for the current period was not presented as the Company does not have any outstanding share options or other potentially dilutive financial instruments currently in issue.

(32) Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 28 May 2009.