



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

**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2012**

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

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FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012**

	Note	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTERS 12 months ended 31 March	
		2012 (Unaudited) RM'000	2011 (Audited) RM'000	2012 (Unaudited) RM'000	2011 (Audited) RM'000
Revenue	4	19,664	25,004	78,293	113,515
Cost Of Sales		(17,247)	(20,699)	(71,886)	(96,449)
Gross Profit		<u>2,417</u>	<u>4,305</u>	<u>6,407</u>	<u>17,066</u>
Other Income		84	1,783	1,183	3,187
Marketing and Distribution Costs		(1,053)	(859)	(3,268)	(3,633)
Administration Expenses		(2,479)	(2,509)	(8,159)	(9,168)
Other Operating Expenses		<u>(439)</u>	<u>(509)</u>	<u>(3,277)</u>	<u>(3,531)</u>
Profit/(Loss) From Operations		(1,470)	2,211	(7,116)	3,921
Finance Costs		<u>(555)</u>	<u>(632)</u>	<u>(2,291)</u>	<u>(2,670)</u>
Profit/(Loss) Before Tax	4	(2,025)	1,579	(9,405)	1,251
Taxation	21	<u>369</u>	<u>(660)</u>	<u>218</u>	<u>(769)</u>
Profit/ (Loss) net of tax for the period		<u>(1,656)</u>	<u>919</u>	<u>(9,188)</u>	<u>482</u>
Attributed to: Profit/(Loss) per ordinary share attributable to equity holders of the parent		<u>(1,656)</u>	<u>919</u>	<u>(9,188)</u>	<u>482</u>
Basic, profit/(loss) per ordinary share (sen)		<u>(1.59)</u>	<u>0.88</u>	<u>(8.79)</u>	<u>0.46</u>
Fully diluted profit/(loss) per ordinary share (sen)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

	Note	As at 31.03.2012 (Unaudited) RM'000	As at 31.03.2011 (Audited) RM'000 (Reclassified)
ASSETS			
Non-current assets			
Property, plant and equipment		55,122	72,795
Current assets			
Inventories		10,572	12,266
Trade and other receivables		15,871	19,197
Current tax asset		1,859	2,182
Cash and cash equivalents		2,112	3,251
		30,414	36,896
Assets held for sale	22	6,866	784
Total current assets		37,280	37,680
TOTAL ASSETS		92,402	110,475
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		104,469	104,469
Reserves		7,254	7,254
Accumulated losses		(76,756)	(67,570)
Total Equity		34,967	44,153
Non current liabilities			
Long term borrowings	23	6,324	14,800
Trade payables and Other payables		6,173	3,787
Deferred tax liabilities		4,944	5,784
Total non-current liabilities		17,441	24,371
Current Liabilities			
Trade and other payables		19,084	22,747
Current tax liabilities		110	-
Short term borrowings	23	16,841	18,930
		36,035	41,677
Liabilities directly associated with assets held for sale	22	3,959	274
Total current liabilities		39,994	41,951
Total liabilities		57,435	66,322
TOTAL EQUITY AND LIABILITIES		92,402	110,475
Net assets per share attributable to equity holders of the parent (RM)		0.3347	0.4226

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

	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 2011	104,469	3,136	4,118	(67,570)	44,153
Total comprehensive loss for the period	-	-		(9,188)	(9,188)
At 31 March 2012	104,469	3,136	4,118	(76,758)	34,965
At 1 April 2010	104,469	3,136	26	(68,052)	39,579
Total comprehensive income for the period	-	-	4,092	482	4,574
At 31 March 2011	104,469	3,136	4,118	(67,570)	44,153

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

	Note	Financial Year ending 31 March	
		31.03.2012 (Unaudited) RM'000	31.03.2011 (Audited) RM'000
1. Cashflow from operating activities			
Profit (loss) before tax		(9,405)	1,251
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>			
Impairment/(reversal on impairment) for trade and other receivables		(1,040)	709
Bad debts written off		1,412	488
Amortisation of prepaid land lease payment		62	73
Depreciation		7,513	8,774
Gain on disposal of a subsidiary company		-	(66)
Impairment losses on property plant and equipment		535	463
Reversal of impairment - property plant and equipment		-	(407)
Loss/(Gain) on disposal of property plant and equipment		1,159	(67)
property plant and equipment Written off		3	5
Interest expenses		2,291	2,671
Interest income		(50)	(35)
Inventories written off		887	778
Deposit written off		-	1,627
Unrealised gain on foreign exchange		(254)	(108)
Operating profit before working capital changes		3,113	16,156
Net change in inventories		807	921
Net change in trade and other receivables		2,954	(167)
Net change in trade and other payables		(3,317)	(7,954)
Net change in amount due to directors		2,295	-
Cash generated from operations		5,852	8,956
Interest paid		(819)	(448)
Income tax paid		(189)	(269)
Net cash from operating activities		4,844	8,239

