



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

**INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
30 JUNE 2009**

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

**FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	Note	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
		30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000	30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000
Revenue	4	29,157	38,808	29,157	38,808
Cost of sales		(28,780)	(35,054)	(28,780)	(35,054)
Gross profit		<u>377</u>	<u>3,754</u>	<u>377</u>	<u>3,754</u>
Other operating income		520	524	520	524
Marketing and distribution costs		(1,144)	(857)	(1,144)	(857)
Administration expenses		(2,094)	(2,296)	(2,094)	(2,296)
Other operating expenses		(149)	(977)	(149)	(977)
Profit/(Loss) from operations		<u>(2,490)</u>	<u>148</u>	<u>(2,490)</u>	<u>148</u>
Finance costs		(831)	(874)	(831)	(874)
Share of loss of an associate		-	-	-	-
Loss before taxation	4	<u>(3,321)</u>	<u>(726)</u>	<u>(3,321)</u>	<u>(726)</u>
Tax expenses	22	<u>(54)</u>	<u>443</u>	<u>(54)</u>	<u>443</u>
<b>Loss for the period</b>		<b><u>(3,375)</u></b>	<b><u>(283)</u></b>	<b><u>(3,375)</u></b>	<b><u>(283)</u></b>
Attributable to:					
Equity holders of the Parent		<u>(3,375)</u>	<u>(283)</u>	<u>(3,375)</u>	<u>(283)</u>
<b>Loss per ordinary share attributable to equity holders of the parent</b>					
Basic loss per ordinary share (sen)	30	<u>(3.23)</u>	<u>(0.27)</u>	<u>(3.23)</u>	<u>(0.27)</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 2009 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 FIRST QUARTER ENDED 30 JUNE 2009**

	Note	AS AT 30.06.2009 (Unaudited) RM'000	AS AT 31.03.2009 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		89,200	92,049
Prepaid land lease payments		3,854	3,876
Investment in an associated company		1	1
<b>Total non-current assets</b>		<b>93,055</b>	<b>95,926</b>
<b>Current assets</b>			
Inventories		13,574	17,491
Trade and other receivables		27,573	19,168
Current tax assets		2,363	2,257
Cash and cash equivalents		2,502	4,516
<b>Total current assets</b>		<b>46,012</b>	<b>43,472</b>
<b>TOTAL ASSETS</b>		<b>139,067</b>	<b>139,358</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		104,469	104,469
Reserves	16	3,162	3,162
Accumulated losses		(70,848)	(67,473)
<b>Total equity</b>		<b>36,783</b>	<b>40,158</b>
<b>Non-current liabilities</b>			
Long term borrowings	26	28,839	30,517
Deferred tax liabilities		4,548	4,548
<b>Total non-current liabilities</b>		<b>33,387</b>	<b>35,065</b>
<b>Current liabilities</b>			
Trade and other payables	17	41,924	39,988
Short term borrowings	26	26,973	24,147
<b>Total current liabilities</b>		<b>68,897</b>	<b>64,135</b>
<b>Total liabilities</b>		<b>102,284</b>	<b>99,200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>139,067</b>	<b>139,358</b>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>		<b>0.3521</b>	<b>0.3844</b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2009 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 FIRST QUARTER ENDED 30 JUNE 2009 (UNAUDITED)**

	Attributable to equity holders of the parent				Total RM'000
	-----Non-distributable-----		Revaluation Reserves RM'000	Accumulated Losses RM'000	
	Share Capital RM'000	Share Premium RM'000			
<b>At 1 April 2009</b>	104,469	3,136	26	(67,473)	40,158
Net loss for the period	-	-	-	(3,375)	(3,375)
<b>At 30 June 2009</b>	104,469	3,136	26	(70,848)	36,783
<b>At 1 April 2008</b>	104,469	3,136	2,608	(65,789)	44,424
Transfer from deferred tax liabilities	-	-	(1,476)	1,476	-
Net income/(expenses) recognised directly in equity	-	-	(1,476)	1,476	-
Net loss for the period	-	-	-	(283)	(283)
Total recognised income and expenses for the period	-	-	(1,476)	1,193	(283)
<b>At 30 June 2008</b>	104,469	3,136	1,132	(64,596)	44,141

