



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

**INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
30 JUNE 2016**

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

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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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 2016**

	INDIVIDUAL QUARTER 3 months ended 30th June		CUMULATIVE QUARTER 3 months ended 30th June	
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	
	RM'000	RM'000	RM'000	RM'000
Revenue	24,005	22,715	24,005	22,715
Cost Of Sales	(22,000)	(19,586)	(22,000)	(19,586)
Gross Profit	2,005	3,129	2,005	3,129
Other Income	2,921	378	2,921	378
Marketing and Distribution Costs	(1,201)	(1,128)	(1,201)	(1,128)
Administration Expenses	(1,776)	(1,854)	(1,776)	(1,854)
Other Operating Expenses	(1,243)	(106)	(1,243)	(106)
Profit From Operations	706	419	706	419
Finance Costs	(245)	(259)	(245)	(259)
Profit Before Tax	461	160	461	160
Taxation	-	230	-	230
Profit net of Tax for the period	461	390	461	390
Other comprehensive income				
Foreign Currency Translation Differences	(198)	(7)	(198)	(7)
Total comprehensive income for the period, net of tax	263	383	263	383
Profit per ordinary share attributable to equity holders of the parent	461	390	461	390
Total comprehensive income attributable to equity holders of the parent	263	383	263	383
Basic, profit per ordinary share (sen)	0.44	0.37	0.44	0.37
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 2016 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 2016

	Note	As at 30.06.2016 (Unaudited)	As at 31.03.2016 (Audited)
RM'000			
ASSETS			
Non-current assets			
Property, plant and equipment	11	52,160	52,074
Current assets			
Inventories		16,338	18,860
Trade and other receivables		28,117	24,503
Current tax asset		158	139
Cash and bank balances		1,977	4,607
Current assets classified as held for sale		-	5,500
Total current assets		46,590	53,609
TOTAL ASSETS		98,750	105,683
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		41,788	41,788
Reserves		16,539	19,606
Accumulated losses		(1,747)	(5,077)
Total Equity		56,580	56,317
Non current liabilities			
Long term borrowings	24	4,213	5,533
Deferred tax liabilities		4,659	4,671
Total non-current liabilities		8,872	10,204
Current Liabilities			
Trade and other payables		22,785	23,922
Current Tax Liabilities		51	183
Amount owing to Directors		1,022	4,808
Short term borrowings	24	9,440	10,249
Total current liabilities		33,298	39,162
TOTAL LIABILITIES		42,170	49,366
TOTAL EQUITY AND LIABILITIES		98,750	105,683
Net assets per share attributable to equity holders of the parents (RM)		0.5416	0.5391

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 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 2016

	Attributable to equity holders of the parent					
	----- Non-distributable -----					
	Share Capital	Share Premium	Revaluation Reserves	Translation Reserves	Accumulated Losses	Total
	RM'000					
At 1 APRIL 2016	41,788	1,566	17,959	81	(5,077)	56,317
Loss after tax for the period	-	-	-	-	461	461
Other comprehensive income for the period						-
- Foreign currency translation	-	-	-	(198)	-	(198)
Total comprehensive Income for the period	-	-	-	(198)	461	263
Transfer to accumulated losses	-	-	(2,869)	-	2,869	-
At 30 JUNE 2016	41,788	1,566	15,090	(117)	(1,747)	56,580

At 1 APRIL 2015	41,788	1,566	17,959	(3)	(8,063)	53,247
Profit after tax for the period	-	-	-	-	390	390
Other comprehensive income for the period						-
- Foreign currency translation	-	-	-	(7)	-	(7)
Total comprehensive income for the period	-	-	-	(7)	390	383
At 30 JUNE 2015	41,788	1,566	17,959	(10)	(7,673)	53,630

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 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 FIRST QUARTER ENDED 30 JUNE 2016