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2012 (continued)

	Note	Financial Year ending 31 March	
		31.03.2012	31.03.2011
		(Unaudited) RM'000	(Audited) RM'000
2. Cashflow from investing activities			
Purchase of fixed assets		(420)	(36)
Decrease/(Increase) in FD pledged		(29)	(18)
Interest received		50	35
Proceed from disposal of fixed asset		2,738	1,368
Disposal of subsidiary company, net cash		-	(1)
		<hr/>	<hr/>
Net cash used in investing activities		2,339	1,348
		<hr/>	<hr/>
3. Cashflow from financing activities			
Repayment of Short term borrowing		(181)	-
Repayment of term loan		(4,261)	(4,792)
Repayment of hire purchase creditors		(2,438)	(2,800)
Interest paid		(1,472)	(2,223)
		<hr/>	<hr/>
Net cash from financing activities		(8,352)	(9,815)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(1,169)	(228)
Cash and cash equivalents as at beginning of financial period		1,669	1,897
Bank overdraft		-	-
		<hr/>	<hr/>
Cash and cash equivalents as at end of financial period		500	1,669
		<hr/> <hr/>	<hr/> <hr/>

*Cash and cash equivalents at the end of the financial period comprise the following:

Fixed deposits with licensed banks		1,611	1,582
Cash and bank balances		500	1,766
Bank overdrafts	23	-	(97)
		<hr/>	<hr/>
		2,112	3,251
Less: Fixed deposits pledged to licensed banks		(1,611)	(1,582)
		<hr/>	<hr/>
		500	1,669
		<hr/> <hr/>	<hr/> <hr/>

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(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 and International Accounting Standard 34 (IAS34) on 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 2011. 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 2011.

(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 2011.

(3) Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2011 was not qualified.

(4) Segmental Reporting

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

Manufacturing
Trading
Management services
Investment holding

Refer Part (17) for Segment Revenue and Segment Results. 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 other than as disclosed below:

- 1) Reclassification of non-current assets of RM6.8 million and non-current liabilities of RM2.9 million to assets held for sale and liabilities directly associated with assets held for sale respectively; and
- 2) Reclassification of trade and other payables of RM4.5 from current liabilities to non-current liabilities.

(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.

PART A - SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134 - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(7) Comments about Seasonal or Cyclical Factors

Other than the Trading Division where sales will peak in the 3rd quarter of each financial year (October to December) as customers stock up for the traditional Christmas, Year End and Chinese New Year celebrations, 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 2012.

(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 2011.

(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 details of capital expenditure in respect of purchase of property, plant and equipment are:

	As at 31.03.2012 (Unaudited) RM'000
- Authorised but not contracted	-
- contracted but not provided	-
	<hr/>
	-
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(b) Non-Cancellable Operating Lease Commitment

	As at 31.03.2012 (Unaudited) RM'000
Minimum operating lease commitment payable	
- not later than one year	32
- later than one year but not later than five years	0
	<hr/>
	32
	<hr/>

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 2012

(13) Changes in Contingent Liabilities and Contingent Assets

	As at 31.03.2012 (Unaudited) RM'000
Contingent liability	
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	26,354

(14) Material Subsequent Events

There were no material events subsequent to the end of the current quarter ended except as disclosed in Note 22 in respect of the disposal of land and building by a subsidiary of the Company.

(15) Significant Related Parties Transactions

	Financial Year ending 31 March 2012 (Unaudited) RM'000
Revenue	
- Supply of plastic parts and tooling	9
Expenses	
- Sub contractor fees	<u>473</u>

The above transactions were entered in the ordinary course of business and established under negotiated and mutually agreed terms.

