



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

**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2010**

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

FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

| <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 FOURTH QUARTER ENDED 31 MARCH 2010

| | Note | INDIVIDUAL QUARTER 3 months ended | | CUMULATIVE QUARTER 12 months ended | |
|--|------|---|-------------------------------------|--|-----------------------------------|
| | | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Unaudited) RM'000 | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Audited) RM'000 |
| Revenue | 4 | 28,583 | 26,866 | 117,117 | 149,305 |
| Cost of sales | | (24,865) | (23,919) | (105,170) | (140,177) |
| Gross profit | | <u>3,718</u> | <u>2,947</u> | <u>11,947</u> | <u>9,128</u> |
| Other operating income | | 1,826 | 505 | 2,627 | 1,914 |
| Gain on deconsolidation of subsidiary companies | | 1,607 | 704 | 2,800 | 1,879 |
| Loss on disposal of an associated company | | (1) | - | (1) | - |
| Provision for corporate guarantee written back | | - | - | - | 4,967 |
| Marketing and distribution costs | | (1,019) | (644) | (4,294) | (4,539) |
| Administration expenses | | (2,838) | (6,389) | (8,823) | (14,436) |
| Other operating expenses | | (1,740) | 932 | (2,011) | (2,187) |
| Profit/(Loss) from operations | | <u>1,553</u> | <u>(1,945)</u> | <u>2,245</u> | <u>(3,274)</u> |
| Finance costs | | (711) | (910) | (3,109) | (3,437) |
| Share of loss of an associate | | - | - | - | (1) |
| Profit/(Loss) before taxation | 4 | <u>842</u> | <u>(2,855)</u> | <u>(864)</u> | <u>(6,712)</u> |
| Taxation | 21 | <u>352</u> | <u>1,843</u> | <u>285</u> | <u>2,446</u> |
| Profit/(Loss) for the period | | <u><u>1,194</u></u> | <u><u>(1,012)</u></u> | <u><u>(579)</u></u> | <u><u>(4,266)</u></u> |
| Attributable to: Equity holders of the Parent | | | | | |
| Profit/(Loss) per ordinary share attributable to equity holders of the parent | | <u>1,194</u> | <u>(1,012)</u> | <u>(579)</u> | <u>(4,266)</u> |
| Basic profit/(loss) per ordinary share (sen) | 29 | <u>1.14</u> | <u>(0.97)</u> | <u>(0.55)</u> | <u>(4.08)</u> |
| Fully diluted profit/(loss) per ordinary share (sen) | 30 | <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 FOURTH QUARTER ENDED 31 MARCH 2010

| | Note | AS AT 31.03.2010 (Unaudited) RM'000 | AS AT 31.03.2009 (Audited) RM'000 |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 74,197 | 92,049 |
| Prepaid land lease payments | | 2,965 | 3,876 |
| Investment in an associated company | | - | 1 |
| Total non-current assets | | 77,162 | 95,926 |
| Current assets | | | |
| Inventories | | 13,965 | 17,491 |
| Trade and other receivables | | 21,866 | 19,168 |
| Current tax assets | | 2,295 | 2,257 |
| Cash and cash equivalents | | 3,568 | 4,516 |
| Total current assets | | 41,694 | 43,432 |
| TOTAL ASSETS | | 118,856 | 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 | | (68,052) | (67,473) |
| Total equity | | 39,579 | 40,158 |
| Non-current liabilities | | | |
| Long term borrowings | 25 | 21,859 | 30,517 |
| Other payables | | 6,967 | - |
| Deferred tax liabilities | | 4,143 | 4,548 |
| Total non-current liabilities | | 32,969 | 35,065 |
| Current liabilities | | | |
| Trade and other payables | | 26,463 | 39,988 |
| Short term borrowings | 25 | 19,845 | 24,147 |
| Total current liabilities | | 46,308 | 64,135 |
| Total liabilities | | 79,277 | 99,200 |
| TOTAL EQUITY AND LIABILITIES | | 118,856 | 139,358 |
| Net assets per share attributable to equity holders of the parent (RM) | | 0.3789 | 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 FOURTH QUARTER ENDED 31 MARCH 2010 (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 | | | |
| At 1 April 2009 | 104,469 | 3,136 | 26 | (67,473) | 40,158 |
| Net loss for the year | - | - | - | (579) | (579) |
| At 31 March 2010 | 104,469 | 3,136 | 26 | (68,052) | 39,579 |
| At 1 April 2008 | 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 | - | - | - | (4,266) | (4,266) |
| Total recognised income and expenses for the period | - | - | (2,582) | (1,684) | (4,266) |
| 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 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 FOURTH QUARTER ENDED 31 MARCH 2010

