



DENKO INDUSTRIAL CORPORATION BERHAD

(190155-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2015**

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

INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

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DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 31 MARCH 2015**

	INDIVIDUAL QUARTER 3 months ended 31st March		CUMULATIVE QUARTERS 12 months ended 31st March	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	22,758	16,887	80,077	74,445
Cost Of Sales	(18,686)	(15,080)	(68,580)	(67,118)
Gross Profit	4,071	1,807	11,497	7,327
Other Income	1,620	77	2,153	664
Marketing and Distribution Costs	(974)	(914)	(4,022)	(3,366)
Administration Expenses	(1,800)	(1,639)	(5,430)	(5,618)
Other Operating Gains/(Expenses)	(836)	(328)	(902)	(867)
Profit/(Loss) From Operations	2,082	(997)	3,297	(1,860)
Finance Costs	(206)	(248)	(951)	(870)
Loss on disposal of an subsidiary	-	-	-	(1,803)
Profit/(Loss) Before Tax	1,876	(1,245)	2,346	(4,533)
Taxation	950	1,102	749	923
Profit/ (Loss) from Continuing Operation, Net of Tax for the period	2,826	(143)	3,095	(3,610)
<u>Discontinued Operation</u>				
Profit/ (Loss) from Discontinuing Operation, Net of Tax for the period	-	-	-	507
Profit/ (Loss) Net of Tax for the period	2,826	(143)	3,095	(3,103)
Other comprehensive income				
Revaluation of land and building	14,104	-	14,104	-
Deferred tax on revalued property	-	-	-	65
Foreign Currency Translation	(10)	-	(3)	-
Other comprehensive income for the period, net of tax	14,094	-	14,101	65
Profit / (Loss) per ordinary share attributable to equity holders of the parent	2,826	(143)	3,095	(3,103)
Total comprehensive income / (expenses) attributable to equity holders of the parent	16,920	(143)	17,196	(3,038)
Basic, profit/(loss) per ordinary share (sen)	2.71	(0.14)	2.96	(2.97)
Fully diluted profit/(loss) per ordinary share (sen)	-	-	-	-

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this Interim Financial Statements.

DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
(Incorporated In Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

	Note	As at 31.03.2015 (Unaudited)	As at 31.03.2014 (Audited)
RM'000			
ASSETS			
Non-current assets			
Property, plant and equipment	11	54,281	44,383
Current assets			
Inventories		15,103	12,447
Trade and other receivables		23,783	16,142
Current tax asset		243	1,272
Cash and bank balances		2,335	378
Current Assets classified as held for sale		5,500	-
Total current assets		46,964	30,239
TOTAL ASSETS		101,245	74,622
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		41,788	41,788
Reserves		19,522	5,421
Accumulated losses		(7,813)	(10,908)
Total Equity		53,497	36,301
Non current liabilities			
Long term borrowings	24	2,954	3,796
Trade payables and Other payables		7,032	1,413
Deferred tax liabilities		5,951	4,107
Total non-current liabilities		15,937	9,316
Current Liabilities			
Trade and other payables		18,656	15,665
Current Tax Liabilities		-	-
Short term borrowings	24	10,702	13,340
Liability attributable to current assets classified as held for sale		2,453	-
Total current liabilities		31,811	29,005
TOTAL LIABILITIES		47,748	38,321
TOTAL EQUITY AND LIABILITIES		101,245	74,622
Net assets per share attributable to equity holders of the parents (RM)		0.5121	0.3475

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this Interim Financial Statements.

DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
(Incorporated In Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

	Attributable to equity holders of the parent					
	----- Non-distributable -----					
	Share Capital	Share Premium	Revaluation Reserves	Foreign Exchange Translation Reserves	Accumulated Losses	Total
	RM'000					
At 1 APRIL 2014	41,788	1,566	3,855	-	(10,908)	36,301
Total comprehensive Income for the period	-	-	14,104	(3)	3,095	17,196
At 31 MARCH 2015	41,788	1,566	17,959	(3)	(7,813)	53,497
At 1 APRIL 2013	41,788	1,566	4,118	-	(8,133)	39,339
Total comprehensive losses for the period	-	-	-		(3,038)	(3,038)
At 31 MARCH 2014	41,788	1,566	4,118	-	(11,171)	36,301

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this Interim Financial Statements.

DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
(Incorporated In Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

	12 months to	
	31.03.2015	31.03.2014
	(Unaudited)	(Audited)
	RM'000	
1. Cash flow from operating activities		
Profit (loss) before tax from continuing operation	2,346	(4,533)
Profit (loss) before tax from discontinuing operation	-	590
	2,346	(3,943)
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>		
Impairment/(reversal of impairment) for trade and other receivables	217	(172)
Bad debts written off	22	24
Depreciation	5,169	5,993
Impairment losses on property plant and equipment	343	184
Loss on disposal of a subsidiary company	-	1,803
Gain on disposal of property, plant and equipment	(28)	(1)
Property, plant and equipment written off	-	6
Revaluation loss/(gain) on property, plant and equipment	(629)	-
Interest expense	951	850
Interest income	(4)	(3)
Write off on inventories	83	86
Increase/(decrease) in provision for slow moving stocks	(848)	82
Unrealised (gain)/loss on foreign exchange	(208)	69
Operating profit before working capital changes	7,413	4,978
Net change in inventories	(1,891)	(2,481)
Net change in trade and other receivables	(7,880)	(121)
Net change in trade and other payables	2,468	1,740
Cash generated from operations	110	4,116
Interest paid	(563)	(850)
Income tax paid	(393)	(151)
Income tax refund	1,125	190
Net cash from operating activities	279	3,305

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this Interim Financial Statements.

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DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

	Note	12 months to	
		31.03.2015	31.03.2014
		(Unaudited)	(Audited)
2. Cash flow from investing activities		RM'000	
Purchase of fixed assets		(3,291)	(753)
Translation Reserve		(3)	-
Decrease/(Increase) in pledged fixed deposit		-	90
Interest received		4	3
Proceeds from disposal of fixed assets		32	1
Deconsolidation of a subsidiary company		-	574
Net cash (used in) / from investing activities		(3,258)	(85)
3. Cash flow from financing activities			
Net change in amount due to directors		6,350	452
(Repayment)/Increase in short term borrowings		(121)	(2,751)
Repayment of term loans		(1,040)	(1,333)
Repayment of hire purchase creditors		(617)	(1,215)
Drawdown of hire purchase creditors		830	-
Interest paid		(388)	-
Net cash (used in) / from financing activities		5,014	(4,847)
Net increase/(decrease) in cash and cash equivalents		2,035	(1,627)
Cash and cash equivalents as at beginning of financial period 1st April		(215)	1,412
Cash and cash equivalents as at end of financial period 31st March*		1,821	(215)
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		2,335	378
Bank overdrafts	24	(514)	(593)
		1,821	(215)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to this Interim Financial Statements.

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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 2015

(1) Basis of Preparation

During the current financial year, the Group has adopted the following applicable new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
IC Interpretation 21 Levies

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following applicable accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	01 January 2018
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	01 January 2016
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	01 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions	01 July 2014
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	01 January 2016
Annual Improvements to MFRSs 2010 - 2012 Cycle	01 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	01 July 2014
Annual Improvements to MFRSs 2012 - 2014 Cycle	01 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134
FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(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 2014.

(3) Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the Audited Financial Statements for the year ended 31 March 2014 was not qualified.

(4) Segmental Reporting

The Group's operations comprise the business segments in Malaysia and Indonesia as below:

The Malaysian operations comprise the following business segments:

- (i) Manufacturing
- (ii) Trading (Consumer Goods)
- (iii) Management services
- (iv) Investment holding

The Group's Indonesian subsidiary ("PTWSP") was established to fabricate tooling and manufacture of plastic parts. PTWSP commenced commercial operations in the previous quarter.

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.

Revenue and Results by Geographical Segments were as follows:

Q4-FY15	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	22,761	-	-	22,761
Inter-segment sales	325	-	(328)	(3)
	<u>23,086</u>	<u>-</u>	<u>(328)</u>	<u>22,758</u>
Segment results	<u>2,275</u>	<u>(193)</u>	<u>-</u>	<u>2,082</u>
Finance Cost				(206)
Profit Before Tax				<u><u>1,876</u></u>
Q3-FY15	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	18,794	-	-	18,794
Inter-segment sales	313	-	(313)	-
	<u>19,107</u>	<u>-</u>	<u>(313)</u>	<u>18,794</u>
Segment results	<u>737</u>	<u>(283)</u>	<u>-</u>	<u>454</u>
Finance Cost				(260)
Profit Before Tax				<u><u>194</u></u>

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 2015**

(4) Segmental Reporting (Continued)

Q4-FY14	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	16,887	-	-	16,887
Inter-segment sales	320	-	(320)	-
	17,207	-	(320)	16,887
Segment results	(997)	-	-	(997)
Finance Cost				(248)
Profit Before Tax				(1,245)

(5) Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There was no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the current quarter under review except for the revaluation of the Group's Land and Buildings as detailed in Note 11 hereof.

