



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

**INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED  
30 JUNE 2015**

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

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 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 FIRST QUARTER ENDED 30 JUNE 2015**

	<b>INDIVIDUAL QUARTER 3 months ended 30th June</b>		<b>CUMULATIVE QUARTER 3 months ended 30th June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	22,715	19,525	22,715	19,525
Cost Of Sales	(19,586)	(16,664)	(19,586)	(16,664)
Gross Profit	3,129	2,861	3,129	2,861
Other Income	378	157	378	157
Marketing and Distribution Costs	(1,128)	(992)	(1,128)	(992)
Administration Expenses	(1,854)	(1,343)	(1,854)	(1,343)
Other Operating Expenses	(106)	(73)	(106)	(73)
Profit From Operations	419	610	419	610
Finance Costs	(259)	(234)	(259)	(234)
Profit Before Tax	160	376	160	376
Taxation	230	52	230	52
Profit net of Tax for the period	390	428	390	428
<b>Other comprehensive income</b>				
Foreign Currency Translation	(7)	-	(7)	-
Other comprehensive income/(expenses) for the period, net of tax	(7)	-	(7)	-
<b>Profit per ordinary share attributable to equity holders of the parent</b>	390	428	390	428
<b>Total comprehensive income attributable to equity holders of the parent</b>	383	428	383	428
Basic, profit per ordinary share (sen)	0.37	0.41	0.37	0.41
Fully diluted profit 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 2015 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 FIRST QUARTER ENDED 30 JUNE 2015**

	Note	As at 30.06.2015 (Unaudited)	As at 31.03.2015 (Audited)
<b>RM'000</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	53,694	54,281
<b>Current assets</b>			
Inventories		16,691	15,103
Trade and other receivables		25,200	23,783
Current tax asset		153	183
Cash and bank balances		1,265	2,335
Current assets classified as held for sale		5,500	5,500
Total current assets		48,809	46,904
<b>TOTAL ASSETS</b>		<b>102,503</b>	<b>101,185</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		41,788	41,788
Reserves		19,515	19,522
Accumulated losses		(7,673)	(8,063)
Total Equity		53,630	53,247
<b>Non current liabilities</b>			
Long term borrowings	24	2,965	2,953
Trade payables and other payables		7,890	-
Deferred tax liabilities		6,141	6,141
Total non-current liabilities		16,996	9,094
<b>Current Liabilities</b>			
Trade and other payables		20,418	25,689
Short term borrowings	24	10,569	13,155
Liability attributable to current assets classified as held for sale		890	-
Total current liabilities		31,877	38,844
<b>TOTAL LIABILITIES</b>		<b>48,873</b>	<b>47,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>102,503</b>	<b>101,185</b>
<b>Net assets per share attributable to equity holders of the parents (RM)</b>		<b>0.5134</b>	<b>0.5097</b>

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 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 FIRST QUARTER ENDED 30 JUNE 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					
<b>At 1 APRIL 2015</b>	41,788	1,566	17,959	(3)	(8,063)	53,247
Total comprehensive Income for the period	-	-	-	(7)	390	383
<b>At 30 JUNE 2015</b>	41,788	1,566	17,959	(10)	(7,673)	53,630
<b>At 1 APRIL 2014</b>	41,788	1,566	4,118	-	(8,133)	39,339
Total comprehensive losses for the period	-	-	-		(3,038)	(3,038)
<b>At 30 JUNE 2014</b>	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 2015 and the accompanying explanatory notes attached to this Interim Financial Statements.

