



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

**INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED  
30 SEPTEMBER 2015**

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

**INTERIM FINANCIAL STATEMENTS**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

	<b>INDIVIDUAL QUARTER 3 months ended 30th September</b>		<b>CUMULATIVE QUARTER 6 months ended 30th September</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	21,539	19,001	44,254	38,525
Cost Of Sales	(18,191)	(17,125)	(37,777)	(33,789)
Gross Profit	3,348	1,876	6,477	4,736
Other Income	843	161	1,221	319
Marketing and Distribution Costs	(1,322)	(905)	(2,450)	(1,897)
Administration Expenses	(1,759)	(1,000)	(3,613)	(2,343)
Other Operating Expenses	(161)	18	(267)	(55)
Profit From Operations	949	150	1,368	760
Finance Costs	(217)	(251)	(476)	(485)
Profit Before Tax	732	(101)	892	275
Taxation	(150)	-	80	52
Profit net of Tax for the period	582	(101)	972	327
<b>Other comprehensive income</b>				
Foreign Currency Translation	(28)	-	(35)	-
Other comprehensive income/(expenses) for the period, net of tax	(28)	-	(35)	-
<b>Profit per ordinary share attributable to equity holders of the parent</b>	582	(101)	972	327
<b>Total comprehensive income attributable to equity holders of the parent</b>	554	(101)	937	327
Basic, profit per ordinary share (sen)	0.56	(0.10)	0.93	0.31
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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

	Note	As at 30.09.2015 (Unaudited)	As at 31.03.2015 (Audited)
<b>RM'000</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	52,979	54,281
<b>Current assets</b>			
Inventories		19,152	15,103
Trade and other receivables		25,606	23,783
Current tax asset		194	183
Cash and bank balances		2,255	2,335
Current assets classified as held for sale		5,500	5,500
Total current assets		52,707	46,904
<b>TOTAL ASSETS</b>		<b>105,686</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		19,544	19,522
Accumulated losses		(7,091)	(8,063)
Total Equity		54,241	53,247
<b>Non current liabilities</b>			
Long term borrowings	24	2,513	2,953
Deferred tax liabilities		6,141	6,141
Total non-current liabilities		8,654	9,094
<b>Current Liabilities</b>			
Trade and other payables		22,631	17,382
Current Tax Liabilities		107	-
Amount owing to Directors		8,324	8,307
Short term borrowings	24	10,602	13,155
Liability attributable to current assets classified as held for sale	24	1,127	-
Total current liabilities		42,791	38,844
<b>TOTAL LIABILITIES</b>		<b>51,445</b>	<b>47,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>105,686</b>	<b>101,185</b>
<b>Net assets per share attributable to equity holders of the parents (RM)</b>		<b>0.5192</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)**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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	-	-	-	22	972	994
<b>At 30 SEPTEMBER 2015</b>	41,788	1,566	17,959	19	(7,091)	54,241

<b>At 1 APRIL 2014</b>	41,788	1,566	3,855	-	(10,908)	36,301
Total comprehensive losses for the period	-	-	-		327	327
<b>At 30 SEPTEMBER 2014</b>	41,788	1,566	3,855	-	(10,581)	36,628

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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

	Note	6 months to	
		30.09.2015	30.09.2014
		(Unaudited)	
		RM'000	
<b>1. Cash flow from operating activities</b>			
<b>Profit (loss) before tax from continuing operation</b>		892	275
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>			
Reversal of impairment for trade and other receivables		(243)	(51)
Bad debts written off		242	-
Depreciation		2,160	2,696
Gain on disposal of property, plant and equipment		(42)	(31)
Interest expense		476	485
Increase/(decrease) in provision for slow moving stocks		430	(204)
Unrealised gain on foreign exchange		(254)	(56)
<b>Operating profit before working capital changes</b>		3,661	3,114
Net change in inventories		(4,478)	(1,395)
Net change in trade and other receivables		(1,821)	(2,311)
Net change in trade and other payables		5,524	176
<b>Cash generated from/(used in) operations</b>		2,886	(416)
Interest paid		(300)	(285)
Income tax paid		(196)	(147)
Income tax refund		372	1,013
<b>Net cash from operating activities</b>		2,762	165

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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

