



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

**INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2009**

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

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED INCOME STATEMENTS	1
CONDENSED CONSOLIDATED BALANCE SHEETS	2
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED CASH FLOW STATEMENTS	4
PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134	5-8
PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA	9-11

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

	Note	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
		30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000	30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000
Revenue	4	30,425	41,436	59,582	80,244
Cost of sales		(25,717)	(40,251)	(54,497)	(75,305)
Gross profit		4,708	1,185	5,085	4,939
Other operating income		33	926	553	1,450
Provision for corporate guarantee written back		-	4,967	-	4,967
Marketing and distribution costs		(1,000)	(1,700)	(2,144)	(2,557)
Administration expenses		(1,683)	(3,373)	(3,777)	(5,669)
Other operating expenses		(171)	(352)	(320)	(1,329)
Profit/(Loss) from operations		1,887	1,653	(603)	1,801
Finance costs		(838)	(821)	(1,669)	(1,695)
Share of loss of an associate		-	(1)	-	(1)
Profit/(Loss) before taxation	4	1,049	831	(2,272)	105
Tax expenses	22	54	(353)	-	90
Profit/(Loss) for the period		1,103	478	(2,272)	195
Attributable to:					
Equity holders of the Parent		1,103	478	(2,272)	195
Profit/(Loss) per ordinary share attributable to equity holders of the parent					
Basic profit/(loss) per ordinary share (sen)	30	1.06	0.46	(2.17)	0.19
Fully diluted profit/(loss) per ordinary share (sen)	31	-	-	-	-

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 SECOND QUARTER ENDED 30 SEPTEMBER 2009

	Note	AS AT 30.09.2009 (Unaudited) RM'000	AS AT 31.03.2009 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		86,707	92,049
Prepaid land lease payments		3,833	3,876
Investment in an associated company		1	1
Total non-current assets		90,541	95,926
Current assets			
Inventories		13,740	17,491
Trade and other receivables		28,480	19,168
Current tax assets		2,346	2,257
Cash and cash equivalents		1,895	4,516
Total current assets		46,461	43,432
TOTAL ASSETS		137,002	139,358
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		104,469	104,469
Reserves	16	3,162	3,162
Accumulated losses		(69,745)	(67,473)
Total equity		37,886	40,158
Non-current liabilities			
Long term borrowings	26	26,996	30,517
Deferred tax liabilities		4,548	4,548
Total non-current liabilities		31,544	35,065
Current liabilities			
Trade and other payables	17	39,907	39,988
Short term borrowings	26	27,665	24,147
Total current liabilities		67,572	64,135
Total liabilities		99,116	99,200
TOTAL EQUITY AND LIABILITIES		137,002	139,358
Net assets per share attributable to equity holders of the parent (RM)		0.3627	0.3844

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 SECOND QUARTER ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Attributable to equity holders of the parent				Total
	-----Non-distributable-----			Accumulated	
	Share Capital	Share Premium	Revaluation Reserves		
RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 April 2009	104,469	3,136	26	(67,473)	40,158
Net loss for the period	-	-	-	(2,272)	(2,272)
At 30 September 2009	104,469	3,136	26	(69,745)	37,886
At 1 April 2008	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 profit for the period	-	-	-	195	195
Total recognised income and expenses for the period	-	-	(1,476)	1,671	195
At 30 September 2008	104,469	3,136	1,132	(64,118)	44,619

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 SECOND QUARTER ENDED 30 SEPTEMBER 2009

	Note	Period to date	
		30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000
Net cash (used in)/generated from operating activities		(4,304)	8,856
Net cash from/(used in) investing activities		2,591	(14,210)
Net cash (used in)/from financing activities		<u>(1,855)</u>	<u>8,423</u>
Net (decrease)/increase in cash and cash equivalents		(3,568)	3,069
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>(4,063)</u></u>	<u><u>(882)</u></u>
*Cash and cash equivalents at the end of the financial period comprise the followings:			
Fixed deposits with licensed banks		1,552	532
Bank overdrafts	26	(4,406)	(4,284)
Cash and bank balances		<u>343</u>	<u>3,402</u>
		<u>(2,511)</u>	<u>(350)</u>
Less: Fixed deposits pledged to licensed banks		<u>(1,552)</u>	<u>(532)</u>
		<u><u>(4,063)</u></u>	<u><u>(882)</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 SECOND QUARTER ENDED 30 SEPTEMBER 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 6 months ended	
	30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000	30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000
<u>Segment Revenue</u>				
Manufacturing	22,794	33,959	44,703	66,792
Trading	7,711	8,126	15,003	14,682
Management services	352	381	675	739
Investment holdings & others	-	-	-	-
Total revenue including inter-segment sales	30,857	42,466	60,381	82,213
Elimination of inter-segment sales	(432)	(1,030)	(799)	(1,969)
Total revenue	30,425	41,436	59,582	80,244

