



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

**INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED  
31 DECEMBER 2009**

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

**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2009**

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2009**

	Note	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
		31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000	31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000
Revenue	4	28,952	42,195	88,534	122,439
Cost of sales		(25,808)	(40,953)	(80,305)	(116,258)
Gross profit		<u>3,144</u>	<u>1,242</u>	<u>8,229</u>	<u>6,181</u>
Other operating income		248	(41)	801	1,409
Gain on deconsolidation of a subsidiary company		1,193	1,175	1,193	1,175
Provision for corporate guarantee written back		-	-	-	4,967
Marketing and distribution costs		(1,131)	(1,338)	(3,275)	(3,895)
Administration expenses		(2,208)	(2,378)	(5,985)	(8,047)
Other operating expenses		49	(1,790)	(271)	(3,119)
Profit/(Loss) from operations		<u>1,295</u>	<u>(3,130)</u>	<u>692</u>	<u>(1,329)</u>
Finance costs		(729)	(832)	(2,398)	(2,527)
Share of loss of an associate		-	-	-	(1)
Profit/(Loss) before taxation	4	<u>566</u>	<u>(3,962)</u>	<u>(1,706)</u>	<u>(3,857)</u>
Tax expenses	22	<u>(67)</u>	<u>513</u>	<u>(67)</u>	<u>603</u>
<b>Profit/(Loss) for the period</b>		<u><b>499</b></u>	<u><b>(3,449)</b></u>	<u><b>(1,773)</b></u>	<u><b>(3,254)</b></u>
Attributable to:					
Equity holders of the Parent					
<b>Profit/(Loss) per ordinary share attributable to equity holders of the parent</b>		<u><b>499</b></u>	<u><b>(3,449)</b></u>	<u><b>(1,773)</b></u>	<u><b>(3,254)</b></u>
Basic profit/(loss) per ordinary share (sen)	30	<u>0.48</u>	<u>(3.30)</u>	<u>(1.70)</u>	<u>(3.11)</u>
Fully diluted profit/(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 THIRD QUARTER ENDED 31 DECEMBER 2009**

	Note	AS AT 31.12.2009 (Unaudited) RM'000	AS AT 31.03.2009 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		79,915	92,049
Prepaid land lease payments		2,961	3,876
Investment in an associated company		1	1
Total non-current assets		82,877	95,926
<b>Current assets</b>			
Inventories		15,051	17,491
Trade and other receivables		27,864	19,168
Current tax assets		2,324	2,257
Cash and cash equivalents		1,747	4,516
Total current assets		46,986	43,432
<b>TOTAL ASSETS</b>		<b>129,863</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		(69,246)	(67,473)
<b>Total equity</b>		<b>38,385</b>	<b>40,158</b>
<b>Non-current liabilities</b>			
Long term borrowings	26	23,744	30,517
Deferred tax liabilities		4,548	4,548
Total non-current liabilities		28,292	35,065
<b>Current liabilities</b>			
Trade and other payables	17	36,916	39,988
Short term borrowings	26	26,270	24,147
Total current liabilities		63,186	64,135
<b>Total liabilities</b>		<b>91,478</b>	<b>99,200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,863</b>	<b>139,358</b>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>		<b>0.3674</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 THIRD QUARTER ENDED 31 DECEMBER 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	
<b>At 1 April 2009</b>	104,469	3,136	26	(67,473)	40,158
Net loss for the period	-	-	-	(1,773)	(1,773)
<b>At 31 December 2009</b>	104,469	3,136	26	(69,246)	38,385
<b>At 1 April 2008</b>	104,469	3,136	2,608	(65,789)	44,424
Transfer from deferred tax liabilities	-	-	(2,582)	2,582	-
Net income/(expenses) recognised directly in equity	-	-	(2,582)	2,582	-
Net loss for the period	-	-	-	(3,254)	(3,254)
Total recognised income and expenses for the period	-	-	(2,582)	(1,778)	
<b>At 31 December 2008</b>	104,469	3,136	26	(66,461)	41,170

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 THIRD QUARTER ENDED 31 DECEMBER 2009**

	Note	Period to date	
		31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000
Net cash (used in)/generated from operating activities		(384)	10,336
Net cash from/(used in) investing activities		1,408	(17,771)
Net cash (used in)/from financing activities		<u>(4,565)</u>	<u>12,501</u>
Net (decrease)/increase in cash and cash equivalents		(3,541)	5,066
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>(4,036)</u>	<u>1,115</u>
*Cash and cash equivalents at the end of the financial period comprise the followings:			
Fixed deposits with licensed banks		1,542	1,537
Bank overdrafts	26	(4,241)	(3,142)
Cash and bank balances		<u>205</u>	<u>4,257</u>
		(2,494)	2,652
Less: Fixed deposits pledged to licensed banks		<u>(1,542)</u>	<u>(1,537)</u>
		<u>(4,036)</u>	<u>1,115</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)**  
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**PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 9 months ended	
	31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000	31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000
<b><u>Segment Revenue</u></b>				
Manufacturing	21,813	34,528	66,516	101,320
Trading	7,222	8,009	22,225	22,691
Management services	354	404	1,029	1,143
Investment holdings & others	-	-	-	-
Total revenue including inter-segment sales	29,389	42,941	89,770	125,154
Elimination of inter-segment sales	(437)	(746)	(1,236)	(2,715)
Total revenue	28,952	42,195	88,534	122,439

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000	31.12.2009 (Unaudited) RM'000	31.12.2008 (Unaudited) RM'000
<b><u>Segment Results</u></b>				
Manufacturing	(1,096)	(5,260)	(2,984)	(8,650)
Trading	340	300	1,148	834
Management services	195	147	309	(428)
Investment holdings & others	(688)	(859)	(92)	2,254
	(1,249)	(5,672)	(1,619)	(5,990)
Eliminations	1,815	1,710	(87)	2,134
Share of loss of an associate	-	-	-	(1)
Profit/(Loss) before taxation	566	(3,962)	(1,706)	(3,857)

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 3<sup>rd</sup> quarter ended 31 December 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.