(6) Nature and Amount of Changes in Estimates

The Company has not issued any Estimates for the current quarter under review or in the prior financial year.

(7) Comments about Seasonal or Cyclical Factors

Other than the Trading (Consumer Goods) Division where sales peaks in the 3rd quarter or 4th quarter of each financial year (depending on when Chinese New Year is celebrated in each calendar year) 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.

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FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(8) Property, Plant and Equipment ('PPE')

	12 months ended	
	31st March	
	2015	2014
	(Unaudited)	(Audited)
	RM'000	
PPE at 1st April	44,383	49,356
Additions	3,291	1,786
Revaluation Surplus	17,624	-
Impairment loss	(343)	(184)
Disposals	(4)	-
Write offs	-	(6)
Disposal of a subsidiary	-	(576)
Reclassified to Asset held for sale	(5,500)	-
Depreciation and Amortization	(5,169)	(5,993)
PPE at 31st March	54,281	44,383

Acquisitions

During the quarter, the Manufacturing Division acquired injection moulding machines and robots totalling RM565,000 which were financed by Hire Purchase with tenor of five years (Q4-FY14: RM465,000).

(9) Inventory Write Offs

Inventory amounting to RM82,000 were written off at the Trading (Consumer Goods) Division during the current quarter (Q4-FY14: RM Nil).

(10) Dividend Paid

No dividend was paid during the current quarter.

(11) Valuation of Property, Plant and Equipment

Land and buildings were brought forward, without amendment from the financial statements for the year ended 31 March 2014. During the current quarter, a revaluation of the Group's Land and Buildings were undertaken by an Independent Registered Real Estate Valuer.

The Revaluation Surplus booked by the Group as at 31 March 2015 were:

	RM'000
Manufacturing Division	14,389
Trading (Consumer Goods Division)	3,235
	<hr/>
	17,624
Reversal of Prior Year Revaluation Losses	(629)
Deferred Tax on Revalued Land and Buildings	(2,891)
	<hr/>
Total credited to Reserves	14,104
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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 2015**

(12) Debt and Equity Securities

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share cancellations, shares buy back and resale of treasury shares during the current quarter.

(13) Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

(14) Capital Commitments

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

	As at 31.03.2015 (Unaudited) RM'000
- Authorised but not contracted	3,146
- Contracted but not provided	2,971

(15) Changes in Contingent Liabilities and Contingent Assets

	As at 31.03.2015 (Unaudited) RM'000
Contingent liability Corporate guarantees provided to financial institutions for credit facilities granted to subsidiaries	15,967

(16) Material Subsequent Events

There were no material events subsequent to the end of the current quarter.

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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 2015

(17) Profit for the period

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		12 months ended	
		31st March			
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	(Audited)
		RM'000			
(i)	Interest Income	4	-	4	3
(ii)	Other income including investment income	658	113	880	496
(iii)	Interest expense	(206)	(248)	(951)	(871)
(iv)	Depreciation and amortization	(1,199)	(1,428)	(5,169)	(5,993)
(v)	Reversal of provision / (Provision) for receivables / (Bad Debts written off)	(253)	(64)	(239)	148
(vi)	Decrease / (Increase) in Provision for slow moving inventories and Stocks written off	807	(2)	765	(168)
(vii)	Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-	28	1
(viii)	Write off/Impairment of assets	(343)	(188)	(343)	(190)
(ix)	Foreign exchange gain/(loss)	206	(113)	408	21
(x)	Reversal of prior year revaluation losses on land and building	629	-	629	-
(xi)	Loss on disposal of subsidiary	-	-	-	(1,803)

Other than the above items, there were no gains or losses on derivatives during the current quarter.