	Note	6 months to	
		30.09.2015	30.09.2014
		(Unaudited)	
		RM'000	
<b>2. Cash flow from investing activities</b>			
Purchase of fixed assets		(858)	(122)
Proceeds from disposal of fixed assets		42	31
<b>Net cash used in investing activities</b>		(816)	(91)
<b>3. Cash flow from financing activities</b>			
Net change in amount due to directors		17	1,040
Repayment in bill payable and banker acceptance		(1,408)	(572)
Repayment of term loans		(482)	(575)
Repayment of hire purchase creditors		(355)	(281)
Drawdown of hire purchase creditors		300	159
Interest paid		(176)	(201)
<b>Net cash used in financing activities</b>		(2,104)	(430)
<b>Net decrease in cash and cash equivalents</b>		(158)	(356)
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 September*		1,663	(571)
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		2,255	134
Bank overdrafts	24	(592)	(705)
		1,663	(571)

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)**  
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**PART A**

**SELECTED EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (FRSs)  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 SECOND QUARTER ENDED 30 SEPTEMBER 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>Q2-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	21,539	-	-	21,539
Inter-segment sales	50	-	(50)	-
	21,589	-	(50)	21,539
<b>Segment results</b>	1,236	(287)	-	949
Finance Cost				(217)
Profit Before Tax				732
				732
<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
				160

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**PART A**

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

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

Q2-FY15	Malaysia	Indonesia	Elimination	Consolidated
	<b>RM'000</b>			
<b>Revenue</b>				
Sales to external customer	19,001	-	-	19,001
Inter-segment sales	319	-	(319)	-
	19,320	-	(319)	19,001
<b>Segment results</b>	150	-	-	150
Finance Cost				(251)
Profit Before Tax				(101)

**(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.

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

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

	<b>6 months ended</b>	
	<b>30th September</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	
	<b>RM'000</b>	
PPE at 1st April	54,281	44,383
Additions	858	122
Disposals	(0)	-
Depreciation and Amortization	(2,160)	(2,696)
PPE at 30th September	52,979	41,809

**(9) Inventory Write Offs**

There was no inventory write offs during the current quarter (Q2-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 SECOND QUARTER ENDED 30 SEPTEMBER 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 30.09.2015 (Unaudited) RM'000</b>
- Authorised but not contracted	4,722
- Contracted but not provided	2,971

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

	<b>As at 30.09.2015 (Unaudited) RM'000</b>
<b>Contingent liability</b> Corporate guarantees provided to financial institutions for credit facilities granted to subsidiaries	13,799

**(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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

**(17) Profit for the period**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		30th September			
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	
		RM'000			
(i)	Interest Income	0	-	0	-
(ii)	Other income including investment income	34	80	275	167
(iii)	Interest expense	(217)	(251)	(476)	(485)
(iv)	Depreciation	(1,071)	(1,366)	(2,160)	(2,696)
(v)	Reversal of provision of impairment for receivables	0	18	1	51
(vi)	(Increase) / Decrease in Provision for slow moving inventories and Stocks written off	(302)	(209)	(430)	204
(vii)	Gain on disposal of quoted or unquoted investment or properties	-	-	42	31
(viii)	Foreign exchange gain	486	81	474	14

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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTERS</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30th September</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>(Unaudited)</b>		<b>(Unaudited)</b>		
<b>RM'000</b>				
<b><u>Segment Revenue</u></b>				
Manufacturing	20,056	16,426	41,202	33,277
Trading (Consumer Goods)	1,533	2,575	3,102	5,248
Sub-Total (Operating Entities)	21,589	19,001	44,304	38,525
Management services – (Note1)	-	319	-	637
Total revenue including inter-segment sales	21,589	19,320	44,304	39,162
Elimination of inter-segment transactions	(50)	(319)	(50)	(637)
Total Revenue	21,539	19,001	44,254	38,525
<b><u>Segment Results</u></b>				
Manufacturing	1,263	(38)	1,520	448
Trading (Consumer Goods)	(412)	(310)	(394)	(429)
Sub-Total (Operating Entities)	851	(348)	1,126	19
Management services	(4)	276	(7)	552
Investment holding	(115)	(29)	(227)	(296)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	732	(101)	892	275
Profit/(Loss) Before Taxation	732	(101)	892	275

*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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

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

**(a) Revenue**

The Group's revenue increased by 2.5 million (+13%) in the current quarter under review to RM21.5 million (Q2-FY15: RM19 million).

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

**(i) Manufacturing Division**

This Division was the important driver to the revenue increase during the current quarter by recorded an increase of RM3.7 million (+22%).