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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 2012

(16) Profit for the period

Included in Profit for the period are:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		12 months ended	
	31 March		31 March	
	2012	2011	2012	2011
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Interest Income	11	11	50	35
Other income including investment Income	313	576	1,107	1,709
Interest expenses	(555)	(632)	(2,291)	(2,670)
Depreciation and amortization	(1,742)	(2,011)	(7,575)	(8,847)
Provision for and write off of receivables	(50)	(375)	(373)	(1,197)
Provision for and write off of inventories	(560)	(946)	(887)	(778)
Gain/(loss) on disposal of quoted or unquoted investment or properties	(12)	(73)	(1,159)	67
Write off/Impairment of assets	(150)	(466)	(539)	(468)
Foreign exchange gain/(loss)	373	158	(292)	(587)

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investment, no investment income, no gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 March 2012.

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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 2012

(17) Review of Current Quarter Performance

	INDIVIDUAL QUARTER 3 months ended 31 March		CUMULATIVE QUARTERS 12 months ended 31 March	
	2012 (Unaudited) RM'000	2011 (Audited) RM'000	2012 (Unaudited) RM'000	2011 (Audited) RM'000
<u>Segment Revenue</u>				
Manufacturing	12,984	18,223	50,676	82,334
Trading	6,760	6,847	27,760	31,447
Management services – Note1	328	356	1,555	1,532
Investment holding	1,164	-	1,164	1,900
Total revenue including inter-segment sales	<u>21,236</u>	<u>25,426</u>	<u>81,155</u>	<u>117,213</u>
Elimination of inter-segment sales	<u>(1,572)</u>	<u>(422)</u>	<u>(2,862)</u>	<u>(3,698)</u>
Total revenue	<u>19,664</u>	<u>25,004</u>	<u>78,293</u>	<u>113,515</u>
<u>Segment Results</u>				
Manufacturing	(1,062)	2,492	(7,891)	3,903
Trading	(1,081)	276	(953)	558
Management services	225	159	942	761
Investment holding	(8,559)	(3,714)	(9,957)	(2,731)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	<u>(10,477)</u>	<u>(787)</u>	<u>(17,859)</u>	<u>2,491</u>
Eliminations	<u>8,452</u>	<u>2,366</u>	<u>8,452</u>	<u>(1,240)</u>
Profit/(Loss) before taxation	<u>(2,025)</u>	<u>1,579</u>	<u>(9,405)</u>	<u>1,251</u>

Note 1: This Division only provides services for members of the Denko Group

(a) Quarter on Quarter 3 months Comparison

(aa) Revenue

The Group reported a RM5.3 million (-21%) reduction in total revenue for Q4-FY12 to RM19.7 million (Q4-FY11:RM25 million). This loss in revenue is almost entirely contributed by the Group's Manufacturing Division which was affected by a combination of the following:

- (i) The consequential effects in the aftermath of the disastrous Japan Tsunami in March 2011. In our Plastic sub-segment, orders from our key customers (who are suppliers to the Japanese car industry), slowed considerably for the most part of FY12; and
- (ii) In March 2011, a key customer of the Plastic sub-segment relocated of its operations from Malaysia to China. Accordingly, the comparative sales revenue generated from this key customer for Q4-FY12 is significantly reduced.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(ab) **Profit/(Loss) Before Taxation**

The Group reported an unfavourable RM3.6 million performance during the quarter under review. It recorded a loss of RM2.0 million before tax (Q4-FY11: profit of RM1.6 million) due mainly to the following:

(i) **Manufacturing Division**

This is a capital intensive operation. The significant reduction in revenue resulted in low utilisation of its plant and machinery and thereby adversely affected its operating margins.

During the quarter, this Division recorded losses on disposal of machinery, provision for doubtful debts and stock write-offs totalling to RM618,000.

(ii) **Trading Division**

Whilst this Division recorded flat sales for the quarter under review, the lower consumer affordability (as retail prices across the board are rising ahead of growth in wages and salaries) adversely impacted on this Division's operating margins. During the quarter, this Division's results were also affected by stock write offs and trademarks impairment totalling RM1.1million

(iii) **Investment Holding**

This Division's increased loss was mainly due to the impairment of investment in a subsidiary and a provision for debts owed by subsidiaries totalling RM9 million. The impairment losses were offset by a RM1.2million dividend income from a subsidiary. However the losses incurred in this Division have no impact on the Group results as the entries are eliminated on consolidation

(b) **Year on Year 12 months Comparison**

(ba) **Revenue**

The Group reported a RM35.2 million (-31%) reduction in total revenue for FY12 to RM78.3 million (FY11: RM113.5m). This loss in revenue is mainly contributed by the Group's Manufacturing Division which was affected by the factors previously mentioned. The loss of a key customer by the Plastic sub-segment was thus magnified over a 12 month comparative period.