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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 2015

(18) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		12 months ended	
	31st March			
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000			
<u>Segment Revenue</u>				
<u>Continued operations:</u>				
Manufacturing	20,637	14,964	70,970	59,485
Trading (Consumer Goods)	2,124	1,930	9,110	14,967
Sub-Total (Operating Entities)	22,761	16,894	80,080	74,452
Management services – (Note1)	325	313	1,275	1,362
Investment holding	-	-	-	920
Total revenue including inter-segment sales	23,086	17,207	81,355	76,734
Elimination of inter-segment transactions	(328)	(320)	(1,278)	(2,289)
Revenue from Continued operations	22,758	16,887	80,077	74,445
<u>Discontinued operations:</u>				
Manufacturing	-	-	-	2,854
Total Revenue	22,758	16,887	80,077	77,299
<u>Segment Results</u>				
<u>Continued operations:</u>				
Manufacturing	2,302	(971)	3,101	(2,556)
Trading (Consumer Goods)	(1,450)	(261)	(2,025)	(283)
Sub-Total (Operating Entities)	852	(1,232)	1,076	(2,839)
Management services	283	360	1,104	1,281
Investment holding	(254)	(373)	(830)	(315)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	880	(1,245)	1,349	(1,873)
Loss on disposal of a subsidiary		-	-	(1,803)
Elimination of inter-segment transactions	996	-	996	(858)
Profit Before Tax from Continued operations	1,876	(1,245)	2,346	(4,533)
<u>Discontinued operations:</u>				
Manufacturing	-	-	-	590
Profit/(Loss) Before Taxation	1,876	(1,245)	2,346	(3,943)

Note 1: This Division only provides services to members of Denko Group.

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

Current Quarter vs Prior Year Same Quarter 3 months Comparison

(a) Revenue

The Group reported a strong rebound in Revenue by RM6 million (+35%) in the current quarter under review to RM23 million (Q4-FY14: RM17 million).

The Revenue rebound was mainly at the Manufacturing Division (+RM6 million).

(i) Manufacturing Division

The Plastic Parts Sub Segment registered strong Revenue growth of RM7 million (+58%) to RM19 million (Q4-FY14: RM12 million). However, this positive contribution was off set by a RM1.2 million reduction in Revenue from the Tooling Sub Segment.

(ii) Trading (Consumer Goods) Division

There was a small increment in the Revenue from this Division by RM200,000 (+10%) to RM2.1 million (Q4-FY14: RM1.9 million). This is due to CNY 2015 being celebrated in February 2015. The deliveries to customers were completed in January 2015. The sales therefore was recorded in the current quarter. Whereas, CNY 2014 was celebrated in January 2014 and the deliveries to customers were completed in December 2013, thus the seasonally high CNY sales in the prior year were recorded in Q3-FY14.

(b) Profit/(Loss) Before Taxation

For the current quarter, The Group registered a Profit Before Taxation of RM1.8 million (Q4-FY14: Loss RM1.2 million); a positive turnaround of RM3 million. The better performance was entirely contributed by the Manufacturing Division. The Trading Division recorded higher losses due to its lower Gross Margin in the current quarter.

(i) Manufacturing Division

Table 1 - Reconciliation of Operating Profit/(Loss) Before Taxation

	Q4-FY15	Q4-FY14	Variances
	RM'000		
Adjusted Profit from Operations	1,627	(1,722)	3,349
Adjustment for Non Operating Item			
Decrease / (Increase) in Provision for Impairment of Trade Debtors	(231)	54	(285)
Reversal of Accrued Staff Cost	700	1,056	(356)
Non Operating Inter-co Expense	(90)	(90)	-
Impairment of and Assets Written Off	(343)	(188)	(155)
Reversal of prior year revaluation losses on land and building	629	-	629
Bad Debts Written Off - Trade Debtors	-	(24)	24
Unrealised Foreign Exchange Gain/(Loss)	10	(57)	67
Sub-total	675	751	(76)
Profit Before Taxation	2,302	(971)	3,273

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

Current Quarter vs Prior Year Same Quarter 3 months Comparison (continued)

(b) Profit/(Loss) Before Taxation (continued)

(i) Manufacturing Division (continued)

Table 1 shows that this Division achieved a RM3.3 million favourable turnaround in its Adjusted Operating Profit Before Taxation to RM1.6 million (Q4-FY14: Loss RM1.7 million) in the current quarter.