Revenue from Plastic Parts Sub Segment jumped by RM6.2 million (+47%) to 19.2 million (Q2-FY15: RM13 million) mainly due to new projects awarded from existing customers and diversifying products from new customers. However, this positive contribution was off set by a RM2.5 million reduction in Revenue from the Tooling Sub Segment.

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

This Division's revenue suffered a decline of RM1.1 million (-42%) to RM1.5 million (Q2-FY15: RM2.6 million) in which 70% was resulted from lower sales and remaining 30% was due to huge returns from previous years' sales were booked in the current quarter.

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

The Group's higher Revenue in the current quarter had improved the Net Profit before Tax by RM830,000 (+825%) to RM732,000 (Q2-FY15: Loss RM101,000). The better performance was entirely contributed by Manufacturing Division whereas Trading Division continue recorded losses.

**(i) Manufacturing Division**

Plastic Part Sub Segment from Malaysia Subsidiary was the key contributor in which it achieved RM2.3 million increase in Gross Profit (+169%). Gross Profit Margin at this Sub Segment improved to 19% (Q2-FY15: 10%) mainly attributed to higher revenue and further backed by benefits from economies of scale. However, this excellent performance was offset by the lower contribution of RM700,000 from the Tooling Sub Segment and the RM280,000 losses incurred by PTWSP in Indonesia in the current quarter.

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

Losses for this Division was widen by RM102,000 (33%) mainly due to significant reduction in Revenue that resulted insufficient Gross Profit to cover the constant fixed cost.

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**PART B**  
**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS**  
**OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015**

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

	<b>INDIVIDUAL QUARTER</b>	
	<b>3 months ended</b>	
	<b>30.09.2015</b>	<b>30.06.2015</b>
	<b>(Unaudited)</b>	
	<b>RM'000</b>	
<b><u>Segment Revenue</u></b>		
Manufacturing	20,056	21,146
Trading (Consumer Goods)	1,533	1,569
Total revenue including inter-segment sales	21,589	22,715
Elimination of inter-segment transactions	(50)	-
<b>Total revenue</b>	<b>21,539</b>	<b>22,715</b>
<b><u>Segment Results</u></b>		
Manufacturing	1,263	257
Trading (Consumer Goods)	(412)	18
Sub-Total (Operating Entities)	851	275
Management services	(4)	(3)
Investment holdings	(115)	(112)
<b>Profit/(Loss) before taxation</b>	<b>732</b>	<b>160</b>

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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 SECOND QUARTER ENDED 30 SEPTEMBER 2015**

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

**(a) Revenue**

The Group recorded a RM1.2 million decrease in Revenue (-5%) for the current quarter to RM21.5 million (Q1-FY16: RM22.7 million). Both operating Divisions reported lower Revenue and this was mainly due to the combination of the following:

**(i) Manufacturing Division**

This Division's Revenue decreased by RM1 million (-5%) to RM20 million (Q1-FY16: RM21 million). Revenue reduction was mainly resulted from lower Revenue of RM1.5 million recognised from Tooling Sub Segment. The positive variance of RM500,000 was resulted from higher sales generated in Plastic Parts Sub Segment.

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

This Division recorded a marginal decrease of RM36,000 (-2%) in Revenue to RM1.533 million (Q1-FY16: RM1.569 million). Even though there was sales for the Hari Raya festival booked in the previous quarter, but there was aggressive clearing stocks activities carried in the current quarter to sustain the Revenue. As a result, the Revenue was flat in this Division.

**(b) Profit Before Taxation**

The Group reported better Profit Before Taxation of RM660,000 to RM820,000 (Q1-FY16: RM160,000 ). The better result was contributed by Manufacturing Division.

**(i) Manufacturing Division**

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

	Q2-FY16	Q1-FY16	Variances
	RM'000		
<b>Profit Before Taxation</b>	<b>1,263</b>	<b>257</b>	<b>1,006</b>
Losses from Indonesian subsidiary	280	345	(65)
<b>Adjustment for Non Operating Item</b>			
Non Operating Inter-co Expense	90	90	-
Unrealised Foreign Exchange (Gain)/Loss	(339)	84	(423)
Sub-total	(249)	174	(423)
<b>Adjusted Profit from Operations</b>	<b>1,294</b>	<b>776</b>	<b>518</b>

Table 1 shows the Group's underlying manufacturing business in Malaysia recorded an favourable variances of RM518,000 in Adjusted Profit before Tax to RM1.29 million compared to the RM776,000 registered in the previous quarter.