	Note	3 months to	
		30.06.2016	30.06.2015
		(Unaudited)	
		RM'000	
1. Cash flow from operating activities			
Profit before tax		461	160
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>			
Reversal of impairment losses on trade receivables		(105)	-
Depreciation		1,109	1,089
Gain on disposal of property, plant and equipment		(2,144)	(42)
Interest expense		245	259
Increase in provision for slow moving stocks		722	128
Unrealised (gain) / loss on foreign exchange		(323)	85
Operating profit before working capital changes		(35)	1,679
Net change in inventories		1,799	(1,716)
Net change in trade and other receivables		(3,508)	(1,416)
Net change in trade and other payables		(825)	1,586
Cash generated (used in)/ from operations		(2,569)	133
Interest paid		(155)	(168)
Income tax paid		(150)	(112)
Income tax refund		-	372
Net cash (used in)/from operating activities		(2,874)	225

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to this Interim Financial Statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

	Note	3 months to	
		30.06.2016	30.06.2015
		(Unaudited)	
		RM'000	
2. Cash flow from investing activities			
Purchase of property, plant and equipment		(1,211)	(502)
Interest received		0	(7)
Proceeds from disposal of property, plant and equipment		7,659	42
Net cash from /(used in) investing activities		6,448	(467)
3. Cash flow from financing activities			
Net change in amount due to directors		(3,786)	947
Repayment of banker acceptance		(2,887)	(1,521)
Repayment of term loans		(177)	(239)
Repayment of hire purchase creditors		(167)	(174)
Drawdown of hire purchase creditors		-	300
Interest paid		(90)	(90)
Net cash used in financing activities		(7,107)	(777)
Net decrease in cash and cash equivalents		(3,533)	(1,019)
Cash and cash equivalents as at beginning of financial period 1st April		4,607	1,821
Effect on foreign exchange translation		(198)	-
Cash and cash equivalents as at end of financial period 30th June*		876	802
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		1,977	1,265
Bank overdrafts	24	(1,101)	(463)
		876	802

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016 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 MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134**

FOR THE FIRST QUARTER ENDED 30 JUNE 2016

(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 (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards (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 accounting standards (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 (Including The Consequential Amendments)

Effective Date

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

01 January 2018

MFRS 16 Leases

01 January 2019

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 107: Disclosure Initiative

01 January 2017

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

01 January 2017

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

01 January 2016

Annual Improvements to MFRSs 2012 – 2014 Cycle

01 January 2016

The adoption of the above accounting standards (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 MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRSs) 134

FOR THE FIRST QUARTER ENDED 30 JUNE 2016

(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 2016.

(3) Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the Audited Financial Statements for the year ended 31 March 2016 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:

Q1-FY17	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	23,670	335	-	24,005
Inter-segment sales	2,800	-	(2,800)	-
	<u>26,470</u>	<u>335</u>	<u>(2,800)</u>	<u>24,005</u>
Segment results	<u>740</u>	<u>(34)</u>	<u>-</u>	<u>706</u>
Finance Cost				(245)
Profit Before Tax				<u>461</u>
Q4-FY16	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	23,325	434	-	23,759
Inter-segment sales	409	-	(409)	-
	<u>23,734</u>	<u>434</u>	<u>(409)</u>	<u>23,759</u>
Segment results	<u>499</u>	<u>(408)</u>	<u>-</u>	<u>91</u>
Finance Cost				(231)
Profit Before Tax				<u>(140)</u>

PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

(4) Segmental Reporting (Continued)

Q1-FY16	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	22,715	-	-	22,715
Inter-segment sales	-	-	-	-
	22,715	-	-	22,715
Segment results	764	(345)	-	419
Finance Cost				(259)
Profit Before Tax				160

(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 MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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

	3 months ended	
	30th June	
	2016	2015
	(Unaudited)	
	RM'000	
PPE at 1st April	52,074	54,281
Asset held for sale	5,500	-
Additions	1,211	502
Disposals	(5,516)	-
Depreciation and Amortization	(1,109)	(1,089)
PPE at 30th June	52,160	53,694

(9) Inventory Write Offs

There was no inventory write offs during the current quarter. (Q1-FY16: 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 2016.