**DENKO INDUSTRIAL CORPORATION BERHAD (Company No.: 190155-M)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

	Note	3 months to	
		30.06.2015	30.06.2014
		(Unaudited)	(Audited)
		RM'000	
<b>1. Cash flow from operating activities</b>			
<b>Profit (loss) before tax from continuing operation</b>		160	376
<b>Profit (loss) before tax from discontinuing operation</b>		-	-
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>		160	376
Reversal of impairment for trade and other receivables		(0)	(33)
Depreciation		1,089	1,330
Gain on disposal of property, plant and equipment		(42)	(31)
Interest expense		259	234
Increase/(decrease) in provision for slow moving stocks		128	(412)
Unrealised loss on foreign exchange		85	39
<b>Operating profit before working capital changes</b>		1,679	1,503
Net change in inventories		(1,716)	(573)
Net change in trade and other receivables		(1,416)	(1,258)
Net change in trade and other payables		1,586	359
<b>Cash generated from operations</b>		133	31
Interest paid		(168)	(134)
Income tax paid		(112)	(85)
Income tax refund		372	1,013
<b>Net cash from operating activities</b>		225	825

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 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 FIRST QUARTER ENDED 30 JUNE 2015**

	Note	3 months to	
		30.06.2015	30.06.2014
		(Unaudited)	(Audited)
<b>2. Cash flow from investing activities</b>		<b>RM'000</b>	
Purchase of fixed assets		(502)	(21)
Translation reserve		(7)	-
Proceeds from disposal of fixed assets		42	-
Deconsolidation of a subsidiary company		-	31
<b>Net cash (used in) / from investing activities</b>		<b>(467)</b>	<b>10</b>
<b>3. Cash flow from financing activities</b>			
Net change in amount due to directors		947	1,065
Repayment in short term borrowings		(1,521)	(830)
Repayment of term loans		(239)	(348)
Repayment of hire purchase creditors		(174)	(138)
Drawdown of hire purchase creditors		300	159
Interest paid		(90)	(100)
<b>Net cash used in financing activities</b>		<b>(777)</b>	<b>(192)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,019)</b>	<b>643</b>
Cash and cash equivalents as at beginning of financial period 1st April		1,821	(215)
Cash and cash equivalents as at end of financial period 30th June*		802	428
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		1,265	428
Bank overdrafts	24	(463)	-
		802	428

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to this Interim Financial Statements.

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

**PART A**

**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs)  
FOR THE FIRST QUARTER ENDED 30 JUNE 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:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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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**PART A**

**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134  
FOR THE FIRST QUARTER ENDED 30 JUNE 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 2015.

**(3) Auditors' Report on Preceding Annual Financial Statements**

The Auditors' Report on the Audited Financial Statements for the year ended 31 March 2015 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

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:

<b>Q1-FY16</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>			
<b>Revenue</b>				
Sales to external customer	22,715	-	-	22,715
Inter-segment sales	-	-	-	-
	22,715	-	-	22,715
<b>Segment results</b>	764	(345)	-	419
Finance Cost				(259)
Profit Before Tax				160
<b>Q4-FY15</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>			
<b>Revenue</b>				
Sales to external customer	22,761	-	-	22,761
Inter-segment sales	325	-	(328)	(3)
	23,086	-	(328)	22,758
<b>Segment results</b>	2,275	(193)	-	2,082
Finance Cost				(206)
Profit Before Tax				1,876

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**PART A**

**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134  
FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

**(4) Segmental Reporting (Continued)**

Q1-FY15	Malaysia	Indonesia	Elimination	Consolidated
	<b>RM'000</b>			
<b>Revenue</b>				
Sales to external customer	19,525	-	-	19,525
Inter-segment sales	318	-	(318)	-
	19,843	-	(318)	19,525
<b>Segment results</b>	610	-	-	610
Finance Cost				(234)
Profit Before Tax				376

**(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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**PART A**  
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**FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

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

	<b>3 months ended</b>	
	<b>30th June</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RM'000</b>	
PPE at 1st April	54,281	44,383
Additions	502	21
Disposals	(0)	-
Depreciation and Amortization	(1,089)	(1,330)
PPE at 30th June	53,694	43,074

**(9) Inventory Write Offs**

There was no inventory write offs during the current quarter (Q1-FY15: 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 2015.