| | Note | Period to date | |
|--|------|-------------------------------------|-----------------------------------|
| | | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Audited) RM'000 |
| Net cash generated from operating activities | | 6,408 | 10,879 |
| Net cash from/(used in) investing activities | | 4,802 | (3,782) |
| Net cash used in financing activities | | <u>(8,818)</u> | <u>(3,641)</u> |
| Net increase in cash and cash equivalents | | 2,392 | 3,456 |
| 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>1,897</u> | <u>(495)</u> |
| *Cash and cash equivalents at the end of the financial period comprise the followings: | | | |
| Fixed deposits with licensed banks | | 1,564 | 1,542 |
| Bank overdrafts | 25 | (107) | (3,469) |
| Cash and bank balances | | <u>2,004</u> | <u>2,974</u> |
| | | 3,461 | 1,047 |
| Less: Fixed deposits pledged to licensed banks | | <u>(1,564)</u> | <u>(1,542)</u> |
| | | <u>1,897</u> | <u>(495)</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 FOURTH QUARTER ENDED 31 MARCH 2010

(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 | | CUMULATIVE QUARTER | |
|---|-----------------------|-------------|-----------------------|------------|
| | 3 months ended | | 12 months ended | |
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Segment Revenue</u> | | | | |
| Manufacturing | 20,081 | 19,935 | 86,597 | 121,255 |
| Trading | 8,556 | 7,040 | 30,781 | 29,731 |
| Management services | 432 | 341 | 1,461 | 1,484 |
| Investment holdings & others | 700 | 6,088 | 700 | 6,088 |
| Total revenue including inter-segment sales | 29,769 | 33,404 | 119,539 | 158,558 |
| Elimination of inter-segment sales | (1,186) | (6,538) | (2,422) | (9,253) |
| Total revenue | 28,583 | 26,866 | 117,117 | 149,305 |

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 2010

(4) Segmental Reporting (Cont'd)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| | 3 months ended | | 12 months ended | |
| | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Unaudited) RM'000 | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Audited) RM'000 |
| <u>Segment Results</u> | | | | |
| Manufacturing | (647) | (3,461) | (3,631) | (12,111) |
| Trading | 321 | 457 | 1,469 | 1,291 |
| Management services | 158 | 139 | 467 | (289) |
| Investment holdings & others | 6,853 | 623 | 6,761 | 2,877 |
| | 6,685 | (2,242) | 5,066 | (8,232) |
| Eliminations | (5,843) | (613) | (5,930) | 1,521 |
| Share of loss of an associate | - | - | - | (1) |
| Profit/(Loss) before taxation | 842 | (2,855) | (864) | (6,712) |

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 4th quarter ended 31 March 2010.

(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 FOURTH QUARTER ENDED 31 MARCH 2010

(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 had 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.) and Aliran Mujarab Sdn. Bhd., as liquidators have been appointed. This had given rise to a gain on deconsolidation of RM2.8 million to the Group.

(12) Commitments

(a) Capital commitments

The are no outstanding commitments for purchase of property, plant and equipment as at 31 March 2010.