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PART A

**SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

(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 30.06.2016 (Unaudited) RM'000
- Authorised but not contracted	-
- Contracted but not provided	3,177

(15) Changes in Contingent Liabilities and Contingent Assets

	As at 30.06.2016 (Unaudited) RM'000
Contingent liability Corporate guarantees provided to financial institutions for credit facilities granted to subsidiaries	13,500

(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 MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2016

(17) Profit for the period

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		3 months ended		3 months ended	
		30th June			
		2016	2015	2016	2015
		(Unaudited)		(Unaudited)	(Audited)
		RM'000			
(i)	Interest Income	0	0	0	0
(ii)	Other income including investment income	90	241	90	241
(iii)	Interest expense	(245)	(259)	(245)	(259)
(iv)	Depreciation	(1,109)	(1,089)	(1,109)	(1,089)
(v)	(Provision) / Reversal of provision for receivables / (Bad Debts written off)	105	0	105	0
(vi)	Increase in Provision for slow moving inventories and Stocks written off	(722)	(128)	(722)	(128)
(vii)	(Loss) / Gain on disposal of quoted or unquoted investment or properties	2,144	42	2,144	42
(viii)	Foreign exchange gain/ (Loss)	368	(12)	368	(12)

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 2016

(18) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		3 months ended	
	30th June			
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	(Audited)
RM'000				
Segment Revenue				
Manufacturing	22,565	21,146	22,565	21,146
Trading (Consumer Goods)	1,440	1,569	1,440	1,569
Sub-Total (Operating Entities)	24,005	22,715	24,005	22,715
Management services – (Note1)	-	-	-	-
Investment holding	2,800	-	2,800	-
Total revenue including inter-segment sales	26,805	22,715	26,805	22,715
Elimination of inter-segment transactions	(2,800)	-	(2,800)	-
Total Revenue	24,005	22,715	24,005	22,715
Segment Results				
Manufacturing	31	257	31	257
Trading (Consumer Goods)	566	18	566	18
Sub-Total (Operating Entities)	597	275	597	275
Management services	(3)	(3)	(3)	(3)
Investment holding	2,667	(112)	2,667	(112)
Total Profit before taxation including inter-segment Profit/(Loss)	3,261	160	3,261	160
Elimination of inter-segment transactions	(2,800)	-	(2,800)	-
Profit Before Taxation	461	160	461	160

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 2016

Current Quarter vs Prior Year Same Quarter 3 months Comparison

(a) **Revenue**

The Group's revenue increased by approximately RM1.3 million (+6%) in the current quarter under review to RM24 million (Q1-FY16: RM22.7 million).

(i) **Manufacturing Division**

This Division was the main contributor to the Revenue increase during the current quarter with an increase of RM1.4 million (+7%) to RM22.5 million (Q1-FY16: RM21.1 million). Revenue from Tooling Sub Segment increased by RM2.3 million to RM4.7 million (Q1-FY16: RM2.4 million) as the result of tooling fabricated in last financial year but were only completed and recognised to Revenue in the current quarter. In addition, the subsidiary in Indonesia contributed RM300,000 to Revenue in the current quarter.

This positive contribution was off set by a RM1.2 million reduction in Revenue from the Plastic Part Sub Segment.

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

There was a small decrease of RM130,000 (-8%) in Revenue to RM1.44 million (Q1-FY16: RM1.57 million) which was mainly resulted from lower sales on home brand products in which products were sold at lower selling price to clear slow moving stocks.