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**PART A**

**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134  
FOR THE FIRST QUARTER ENDED 30 JUNE 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:

	<b>As at 30.06.2015 (Unaudited) RM'000</b>
- Authorised but not contracted	4,996
- Contracted but not provided	2,971

**(15) Changes in Contingent Liabilities and Contingent Assets**

	<b>As at 30.06.2015 (Unaudited) RM'000</b>
<b>Contingent liability</b> Corporate guarantees provided to financial institutions for credit facilities granted to subsidiaries	13,963

**(16) Material Subsequent Events**

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

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**PART A**  
**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs) 134**  
**FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

**(17) Profit for the period**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		30 th June			
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	(Audited)
		RM'000			
(i)	Interest Income	0	-	0	-
(ii)	Other income including investment income	241	87	241	87
(iii)	Interest expense	(259)	(234)	(259)	(234)
(iv)	Depreciation and amortization	(1,089)	(1,330)	(1,089)	(1,330)
(v)	Reversal of provision / (Provision) for receivables / (Bad Debts written off)	0	33	0	33
(vi)	Decrease / (Increase) in Provision for slow moving inventories and Stocks written off	(128)	412	(128)	412
(vii)	Gain/(loss) on disposal of quoted or unquoted investment or properties	42	31	42	31
(viii)	Write off/Impairment of assets	-	-	-	-
(ix)	Foreign exchange gain/(loss)	(12)	(67)	(12)	(67)

Other than the above items, there were no gains or losses on derivatives and exceptional items 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 FIRST QUARTER ENDED 30 JUNE 2015**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		3 months ended	
	30th June			
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
RM'000				
<b>Segment Revenue</b>				
Manufacturing	21,146	16,852	21,146	16,852
Trading (Consumer Goods)	1,569	2,673	1,569	2,673
Sub-Total (Operating Entities)	22,715	19,525	22,715	19,525
Management services – (Note1)	-	318	-	318
Investment holding	-	-	-	-
Total revenue including inter-segment sales	22,715	19,843	22,715	19,843
Elimination of inter-segment transactions	-	(318)	-	(318)
Total Revenue	22,715	19,525	22,715	19,525
<b>Segment Results</b>				
Manufacturing	257	486	257	486
Trading (Consumer Goods)	18	(119)	18	(119)
Sub-Total (Operating Entities)	275	367	275	367
Management services	(3)	276	(3)	276
Investment holding	(112)	(267)	(112)	(267)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	160	376	160	376
Elimination of inter-segment transactions	-	-	-	-
Profit/(Loss) Before Taxation	160	376	160	376

*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 FIRST QUARTER ENDED 30 JUNE 2015**

**Current Quarter vs Prior Year Same Quarter 3 months Comparison**

**(a) Revenue**

The Group recorded a strong rebound in Revenue by RM3 million (+16%) in the current quarter under review to RM22 million (Q1-FY15: RM19 million).

The Revenue increased was mainly due to the combination of the below:

**(i) Manufacturing Division**

This Division was the main contributor to the strong Revenue during the current quarter by recorded an increase of RM4.3 million (+25%).

Revenue from Plastic Parts Sub Segment leaped by RM5.7 million (+44%) to 18.7 million (Q1-FY15: RM13 million) mainly due to new projects awarded from existing major customers.

However, this positive contribution was off set by a RM1.4 million reduction in Revenue from the Tooling Sub Segment.

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

This Division's revenue suffered significant decrease of RM1.1 million (-42%) to RM1.5 million (Q1-FY15: RM2.6 million) mainly resulted from the returns on goods delivered in previous quarter and huge rebate given to a major customer.

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

Notwithstanding the RM3 million (+16%) increased in Revenue for the current quarter, the Group was suffered a minor drop in its Profit Before Tax of RM216,000 (-57%) to RM160,000 (Q1-FY15: RM376,000). The decrease in Profit Before Tax were due to the following reasons:

**(i) Manufacturing Division**

Within this Division, the adverse result was mainly resulted from the losses of RM345,000 incurred by PTWSP in Indonesia. For the Division in Malaysia, Tooling Sub Segment which was the key performer as its Revenue provides a higher margin contribution relative to Plastic Parts Sub Segment, was the key performer in the current quarter.

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

Notwithstanding a drop in Revenue by 42%, the Division able to turnaround its Profit Before Tax of RM137,000 to RM18,000 (Q1-FY15 Loss: RM119,000) mainly due to better margin recorded in the current quarter which was backed by the improvement in logistic and warehouse management.