(b) Non-Cancellable Operating Lease Commitment

| | As at 31.03.2010 (Unaudited) RM'000 |
|---|--|
| Minimum operating lease commitment payable | |
| - not later than one year | 156 |
| - later than one year but not later than five years | 217 |
| | <hr/> |
| | 373 |
| | <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 had provided corporate guarantee to financial institutions on behalf of a former subsidiary, CWSP Plastic Industry Sdn. Bhd. (formerly known as WSP Plastic Industry Sdn. Bhd.), the outstanding liability to the said financial institutions are approximately RM3.076 million.

(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 FOURTH QUARTER ENDED 31 MARCH 2010**

(15) Significant Related Parties Transactions

| | 12 Months ended 31.03.2010 (Unaudited) RM'000 |
|-----------------------------------|--|
| -Sub contractor fees paid/payable | <u>2,015</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 31.03.2010 (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> |

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2010

(17) Review of Current Quarter Performance

The Group's revenue increased approximately by RM1.717 million or 6.39%, from RM26.866 million in the same quarter in the preceding financial period ended 31 March 2009 to RM28.583 million in this quarter. The increase in revenue is due to slight increase in demand for electronic and electrical including trading products in the current quarter.

The gross margin of the Group improved due to cost reduction measures undertaken by the management during the quarter. The overall performance of the Group for this quarter has improved to pre tax profit of RM842 thousand which includes deconsolidation effect of subsidiary companies amounting to RM1.607 million as compared to pre tax loss of RM2.855 million in the same quarter in the preceding financial year.

(18) Comparison with Immediate Preceding Quarter's Results

The Group achieved revenue of RM28.583 million for the quarter under review. This represents a decrease of RM369 thousand in revenue or 1.27% lower than the revenue achieved in the previous quarter. The group registered a profit before tax of RM842 thousand in the current quarter which includes deconsolidation effect of subsidiary companies amounting to RM1.607 million as compared to the preceding quarter ended 31 December 2009 when it registered a profit before tax of RM566 thousand.

(19) Current Year Prospects

The Group is expected to fare better in the financial year ending 31 March 2011. The Group will continue to take measures to improve its performance.

(20) Profit Forecast and Profit Guarantee

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

(21) Taxation

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|------------------------------|--|--|--|--|
| | 3 months ended | | 12 months ended | |
| | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Unaudited) RM'000 | 31.03.2010 (Unaudited) RM'000 | 31.03.2009 (Audited) RM'000 |
| In respect of current period | | | | |
| -Malaysian income tax | (27) | 973 | (94) | 872 |
| -Deferred tax | 379 | 870 | 379 | 1,574 |
| | <u>352</u> | <u>1,843</u> | <u>285</u> | <u>2,446</u> |

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 2010

(22) Sale of Unquoted Investments and/or Properties

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

(23) Quoted securities

There was no purchase or disposal of quoted securities for the financial period ended 31 March 2010.

(24) Status of Corporate Proposals

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

(25) Group Borrowings

Details of the unaudited Group borrowings as at 31 March 2010 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 | 107 | - | 107 |
| Bills Payable and Bankers Acceptance | 10,644 | - | 10,644 |
| Revolving Credit | 2,000 | - | 2,000 |
| Hire Purchase payables | 2,997 | 5,615 | 8,612 |
| Term Loans | 4,097 | 16,244 | 20,341 |
| TOTAL | 19,845 | 21,859 | 41,704 |

(26) Off Balance Sheet Financial Instruments

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

(27) Material Litigation

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

(28) Dividend Payable

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

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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 2010

(29) 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 | | 12 months ended | |
| | 31.03.2010 | 31.03.2009 | 31.03.2010 | 31.03.2009 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Profit/(Loss) attributable to ordinary equity holders of the parent ("000") | 1,194 | (1,012) | (579) | (4,266) |
| Weighted average number of ordinary shares in issue ("000") | 104,469 | 104,469 | 104,469 | 104,469 |
| Basic profit/(loss) per share for period/year (sen): | <u>1.14</u> | <u>(0.97)</u> | <u>(0.55)</u> | <u>(4.08)</u> |

(30) 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.

(31) Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 27 May 2010.