(bb) **Profit/(Loss) Before Taxation**

(i) **Manufacturing Division**

As a result of the RM31.6 million (-38%) reduction in total revenue for FY12 to RM50.7 million (FY11: RM82.3 million) and the factors mentioned above, this Division recorded an unfavourable RM11.8 million performance during FY12. It posted a loss of RM7.9 million before tax (FY11: profit of RM3.9 million). During FY12m This Division booked inventory write offs, provision for doubtful debts, impairment of machinery and foreign exchange losses RM1.7million.

(ii) **Trading Division**

As a result of the RM3.6 million (-12%) reduction in total revenue for FY12 to RM27.8 million (FY11: RM31.4 million), this Division recorded an unfavourable RM1.5 million performance during FY12. It posted a loss of almost RM1million before tax (FY11: a profit of RM0.6 million). The bulk of the losses were booked in the current quarter as mentioned above.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(iii) Investment Holding

This Division Loss for FY12 widened to almost RM10 million (FY11: RM2.7 million) due to the factors mentioned above.

(18) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	31.03.2012 (Unaudited) RM'000	31.12.2011 (Unaudited) RM'000
<u>Segment Revenue</u>		
Manufacturing	12,984	12,579
Trading	6,760	7,508
Management services – Note 1	328	342
Investment holding	-	-
Total revenue including inter-segment sales	20,072	20,429
Elimination of inter-segment sales	(408)	(328)
Total revenue	19,664	20,101
<u>Segment Results</u>		
Manufacturing	(1,062)	(854)
Trading	(1,081)	252
Management services	225	191
Investment holding	(8,559)	(365)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	(10,477)	(776)
Eliminations	8,452	-
Profit/(Loss) before taxation	(2,025)	(776)

Note 1: This Division only provides services for members of the Denko Group

(a) Revenue

The Group reported flat revenue of RM20 million for the quarter under review. However, the Trading Division recorded a RM748,000 (-10%) reduction in revenue. This is mainly due to the seasonality factor. This Division's sales has a seasonal peak during the third quarter of each financial year (the calendar December quarter) as its customers stock up for the traditional Christmas, Year end and Chinese New Year holiday celebrations.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(a) **Profit/(Loss) Before Taxation**

The Group's loss before tax for the current quarter widened to RM2.0 million (Q3-FY12: loss of RM776,000). This is mainly due to:

(i) **Manufacturing**

As previously mentioned, this Division's results for the current quarter were affected by the loss on disposal and impairment losses on underutilized plant and machinery and losses in realised foreign exchange and stock write-offs.

(ii) **Trading Division**

As a result of the RM0.7 million (-10%) reduction in total revenue for current quarter to RM6.8 million (Q3-FY12: RM7.5 million), this Division recorded an unfavourable RM1.3 million performance during the quarter. It posted a loss of RM1.1 million before tax (Q3-FY12: a profit of RM0.3 million). The bulk of the losses were booked in the current quarter as mentioned above.

(iii) **Investment Holding**

This Division's loss in the current quarter is due to the impairments mentioned above. There were no such impairments recorded in Q3-FY12.

(19) Current Year Prospects

The **FYE 31st March 2012** has been a difficult year for the world economy due to the combined effects of:

- (i) Natural calamities such as the aftermath of the disastrous Japan Tsunami and the extensive floods in Thailand which had a direct adverse impact on the supply chain of many businesses; and
- (ii) The uncertainties arising from the Euro Zone debt crisis which resulted in governments imposing severe austerity measures in the affected countries. With high unemployment rates persisting and on the increase in many Western Countries, consumer confidence is severely shaken and the financial institutions have curtailed the available of credit to both consumers and businesses.

Notwithstanding, the Board has reasons to be optimistic that FY13 will be a better year. The Plastic sub-segment has secured several large orders for tooling projects (in part to assist our clients to re-start their operations in Thailand) and our focus on increased revenue generation and attention to cost reduction, improving efficiencies and productivity have borne encouraging results.