**(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. (Q1-FY15: Nil).

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**PART B**  
**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**  
**OF B FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

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

	<b>INDIVIDUAL QUARTER</b>	
	<b>3 months ended</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>(Unaudited)</b>	
	<b>RM'000</b>	
<b><u>Segment Revenue</u></b>		
Manufacturing	21,146	20,637
Trading (Consumer Goods)	1,569	2,124
Sub-Total (Operating Entities)	22,715	22,761
Management services – <b>Note 1</b>	-	325
Investment holding	-	-
Total revenue including inter-segment sales	22,715	23,086
Elimination of inter-segment transactions	-	(328)
Total revenue	22,715	22,758
<b><u>Segment Results</u></b>		
Manufacturing	257	2,302
Trading (Consumer Goods)	18	(1,450)
Sub-Total (Operating Entities)	275	852
Management services	(3)	283
Investment holdings	(112)	(254)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	160	881
Elimination of inter-segment transactions	-	996
Profit/(Loss) before taxation	160	1,877

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

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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 FIRST QUARTER ENDED 30 JUNE 2015**

**Current Quarter vs Previous Quarter 3 months comparison**

**(a) Revenue**

The Group recorded a marginal drop of RM43,000 in Revenue (-0.19%) for the current quarter. This was mainly due to the combination of the following:

**(i) Manufacturing Division**

This Division recorded a higher Revenue by RM500,000 (+2%) to RM21.1 million (Q4-FY15: RM20.6 million) mainly attributed by Tooling Sub Segment with higher sales recognized amounted to RM480,000 in the current quarter.

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

This Division recorded a significant decrease of RM555,000 (-26%) in Revenue to RM1.6 million (Q4-FY15: RM2.1 million) given the fact that the previous quarter was a seasonally high Revenue quarter whereby sales for the Chinese New Year 2015 was recognized in the previous quarter.

**(b) Profit Before Taxation**

In the current quarter, the Group's Profit Before Taxation decreased significantly by RM1.7 million (-89%) to RM170,000 (Q4-FY15: RM1.9 million). The adverse variances was partly resulted from one off transaction which could be further explained according to Division, as below:

**(i) Manufacturing Division**

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

	Q1-FY16	Q4-FY15	Variances
	RM'000		
<b>Adjusted Profit from Operations</b>	598	1,821	(1,223)
Losses from Indonesian subsidiary	(345)	(194)	(151)
<b>Adjustment for Non Operating Item</b>			
Increase in Provision for Impairment of Trade	-	(231)	231
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)
Unrealised Foreign Exchange Gain	94	10	84
Sub-total	4	675	(671)
<b>Profit Before Taxation</b>	<b>257</b>	<b>2,302</b>	<b>(2,045)</b>

Table 1 shows the Group's underlying manufacturing business in Malaysia recorded an adverse variances of RM1.2 million in Profit before Tax to RM598,000 compared to the RM1.8 million registered in the previous quarter.

The unfavourable result was mainly resulted from poorer performance in Plastic Parts Sub Segment whereby it disappointingly recorded lower Gross Margin that arose from high raw material consumption. Corrective measures and improvement actions were taken place immediate to rectify the production and operating process. The turnaround result expected to be shown in the following quarters.

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**Current Quarter vs Previous Quarter 3 months comparison**

**(b) Profit Before Taxation**

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

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

	<b>Q1-FY16</b>	<b>Q4-FY15</b>	<b>Variances</b>
	<b>RM'000</b>		
<b>Adjusted Loss from Operations</b>	(114)	(439)	325
<b>Adjustment for Non Operating Item</b>			
Non Operating Inter-co Income	90	90	-
Gain on Disposal of Asset	42	-	42
Written Off of Obsolete Stocks	-	(83)	83
Impairment of Brand Name	-	(996)	996
Bad Debts Written Off - Trade Debtors	-	(22)	22
Sub-total	132	(1,011)	1,143
<b>Loss Before Taxation</b>	<b>18</b>	<b>(1,450)</b>	<b>1,468</b>

Table 2 shows the Division's Adjusted Losses from Operations for the current quarter improved by RM325,000 to RM114,000 (Q4-FY15: Loss RM439,000) mainly due to better margin as a result of introduction of better logistic and warehouse management in order to turnaround the unfavorable results in this Division.