The Plastic Parts Sub Segment was the main contributor for the excellent performance at this Division. Gross Margin at the Plastic Part Sub Segment improved from 5% (Q4-FY14) to 16% (Q4-FY15) due to continued improved production efficiencies and the benefits of economies of scale following the 58% increase in Revenue during the quarter. However, the Division's overall results were offset by the lower contribution from the Tooling Sub Segment and the RM200,000 losses incurred by PTWSP in Indonesia in the current quarter.

(ii) Trading (Consumer Goods) Division

Table 2 - Reconciliation of Operating Profit/(Loss) Before Taxation

	Q4-FY15	Q4-FY14	Variances
	RM'000		
Adjusted Loss from Operations	(439)	(257)	(182)
Adjustment for Non Operating Item			
Non Operating Inter-co Income	90	90	-
Decrease / (Increase) in Provision for Impairment of Trade Debtors	-	(94)	94
Written off obsolete stocks	(83)	-	(83)
Impairment of Brand Name	(996)	-	(996)
Bad Debts Written Off - Trade Debtors	(22)	-	(22)
Sub-total	(1,011)	(4)	(1,007)
Loss Before Taxation	(1,450)	(261)	(1,189)

Table 2 shows this Division's Losses Before Taxation increased from RM260,000 to RM1.4 million in the current quarter. The substantial adverse performance was mainly due to the full impairment of its brand name amounting to almost RM1 million. However, this write off has no impact on the Group's results as the entry is eliminated on consolidation. Other contributing factors include higher goods returns by customers due to the combination of:

- the introduction of the Goods and Services Tax with effect from 1st April 2015. Some customers preferred to return the goods rather than having to perform the arduous tasks of claiming back the Sales Tax from Customs Department for their closing stocks as at 31st March 2015.
- poor CNY sales experienced by customers; and
- market resistance to our price increase instituted in October 2014

(iii) Investment Holding Division

This Division derives its Revenue from dividends declared by the Company's subsidiaries. During the current quarter, the Company did not receive any dividend income. (Q4-FY14: Nil).

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PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF B FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(19) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	31.03.2015	31.12.2014
	(Unaudited)	
Segment Revenue	RM'000	
Manufacturing	20,637	17,056
Trading (Consumer Goods)	2,124	1,738
Sub-Total (Operating Entities)	22,762	18,794
Management services – Note 1	325	313
Investment holding	-	-
Total revenue including inter-segment sales	23,086	19,107
Elimination of inter-segment transactions	(328)	(313)
Total revenue	22,758	18,794
Segment Results		
Manufacturing	2,302	350
Trading (Consumer Goods)	(1,450)	(145)
Sub-Total (Operating Entities)	852	205
Management services	283	269
Investment holdings	(254)	(280)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	880	194
Elimination of inter-segment transactions	996	-
Profit/(Loss) before taxation	1,876	194

Note 1: This Division only provides services to members of Denko Group.

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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 2015

Current Quarter vs Previous Quarter 3 months comparison

(a) **Revenue**

The Group recorded a RM4 million strong increase in Revenue (+21%) for the current quarter to RM23 million (Q4-FY14: RM19 million). This was mainly due to the combination of the following:

(i) **Manufacturing Division**

This Division's Revenue increased significantly by RM3.4 million (+22%) to RM20.6 million (Q3-FY15: RM17 million). The Plastic Parts Sub Segment was the key driver recording a RM3.5 million (+22%) increase in Revenue.

(ii) **Trading (Consumer Goods) Division**

This Division recorded a significant increase of RM380,000 (+22%) in Revenue to RM2.1 million (Q3-FY15: RM1.7 million) as a result of Chinese New Year effect whereby sales for the CNY festival 2015 was recognized in the current quarter.

(b) **Profit Before Taxation**

In the current quarter, the Group's Profit Before Taxation increased by almost RM1.7 million to RM1.9 million (Q3-FY15: RM194,000). The better performance was due to higher Revenue and Gross Margin recorded at the Manufacturing Division which was adversely affected by losses at the Trading (Consumer Goods) Division and at our start-up operations in Indonesia.