The Trading Division has commenced its product and image rebranding initiatives. The Division has increased its sales team and is working vigorously towards expanding the operations beyond the Northern Region to a Peninsular wide coverage and network.

The cash surplus generated from disposal of one of the Group's land and building will provide the much needed internally generated funding for the Group's objective and initiatives to return to profitability in the near term.

(20) Profit Forecast and Profit Guarantee

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

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

(21) Taxation

	INDIVIDUAL		CUMULATIVE	
	3 months ended		12 months ended	
	31 March			
	2012	2011	2012	2011
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
-Malaysian income tax	(307)	115	(621)	(383)
-Deferred tax	676	(775)	839	(386)
	<u>369</u>	<u>(660)</u>	<u>218</u>	<u>(769)</u>

(22) Status of Corporate Proposals

- (i) On 28 July 2011, HLIB had, on behalf of the Board, announced that the Company had proposed to undertake the following proposals:
- (a) proposed reduction of the issued and paid-up share capital of Denko pursuant to Section 64 of the Act involving the cancellation of RM0.50 of the par value of each ordinary share of RM1.00 each in Denko;
 - (b) proposed reduction of RM1,437,242 from the share premium account of Denko pursuant to Sections 64 of the Act;
 - (c) proposed amendments to the M&A of Denko to facilitate the change in the par value of the ordinary shares in Denko from RM1.00 to RM0.50 arising from the Proposed Par Value Reduction; and
 - (d) proposed private placement of up to 10,446,885 placement shares after the Proposed Par Value Reduction and Proposed Share Premium Reduction, representing up to 10% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined by the Board and announced later.

On 8 August 2011, HLIB, on behalf of the Board, had further announced that the Board proposes to revise the terms of the initial proposed private placement, to a proposed private placement of up to 15,670,328 placement shares after the Proposed Par Value Reduction and Proposed Share Premium Reduction, representing up to 15% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined by the Board and announced later.

After assessing the then market conditions, on 5 March 2012, HLIB, on behalf of the Board, announced that the Board, does not intend to proceed with the proposed private placement. The Board will however proceed with the Proposed Par Value Reduction, Proposed Share Premium Reduction and Proposed M&A Amendments, the details of which remain unchanged. The re-submission of the draft EGM Circular to shareholders of Denko to Bursa Securities is targeted to be made within 3 months from the date of the announcement.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA - FOR THE FOURTH QUARTER ENDED 31 MARCH 2012

- (ii) On 25th May 2012, the Company announced that Denko IPC Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement with Synactic Technology Sdn. Bhd. (“Purchaser”) to dispose a piece of leasehold land with a 3 storey office cum factory building of the subsidiary for a consideration of RM 11 million (“**Proposed Disposal**”).

The Proposed Disposal is expected to be completed by calendar 3rd quarter 2012.

(23) Group Borrowings

Details of the unaudited Group borrowings as at 31 March 2012 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
RM'000			
Bank Overdraft	-	-	-
Bills Payable and Bankers Acceptance	9,754	-	9,754
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	2,763	610	3,374
Term Loans	2,324	5,714	8,037
SUB TOTAL	16,841	6,324	23,165
Liabilities directly associated with asset held for sale	3,959	-	3,959
GRAND TOTAL	20,800	6,324	27,124

(24) Material Litigation

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

(25) 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 2012

(26) 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		CUMULATIVE	
	3 months ended		12 months ended	
	31 March		31 March	
	2012	2011	2012	2011
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Profit/(Loss) attributable to ordinary equity holders of the parent ("000")	(1,656)	919	(9,187)	482
Weighted average number of ordinary shares in issue ("000")	104,469	104,469	104,469	104,469
Basic profit/(loss) per share for period (sen):	<u>(1.59)</u>	<u>0.88</u>	<u>(8.79)</u>	<u>0.46</u>

(27) 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.

(28) Disclosure on Retained Earnings Realised and Unrealised Profit and Losses

	As at
	31.03.2012
	(Unaudited)
	RM'000
Total accumulated losses of the Group	
- Realised	(72,066)
- Unrealised	(4,690)
Total Group accumulated losses as per consolidated financial statements	<u>(76,756)</u>

(29) Authorised for issue

This interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 31 May 2012.

BY ORDER OF THE BOARD

Woo Min Fong (MAICSA 0532413)
Wong Chee Yin (MAICSA 7023530)
Tan Quok Eow (MIA 22571)
 Company Secretaries