**(20) Current Year Prospects**

The Group returned to profitability in FY2015 in which it achieved a strong RM6.4 million favourable turnaround with a Profit After Taxation of RM2.8 million (FY14 Loss: RM3.6 million). The Group continued to achieve positive result in Q1-FY16 mainly backed by the stable result from its underlying Manufacturing Division in Malaysia.

**(i) Manufacturing Division**

With a good start in FY 16 which this Division registered sales growth, the Division continued the healthy business pipeline which is being progressively translated into firm orders.

At the beginning of FY16, the Board had reshuffle the organization team in this Division to strengthen the production and operating management in order to increase productivity and efficiency that will eventually contribute to generate strong and concrete results. In an effort to arrest the accelerating material consumption mainly in Plastic Parts Sub Segment, the new management team had introducing aggressive cost saving measures as well as production improvement strategy. The great initiatives expected to bear fruits in the following quarters.

For FY16, aggressive marketing strategy and skillful resources was introduced in Indonesian subsidiary. On this basis, the Board is confident the Indonesian Subsidiary would record a turnaround in this financial year.

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**OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

**(20) Current Year Prospects (continued)**

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

FY15 was a difficult year for this Division as Revenue was adversely impacted by changing in its Business Model which involving rationalizing of products, suppliers and customers.

However, this Division commenced the new financial year with an excellent turnaround in its performance. Notwithstanding the lower revenue recorded in the current quarter, this Division was able to turnaround its performance positively thanks to the great efforts put in logistic and warehouse management. During the current quarter, the Board had reshuffled this Division by restructure the organization team in logistic management and sales strategy. Aggressive cost saving and proactive warehouse and logistic management was introduced in order to turnaround the performance for this Division.

In summary, there are recent economy uncertainties which continues to provide challenges in relation to the Group's performance. Based on the initiatives already implemented and the continuous efforts to mitigate the potential threat, the Board has reasons to believe the Denko Group will remain profitable for FY16.

**(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 30th June		CUMULATIVE QUARTERS 3 months ended 30th June	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	(Audited)
	RM'000		RM'000	
In respect of current period				
-Malaysian income tax	230	52	230	52
-Deferred tax	-	-	-	-
	230	52	230	52

**(23) Status of Corporate Proposals**

There were no Corporate Proposals in the current quarter.

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**OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 2015**

**(24) Group Borrowings**

Details of the unaudited Group borrowings as at 30 June 2015 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	463	-	463
Bills Payable and Bankers Acceptance	7,437	-	7,437
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	554	1,664	2,218
Term Loans	1,005	1,301	2,306
<b>TOTAL</b>	11,459	2,965	14,424

**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 2015	514	8,958	2,000	2,092	2,545	16,109
Drawdown	(51)	-	-	300	-	249
Repayment	-	(1,521)	-	(174)	(239)	(1,934)
As at end of period 30 June 2015	463	7,437	2,000	2,218	2,306	14,424

**(25) Material Litigation**

There were no new development or additional material litigation reported in this current quarter.

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**OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 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 30-Jun		CUMULATIVE QUARTERS 3 months ended 30-Jun	
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	(Audited)
Profit / (loss) attributable to ordinary equity holders of the parent	RM	390,192	428,197	390,192	428,197
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	<b>0.37</b>	<b>0.41</b>	<b>0.37</b>	<b>0.41</b>

**(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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**(29) Disclosure on Retained Earnings Realised and Unrealised Profit and Losses**

	<b>As at 30.06.2015 (Unaudited) RM'000</b>
Total Accumulated Losses of the Group	
- Realised	1,441
- Unrealised	6,232
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	7,673

**(30) Authorised for Issue**

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 24th August 2015.

**BY ORDER OF THE BOARD**

**Woo Min Fong (MAICSA 0532413)**

**Wong Chee Yin (MAICSA 7023530)**

Company Secretaries