(i) **Manufacturing Division**

Table 3 - Reconciliation of Operating Profit/(Loss) Before Taxation

	Q4-FY15	Q3-FY15	Variances
	RM'000		
Adjusted Profit from Operations	1,824	616	1,208
Losses from Indonesian subsidiary	(197)	(280)	83
Adjustment for Non Operating Item			
Increase in Provision for Impairment of Trade Debtors	(231)	(37)	(194)
Reversal of Accrued Staff Cost	700	-	700
Non Operating Inter-co Expense	(90)	(90)	-
Impairment of and Assets Written Off	(343)	-	(343)
Revaluation Surplus on Land and Building	629	-	629
Bad Debts Written Off - Trade Debtors	-	-	-
Unrealised Foreign Exchange Gain	10	142	(132)
Sub-total	675	14	661
Profit Before Taxation	2,302	350	1,952

Table 3 shows the Group's underlying manufacturing business in Malaysia recorded a threefold increase in Profit before Tax to RM1.8 million compared to the RM600,000 registered in the previous 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 2015**

Current Quarter vs Previous Quarter 3 months comparison

(a) **Revenue**

(ii) **Trading (Consumer Goods) Division**

Table 4 - Reconciliation of Operating Profit/(Loss) Before Taxation

	Q4-FY15	Q3-FY15	Variances
	RM'000		
Adjusted Loss from Operations	(439)	(232)	(207)
Adjustment for Non Operating Item			
Non Operating Inter-co Income	90	90	-
Loss on Disposal of Asset	-	(3)	3
Written Off of Obsolete Stocks	(83)	-	(83)
Impairment of Brand Name	(996)	-	(996)
Bad Debts Written Off - Trade Debtors	(22)	-	(22)
Sub-total	(1,011)	87	(1,098)
Loss Before Taxation	(1,450)	(145)	(1,305)

Table 4 shows the Division's Adjusted Losses from Operations for the current quarter widened by RM200,000 to RM400,000 (Q3-FY15: Loss RM200,000) due to the factors explained herein before.

The impairment of Brand Name amounting to almost RM1 million has no impact on the Group's results as the entry is eliminated on Consolidation.

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OF BURSA MALAYSIA FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(20) Current Year Prospects

TABLE 5-Adjusted Profit / (Loss) After Taxation

	12 months to 31st March		
	2015	2014	Variance
	(Unaudited)	(Audited)	
RM'000			
REVENUE	80,077	74,445	5,632
(Loss) / Profit After Taxation from Continuing Operations	3,095	(3,610)	6,705
Add: Loss on disposal of DIPC	-	1,803	(1,803)
Less: Revaluation Surplus on land and building	(629)	-	(629)
Adjusted Profit After Taxation	2,466	(1,807)	4,273

Denko Group had a commendable performance for the financial year ending 31 March 2015. The Group recorded both top line and bottom line improvements. Group Revenue increased by almost 6 million (+7.5%) to RM80 million while there was a RM4.3 million positive turnaround in its Adjusted Profit after Taxation to RM2.5 million (FY14: Loss RM1.8million).

(i) Manufacturing Division

The Manufacturing Division in Malaysia is the primary growth driver led mainly by its Plastic Parts Sub Segment. This Division still managed to generate a healthy profit even after the absorption of almost RM500,000 in start up losses incurred by the Indonesian subsidiary.

(ii) Trading (Consumer Goods) Division

This Division continues to be loss making despite the significant effort and resources allocated to the business. Based on the international experience for countries which introduced the Goods and Services Tax, we are bracing ourselves for at least another six months of difficult trading conditions. This could be extended in the event the world fuel price trend upwards from current levels.

Management has over the last three years, increased and broadened the Manufacturing Division's customer base and diversified the range of products manufactured. Further, the Division has installed additional machine capacity and recruited additional skilled personnel to support the growing business. On this basis, the Board is confident the recorded growth for the Malaysian operations at this Division is sustainable both in terms of Revenue and Profits.

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EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(20) Current Year Prospects (continued)

The team in Indonesia has been busy preparing itself for the various mandatory manufacturing certifications demanded by our customers. There have also been parallel efforts made to introduce and market PTWSP to its prospective customers in metropolitan Jakarta. In the light of the above, the Board does not expect the Indonesian operations to provide any significant contribution to earnings for FY16.

The Board is revisiting and reviewing the business model for its Trading (Consumer Goods) Division to stem the losses and return the Division to profitability. The objectives are to lighten the asset base of the Division and to streamline its operating structure to make it leaner and more cost effective. The Board has authorised a plan to dispose the Division's Land and Buildings and re-locate its operations to a shop office.