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

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000
<u>Segment Results</u>				
Manufacturing	1,594	(4,089)	(1,888)	(3,390)
Trading	670	378	808	534
Management services	(4)	192	114	(575)
Investment holdings & others	412	3,870	596	3,113
	<u>2,672</u>	<u>351</u>	<u>(370)</u>	<u>(318)</u>
Eliminations	(1,623)	481	(1,902)	424
Share of loss of an associate	-	(1)	-	(1)
	<u>1,049</u>	<u>831</u>	<u>(2,272)</u>	<u>105</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 2nd quarter ended 30 September 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)
Incorporated in Malaysia

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 September 2009 are as follows:

	As at 30.09.2009 (Unaudited) RM'000
Contracted but not provided for	-
Authorised but not contracted for	213
	<hr/>
	213
	<hr/>

(b) Non-Cancellable Operating Lease Commitment

	As at 30.09.2009 (Unaudited) RM'000
Minimum operating lease commitment payable	
- not later than one year	156
- later than one year but not later than five years	295
	<hr/>
	451
	<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 except for on 18 September 2009, the subsidiary company CWSP Plastic Industry Sdn. Bhd. (formerly known as CWSP Plastic Industry Sdn. Bhd.), has presented a winding-up petition under Section 218 (1) (a) of the Companies Act, 1965.

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

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

(15) Significant Related Parties Transactions

	6 Months ended 30.09.2009 (Unaudited) RM'000
-Sub contractor fees paid/payable	<u>269</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 30.09.2009 (Unaudited) RM'000	As at 31.03.2009 (Audited) RM'000
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

	As at 30.09.2009 (Unaudited) RM'000	As at 31.03.2009 (Audited) RM'000
Trade creditors	18,453	16,562
Other creditors and accruals	21,280	23,232
Provision for corporate guarantee	-	43
Amounts owing to directors	174	151
	<u>39,907</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 SECOND QUARTER ENDED 30 SEPTEMBER 2009

(18) Review of Current Quarter Performance

The Group's revenue decreased approximately by RM11.011 million or 26.57%, from RM41.436 million in the same quarter in the preceding financial period ended 30 September 2008 to RM30.425 million in this quarter. The decrease in revenue is due to decrease in demand for electronic and electrical products in the current quarter.

Despite the decrease in revenue, the gross margin of the Group improved due to cost reduction measures effectively undertaken by the management during the quarter. The overall performance of the Group for this quarter has improved marginally to pre tax profit of RM1.049 million as compared to pre tax profit of RM831 thousand in the same quarter in the preceding financial year. This was despite the fact that there was a write back of provision for corporate guarantee in the same quarter in the preceding financial year amounting to RM4.967 million, whereas in the current quarter, there were no similar write back of provision.

(19) Comparison with Immediate Preceding Quarter's Results

The Group achieved revenue of RM30.425 million for the quarter under review. This represents an increase of RM1.268 million in revenue or 4.35% higher than the revenue achieved in the previous quarter. The group registered a profit before tax of RM1.049 million in the current quarter as compared to the preceding quarter ended 30 June 2009 when it registered a loss before tax of RM3.321 million. The higher profit recorded in the current quarter were mainly due to effective cost reduction measures implement during the quarter.

(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.

Pursuant to the outstanding profit guarantee as reported in the Audited Financial Statements for the year ended 31 March 2009. One of the profit guarantee case was came for final decision in Court on 30th October 2009 and decision was delivered in favour of Denko to claim from the vendors the profit guarantee amounting to RM5 million together with interest and costs thereon. The Board of Directors of Denko has instructed their solicitors to expedite the process of executing the Judgement. The said profit guarantee of RM5 million together with interest thereon will only be recognised as income in the accounts of Denko on a receipt basis.

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

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2009

(22) Taxation

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000	30.09.2009 (Unaudited) RM'000	30.09.2008 (Unaudited) RM'000
	In respect of current period			
-Malaysian income tax	54	(203)	-	(314)
-Deferred tax	-	(150)	-	404
	<u>54</u>	<u>(353)</u>	<u>-</u>	<u>90</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 September 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 September 2009 are as follows:

Type of borrowing	Short term borrowings	Long term borrowings	Total borrowings
	Secured	Secured	Secured
	RM'000	RM'000	RM'000
Bank Overdrafts	4,406	-	4,406
Bills Payable and Bankers Acceptance	13,426	-	13,426
Revolving Credit	2,000	-	2,000
Hire Purchase payables	3,555	7,086	10,641
Term Loans	4,278	19,910	24,188
TOTAL	27,665	26,996	54,661

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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

Other than indicated in Note 21, 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 Profit/(Loss) Per Ordinary Share

The basic profit/(loss) 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		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) attributable to ordinary equity holders of the parent ("000")	1,103	478	(2,272)	195
Weighted average number of ordinary shares in issue ("000")	104,469	104,469	104,469	104,469
Basic profit/(loss) per share for (sen):	<u>1.06</u>	<u>0.46</u>	<u>(2.17)</u>	<u>0.19</u>

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

Fully diluted profit/(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 25 November 2009.