**(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.



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

**(11) Changes in the Composition of the Group**

There was no change in the composition of the Group during the current quarter except for the following:

In accordance with FRS 127: "Consolidated and Separate Financial Statement" the Company has lost the control over its rights to govern the financial and operating policies of CWSP Plastic Industry Sdn. Bhd. (CWSP) (formerly known as WSP Plastic Industry Sdn. Bhd.), as the winding-up petition was submitted to the Court under Section 218 (1) (a) of the Companies Act, 1965. Subsequently, on 11 February 2010 the Court heard the petition and granted the appointment of liquidator. This has given rise to a gain on deconsolidation of RM1.193 million to the Group.

**(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 December 2009 are as follows:

	<b>As at 31.12.2009 (Unaudited) RM'000</b>
Contracted but not provided for	205
Authorised but not contracted for	-
	<hr/>
	205
	<hr/>

*(b) Non-Cancellable Operating Lease Commitment*

	<b>As at 31.12.2009 (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	256
	<hr/>
	412
	<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 except for the following:

The Company has provided a corporate guarantee amounting to RM7.2 million to a financial institution on behalf of a former subsidiary, CWSP Plastic Industry Sdn. Bhd. (formerly known as WSP Plastic Industry Sdn. Bhd.), arose in view of issue referred in Part A, note 11 of the explanatory notes. The outstanding liability to the said financial institution is approximately RM3.2 million and adequately secured against its assets.

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

**(14) Material Subsequent Events**

There were no other material events subsequent to the end of the current quarter except:

- (i) on 5 February 2010, the Company being one of the major creditor's of a wholly owned subsidiary company, Aliran Mujarab Sdn. Bhd. (AMSB), has nominated Mr. Seah Cheoh Wah of Messrs. Tee & Partners as Provisional Liquidator in respect of creditors voluntary winding-up of AMSB.
- (ii) on 28 January 2010, the Company's wholly owned subsidiary, Winsheng Plastic Industry Sdn Bhd, disposed its 30% equity interest in EMC Dinamik Sdn Bhd (EMC) for cash consideration of RM 1.00.

**(15) Significant Related Parties Transactions**

	<b>9 Months ended 31.12.2009 (Unaudited) RM'000</b>
-Sub contractor fees paid/payable	<u>1,484</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 31.12.2009 (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 31.12.2009 (Unaudited) RM'000</b>	<b>As at 31.03.2009 (Audited) RM'000</b>
Trade creditors	17,892	16,562
Other creditors and accruals	18,801	23,232
Provision for corporate guarantee	-	43
Amounts owing to directors	223	151
	<u>36,916</u>	<u>39,988</u>

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

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

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

The Group's revenue decreased approximately by RM13.243 million or 31.38%, from RM42.195 million in the same quarter in the preceding financial period ended 31 December 2008 to RM28.952 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 to pre tax profit of RM566 thousand as compared to pre tax loss of RM3.962 million in the same quarter in the preceding financial year.

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

The Group achieved revenue of RM28.952 million for the quarter under review. This represents a decrease of RM1.473 million in revenue or 4.84% lower than the revenue achieved in the previous quarter. The group registered a profit before tax of RM566 thousand in the current quarter as compared to the preceding quarter ended 30 September 2009 when it registered a profit before tax of RM1.049 million. The lower profit achieved was largely owing to declining revenue in the current quarter.

**(20) Current Year Prospects**

Against the backdrop of uncertainties of electronic industry, the Group is expected to face challenging and difficult times in the 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 30<sup>th</sup> 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 accrued 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.

**(22) Taxation**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>31.12.2009</b>	<b>31.12.2008</b>	<b>31.12.2009</b>	<b>31.12.2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of current period				
-Malaysian income tax	(67)	513	(67)	603
-Deferred tax	-	-	-	-
	<b>(67)</b>	<b>513</b>	<b>(67)</b>	<b>603</b>

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

**(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 December 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 December 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	4,241	-	4,241
Bills Payable and Bankers Acceptance	12,794	-	12,794
Revolving Credit	2,000	-	2,000
Hire Purchase payables	3,187	6,328	9,515
Term Loans	4,048	17,416	21,464
<b>TOTAL</b>	<b>26,270</b>	<b>23,744</b>	<b>50,014</b>

**(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.

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

**(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.

	<b>INDIVIDUAL QUARTER 3 months ended</b>		<b>CUMULATIVE QUARTER 9 months ended</b>	
	<b>31.12.2009 (Unaudited)</b>	<b>31.12.2008 (Unaudited)</b>	<b>31.12.2009 (Unaudited)</b>	<b>31.12.2008 (Unaudited)</b>
Profit/(Loss) attributable to ordinary equity holders of the parent ("000")	499	(3,449)	(1,773)	(3,254)
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>0.48</u>	<u>(3.30)</u>	<u>(1.70)</u>	<u>(3.11)</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 24 February 2010.