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

During the current quarter, the Group had recorded an increase in its Profit Before Tax of RM300,000 (+188%) to RM461,000 (Q1-FY16: RM160,000). The increase in Profit Before Tax were due to the combination of the following reasons:

(i) **Manufacturing Division**

This Division recorded a lower Profit Before tax of RM226,000 to RM31,000 (Q1-FY17: RM257,000). The adverse result was mainly from the poorer performance by the subsidiary in Malaysia. This poorer result was arose from lower revenue and output in Plastic Parts and Tooling Sub Segment respectively. Gross Margin generated was insufficient for the absorption of constant fixed overhead.

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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 2016

Current Quarter vs Prior Year Same Quarter 3 months Comparison

(b) Profit/(Loss) Before Taxation

(ii) Trading (Consumer Goods) Division

Table 1 shows the Division's Adjusted Losses from Operations for the current quarter widened by RM374,000 to RM488,000 (Q1-FY16: RM114,000). The adverse result was mainly due to product rationalization and clearing of slow moving stocks at lower selling price.

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

	Q1-FY17	Q1-FY16	Variances
	RM'000		
Profit Before Taxation	566	18	548
Adjustment for One Off transaction:			
Non Operating Inter-co Income	(90)	(90)	-
Reversal on Impairment of Trade debtor	(105)	-	(105)
Gain on disposal of Property, Plant and Equipments	(859)	(42)	(817)
Sub-total	(1,054)	(132)	(922)
Adjusted Loss from Operations	(488)	(114)	(374)

(iii) Investment Holding Division

This division derives its Revenue from dividends declared by the Company's subsidiaries. During the current quarter, the Company received RM2.8 million from its subsidiary in Trading Division (Q1-FY16: Nil).

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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 2016

(19) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	30.06.2016	31.03.2016
	(Unaudited)	
	RM'000	
<u>Segment Revenue</u>		
Manufacturing	22,565	23,074
Trading (Consumer Goods)	1,440	1,046
Sub-Total (Operating Entities)	24,005	24,120
Management services – Note 1	-	-
Investment holding	2,800	-
Total revenue including inter-segment sales	26,805	24,120
Elimination of inter-segment transactions	(2,800)	(409)
Total revenue	24,005	23,711
<u>Segment Results</u>		
Manufacturing	31	1,972
Trading (Consumer Goods)	566	(1,562)
Sub-Total (Operating Entities)	597	410
Management services	(3)	(1)
Investment holdings	2,667	(119)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	3,261	290
Elimination of inter-segment transactions	(2,800)	262
Profit before taxation	461	552

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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 2016

Current Quarter vs Previous Quarter 3 months comparison

(a) Revenue

The Group registered a marginal increase of RM300,000 in Revenue (+1%) for the current quarter to RM24 million (Q4-FY16: RM23.7 million). The increase were due to the combination of the below:

(i) Manufacturing Division

The RM500,000 (-2%) decrease in Revenue recorded by this Division to RM22.5 million (Q4-FY16: RM23 million) was mainly resulted from the lower Revenue in Plastic Parts Sub Segment.

(ii) Trading (Consumer Goods) Division

Revenue from this Division increased by RM400,000 (+40%) to RM1.4 million (Q4-FY16: RM1 million) mainly resulted from the sales for Raya Festival in the current quarter.

(b) Profit Before Taxation

In the current quarter, the Group reported Profit Before Taxation of RM461,000 (Q4-FY16: RM552,000). The adverse variances of RM91,000 were partly resulted from one off transaction which could be further explained according to Division, as below:

(i) Manufacturing Division

Table 2 shows the Group's underlying manufacturing business in Malaysia registered an adverse movement of RM2 million in Adjusted Profit before Tax to Losses of RM400,000 (Q4-FY16: RM1.6 million) mainly attributed to lower revenue and lower output in Plastic Parts and Tooling Sub Segment respectively.