The disappointing result reported in last quarter for Plastic Part Sub Segment was turnaround in the current quarter with the Gross Margin improved from 10% to 19% thanks to aggressive immediate rectification action been done to improve the production efficiency. However, the improved result was off set by poorer performance in Tooling Sub Segment in which the Gross Margin was reduced from 34% to -33% due to insufficient output to cover the operating fixed cost.

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

**(b) Profit Before Taxation**

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

This Division suffer significant losses of RM412,000 (Q1-FY16: Profit RM18,000) mainly due to lower margin generated from clearing old stocks on hand following the reshuffling activities at warehouse. Also, aggressive restructuring activities continue to carry out since last quarter whereby during the current quarter, focus was put on the reconciliation of old debts owing by customers and this resulted huge return pertaining to previous years' sales been recorded in the current quarter. By clearing all these back log debts and stocks on hand; and further backed by changes in logistic and warehouse management, this Division's merchandising and debt collection activity would be refresh and expect to be improved in the following quarters.

**(20) Current Year Prospects**

The Group is making a steady progress in its efforts to maintain profitability for FY 2016 thanks to the excellent contribution from its underlying Manufacturing Division in Malaysia.

**(i) Manufacturing Division**

The Division start FY2016 with beautiful results and it steadily grow in the current quarter. Coupled with healthy business pipeline in adding new customers and diversifying products, the Board expect the Plastic Parts Sub Segment to continue with its Revenue growth into the following quarters.

Management has continuing the efforts in improving productivity and production efficiency. Further, the Division had being installing additional machine capacity and recruiting additional skilled human resources to support growing business in Malaysia. On this basis, the Board is confident the recorded growth for the Malaysian operations is sustainable both in Revenue and Margin.

With the expertise and technical skill share by Division in Malaysia, the subsidiary in Indonesia will expect to be able to minimize the operating cost and thus keep the losses at lowest possible.

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

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

Notwithstanding the total revenue achieved by this Division in the current quarter was constant compared to previous quarter, the Division suffer huge losses due to lower margin generated from the clearing of old stocks.

The reshuffling activities in this Division by restructuring the organization team and rationalizing the stocks at warehouse since the last quarter will be continue, coupled with aggressive cost saving and improved marketing strategy, the Board is confident to record better performance for this Division in the subsequent quarters.

In a nutshell, both operating divisions of the Group are experiencing mixed and opposing results in the current quarter. Nevertheless, based on the strong business pipelines and various improvement initiatives in place, the Board is hopeful the Group will continue to build on the profits that had achieved up to-date.

**(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 September		CUMULATIVE QUARTERS 3 months ended 30th September	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
	RM'000		RM'000	
In respect of current period -Malaysian income tax	(150)	-	80	52
	(150)	-	80	52

**(23) Status of Corporate Proposals**

There were no Corporate Proposals in the current quarter.

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**(24) Group Borrowings**

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

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	592	-	592
Bills Payable and Bankers Acceptance	7,550	-	7,550
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	564	1,473	2,037
Term Loans	1,023	1,040	2,063
<b>TOTAL</b>	11,729	2,513	14,242

**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	78	-	-	300	-	378
Repayment	-	(1,408)	-	(355)	(482)	(2,245)
As at end of period 30 September 2015	592	7,550	2,000	2,037	2,063	14,242

**(25) Material Litigation**

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

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**(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-Sep		CUMULATIVE QUARTERS 6 months ended 30-Sep	
		2015	2014	2015	2014
		(Unaudited)		(Unaudited)	(Audited)
Profit / (loss) attributable to ordinary equity holders of the parent	RM	671,752	(101,053)	972,034	327,201
Weighted average number of ordinary shares in issue		104,468,851	104,468,851	104,468,851	104,468,851
Basic profit/(loss) per share for period (sen):	RM	<b>0.64</b>	<b>(0.10)</b>	<b>0.93</b>	<b>0.31</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 30.09.2015 (Unaudited) RM'000</b>
Total Accumulated Losses of the Group	
- Realised	1,169
- Unrealised	5,922
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	7,091

**(30) Authorised for Issue**

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 17th November 2015.

**BY ORDER OF THE BOARD**

**Woo Min Fong (MAICSA 0532413)**

**Wong Chee Yin (MAICSA 7023530)**

Company Secretaries