In summary, the Board has reasons to believe FY16 will be an even better year for Denko Group.

(21) Profit Forecast and Profit Guarantee

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

(22) Taxation

	INDIVIDUAL QUARTER 3 months ended 31st March		CUMULATIVE QUARTERS 12 months ended 31st March	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000		RM'000	
<u>Continuing Operations</u>				
In respect of current period				
-Malaysian income tax	(97)	168	(298)	54
-Deferred tax	1,047	934	1,048	869
	950	1,102	749	923
<u>Discontinued Operations</u>				
In respect of current period				
-Malaysian income tax	-	-	-	(82)
-Deferred tax	-	-	-	-
	950	1,102	749	841

(23) Status of Corporate Proposals

There were no Corporate Proposals 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 2015

(24) Group Borrowings

Details of the unaudited Group borrowings as at 31 March 2015 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	514	-	514
Bills Payable and Bankers Acceptance	8,958	-	8,958
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	702	1,390	2,092
Term Loans	981	1,564	2,545
TOTAL	13,155	2,954	16,109

Drawdown and Repayment Schedule

	Bank Overdraft	Bills Payable and Bankers Acceptance	Revolving Credit	Hire Purchase Creditors	Term Loans	Total
	RM'000					
As at beginning of period 1 April 2014	593	9,079	2,000	1,879	3,586	17,137
Drawdown	(79)	-	-	830	-	751
Repayment	-	(121)	-	(617)	(1,041)	(1,779)
As at end of period 31 March 2015	514	8,958	2,000	2,092	2,545	16,109

(25) Material Litigation

There were no new development or additional material litigation reported in this 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 2015

(26) Dividend Payable

No interim dividend has been recommended for the current quarter.

(27) 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 3 months ended 31-Mar		CUMULATIVE QUARTERS 12 months ended 31-Mar	
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	(Audited)
Profit / (loss) attributable to ordinary equity holders of the parent	RM	2,826,155	(143,000)	3,094,878	(3,103,000)
Weighted average number of ordinary shares in issue		104,468,853	104,468,853	104,468,853	104,468,853
Basic profit/(loss) per share for period (sen):	RM	2.71	(0.14)	2.96	(2.97)

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

Fully diluted profit/(loss) per ordinary share for the current quarter is not presented as the Company does not have any outstanding share options or other potentially dilutive financial instruments currently on issue.

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DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 MARCH 2015

(29) Discontinued Operations

Analysis of the results of the discontinued operations is as follows:

	INDIVIDUAL QUARTER 3 months ended 31st March		CUMULATIVE QUARTERS 12 months ended 31st March	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	2,853
Cost Of Sales	-	-	-	(2,013)
Gross Profit	-	-	-	840
Other Income	-	-	-	328
Marketing and Distribution Costs	-	-	-	(298)
Administration Expenses	-	-	-	(278)
Other Operating Gains/(Expenses)	-	-	-	(3)
Profit/(Loss) From Operations	-	-	-	589
Finance Costs	-	-	-	-
Profit/(Loss) Before Tax	-	-	-	589
Taxation	-	-	-	(82)
Profit/ (Loss) Net of Tax for the period	-	-	-	507

Included in the Loss before taxation from the discontinued operation are the following:

	INDIVIDUAL QUARTER 3 months ended 31st March		CUMULATIVE QUARTER 12 months ended 31st March	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
(i) Interest Income	-	-	-	3
(ii) Other income including investment income	-	-	-	202
(iii) Interest expense	-	-	-	-
(iv) Depreciation and amortization	-	-	-	(88)
(v) Reversal of provision / (Provision) for receivables / (Bad Debts written off)	-	-	-	108
(vi) Decrease / (Increase) in provision of slow moving inventories	-	-	-	-
(vii) Gain/(loss) on disposal of quoted or unquoted investment or properties	-	-	-	-
(viii) Write off/Impairment of assets	-	-	-	-
(ix) Foreign exchange gain/(loss)	-	-	-	15

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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 2015

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

	As at 31.03.2015 (Unaudited) RM'000
Total Accumulated Losses of the Group	
- Realised	2,068
- Unrealised	5,745
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	7,813

(31) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 29th May 2015.

BY ORDER OF THE BOARD

Woo Min Fong (MAICSA 0532413)

Wong Chee Yin (MAICSA 7023530)

Goh Anne (MIA 36898)

Company Secretaries