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	Note	Period to date	
		30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000
Net cash (used in)/generated from operating activities		(2,894)	5,161
Net cash from/(used in) investing activities		188	(6,864)
Net cash (used in)/from financing activities		<u>(363)</u>	<u>4,272</u>
Net (decrease)/increase in cash and cash equivalents		(3,069)	2,569
Cash and cash equivalents as at beginning of financial period		<u>(495)</u>	<u>(3,951)</u>
Cash and cash equivalents as at end of financial period		<u><u>(3,564)</u></u>	<u><u>(1,382)</u></u>
*Cash and cash equivalents at the end of the financial period comprise the followings:			
Fixed deposits with licensed banks		955	1,005
Bank overdrafts	26	(4,519)	(5,392)
Cash and bank balances		<u>1,547</u>	<u>4,010</u>
		(2,017)	(377)
Less: Fixed deposits pledged to licensed banks		<u>(1,547)</u>	<u>(1,005)</u>
		<u><u>(3,564)</u></u>	<u><u>(1,382)</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

**PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FIRST QUARTER ENDED 30 JUNE 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 2009. 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 2009.

**(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 2009.

**(3) Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 March 2009 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
Management services	:	Provision of Management services
Investment holdings & others	:	Investment holdings, dormant and inactive companies

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 3 months ended	
	30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000	30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000
<b><u>Segment Revenue</u></b>				
Manufacturing	21,909	32,833	21,909	32,833
Trading	7,292	6,556	7,292	6,556
Management services	323	358	323	358
Investment holdings & others	-	-	-	-
Total revenue including inter-segment sales	29,524	39,747	29,524	39,747
Elimination of inter-segment sales	(367)	(939)	(367)	(939)
Total revenue	29,157	38,808	29,157	38,808

**DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)**  
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**PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		3 months ended	
	30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000	30.06.2009 (Unaudited) RM'000	30.06.2008 (Unaudited) RM'000
<b><u>Segment Results</u></b>				
Manufacturing	(3,482)	699	(3,482)	699
Trading	138	156	138	156
Management services	118	(767)	118	(767)
Investment holdings & others	184	(757)	184	(757)
	<u>(3,042)</u>	<u>(669)</u>	<u>(3,042)</u>	<u>(669)</u>
Eliminations		(57)		(57)
Share of loss of an associate	<u>(279)</u>	<u>-</u>	<u>(279)</u>	<u>-</u>
Loss before taxation	<u>(3,321)</u>	<u>(726)</u>	<u>(3,321)</u>	<u>(726)</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.

**(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 1<sup>st</sup> quarter ended of 30 June 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 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 FIRST QUARTER ENDED 30 JUNE 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.

**(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 30 June 2009 are as follows:

	<b>As at 30.06.2009 (Unaudited) RM'000</b>
Contracted but not provided for	-
Authorised but not contracted for	290
	<hr/>
	290
	<hr/>

*(b) Non-Cancellable Operating Lease Commitment*

	<b>As at 30.06.2009 (Unaudited) RM'000</b>
Minimum operating lease commitment payable	
- not later than one year	156
- later than one year but not later than five years	334
	<hr/>
	490
	<hr/>

**(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.

**DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)**  
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**PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FIRST QUARTER ENDED 30 JUNE 2009**

**(15) Significant Related Parties Transactions**

	<b>3 Months ended 30.06.2009 (Unaudited) RM'000</b>
-Sub contractor fees paid/payable	138
-Professional fees paid/payables	<u>15</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**

	<b>As at 30.06.2009 (Unaudited) RM'000</b>	<b>As at 31.03.2009 (Audited) RM'000</b>
Non distributable:		
Share premium	3,136	3,136
Revaluation reserves	26	26
	<u>3,162</u>	<u>3,162</u>

**(17) Trade and Other Payables**

	<b>As at 30.06.2009 (Unaudited) RM'000</b>	<b>As at 31.03.2009 (Audited) RM'000</b>
Trade creditors	18,441	16,562
Other creditors and accruals	23,312	23,232
Provision for corporate guarantee	-	43
Amounts owing to directors	<u>171</u>	<u>151</u>
	<u>41,924</u>	<u>39,988</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 FIRST QUARTER ENDED 30 JUNE 2009**

**(18) Review of Current Quarter Performance**

The Group's revenue decreased approximately by RM9.651 million or 24.87%, from RM38.808 million in the same quarter in the preceding financial period ended 30 June 2008 to RM29.157 million in this quarter. The decrease in revenue is due to decrease in demand for electronic and electrical products in the current quarter.

The Group's performance declined from a pre tax loss of RM283 thousand in the same quarter in the preceding financial year to a pre tax loss of RM3.375 million for the current quarter. The significant decline is mainly due to higher operating costs, effects of inventory written off and the decline in demand for electronic and electrical products.

**(19) Comparison with Immediate Preceding Quarter's Results**

The Group achieved revenue of RM29.157 million for the quarter under review. This represents an increase of RM2.291 million in revenue or 8.55% higher than the revenue achieved in the previous quarter. Despite increase in revenue, the group registered a loss before tax of RM3.375 million in the current quarter as compared to the preceding quarter ended 31 March 2009 when it registered a loss before tax of RM1.012 million. The higher loss recorded in the current quarter were mainly due to higher inventory written off and higher operating costs.

**(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 2009.

**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 FIRST QUARTER ENDED 30 JUNE 2009**

**(22) Taxation**

	<b>INDIVIDUAL QUARTER 3 months ended</b>		<b>CUMULATIVE QUARTER 3 months ended</b>	
	<b>30.06.2009 (Unaudited) RM'000</b>	<b>30.06.2008 (Unaudited) RM'000</b>	<b>30.06.2009 (Unaudited) RM'000</b>	<b>30.06.2008 (Unaudited) RM'000</b>
	In respect of current period			
-Malaysian income tax	(54)	(111)	(54)	(111)
-Deferred tax	-	554	-	554
	<u>(54)</u>	<u>443</u>	<u>(54)</u>	<u>443</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 30 June 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 30 June 2009 are as follows:

Type of borrowing	<b>Short term borrowings</b>	<b>Long term borrowings</b>	<b>Total borrowings</b>
	<b>Secured</b>	<b>Secured</b>	<b>Secured</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bank Overdrafts	4,519	-	4,519
Bills Payable and Bankers Acceptance	12,321	-	12,321
Revolving Credit	2,000	-	2,000
Hire Purchase payable	3,884	7,861	11,745
Term Loan	4,249	20,978	25,227
<b>TOTAL</b>	<b>26,973</b>	<b>28,839</b>	<b>55,812</b>

**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 FIRST QUARTER ENDED 30 JUNE 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 Loss Per Ordinary Share**

The basic loss per ordinary share of the Group are calculated by dividing the net 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 3 months ended	
	30.06.2009 (Unaudited)	30.06.2008 (Unaudited)	30.06.2009 (Unaudited)	30.06.2008 (Unaudited)
Loss attributable to ordinary equity holders of the parent (“000”)	(3,375)	(283)	(3,375)	(283)
Weighted average number of ordinary shares in issue (“000”)	104,469	104,469	104,469	104,469
Basic loss per share for (sen):	<u>(3.23)</u>	<u>(0.27)</u>	<u>(3.23)</u>	<u>(0.27)</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 20 August 2009.