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

	Q1-FY17	Q4-FY16	Variances
	RM'000		
Profit Before Taxation	31	1,972	(1,941)
Adjustment for One Off transaction:			
Non Operating Inter-co Expenses	90	90	-
Impairment of assets	-	51	(51)
Reversal of accrued staff cost	(297)	(1,051)	754
Unrealised Foreign Exchange (Gain)/Loss	(232)	536	(768)
Sub-total	(439)	(374)	(65)
Adjusted (Loss)/Profit from Operations	(408)	1,598	(2,006)

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Current Quarter vs Previous Quarter 3 months comparison

(ii) Trading (Consumer Goods) Division

Table 3 shows an increased of RM278,000 in Adjusted Losses from Operations to RM488,000 (Q4-FY16: Loss RM210,000) in this Division for the current quarter as the Division continuing its activities on product rationalization and clearing of slow moving products at lower selling price from the previous quarter.

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

	Q1-FY17	Q4-FY16	Variances
	RM'000		
Profit/(Loss) Before Taxation	566	(1,562)	2,128
Adjustment for One Off transaction:			
Non Operating Inter-co Income	(90)	(90)	-
Written off obsolete stocks	-	643	(643)
Impairment of Trade debtor	-	799	(799)
Reversal on Impairment of Trade debtor	(105)	-	(105)
Gain on disposal of Property, Plant and Equipments	(859)	-	(859)
Sub-total	(1,054)	1,352	(2,406)
Adjusted Loss from Operations	(488)	(210)	(278)

(iii) Investment Holding Division

This division derives its Revenue from dividends declared by the Company's subsidiaries. During the current quarter, the Company received RM2.8 million from its subsidiary in Trading Division (Q4-FY16: Nil).

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(20) Current Year Prospects

Notwithstanding the numerous challenges, the Board is pleased to announce that Denko Group has performed remarkably well and managed to remain its profitability in FY2016 thanks to the stable revenue from its underlying Manufacturing Division in Malaysia. FY17 will be a challenging year for the Group following the macro economic influences. However, the Board will keep the positive momentum to grow the Group and confident to remain its profitability performance in FY17.

(i) Manufacturing Division

Though, there was no direct impact from Brexit to the Group, nevertheless, uncertainty in the global economics continue to increase. Therefore, management continue to be vigilant in taking steps to improve productivity and production efficiency in this financial year. The increase in minimum wages which takes effect on 01 July 2016 will have some impacts in the following quarter. Besides, this division had started investing in additional capital expenditures to increase its current capacity in order to meet the highly demanding market environment. With the new orders awarded and aggressive effort in improving production efficiency, the Board is confident for a rebound revenue and improved productivity in this Division in the following quarters.

(ii) Trading (Consumer Goods) Division

This division had completed its disposal of land and building in the current quarter and dividend was declared to the ultimate holding company. The Management will continue its activities on clearing the lower margin slow moving stocks in the subsequent quarters. With the approval obtained to use the character from a popular Malaysian animated character series in a line of confectionery products, the board has positive expectation on the performance for this division.

Despite the prolonged uncertain economic condition and geo-political landscape, the management will continue its strong effort on cost management and engagement in business development, product diversification and seek opportunities for business expansion. The management maintains a positive outlook that the Group will retain a positive result for the financial year 2017.

(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 30-Jun		CUMULATIVE QUARTERS 3 months ended 30-Jun	
	2016 (Unaudited) RM'000	2015 (Audited) RM'000	2016 (Unaudited) RM'000	2015 (Audited) RM'000
In respect of current period				
-Malaysian income tax	-	(230)	-	(230)
-Deferred tax	-	-	-	-
	-	(230)	-	(230)

(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 June 2016 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	1,101	-	1,101
Bills Payable and Bankers Acceptance	4,433	-	4,433
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	1,142	217	1,359
Term Loans	764	3,996	4,760
TOTAL	9,440	4,213	13,653

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 2016	-	7,320	2,000	1,526	4,937	15,783
Drawdown	1,101	-	-	-	-	1,101
Repayment	-	(2,887)	-	(167)	(177)	(3,231)
As at end of period 30 June 2016	1,101	4,433	2,000	1,359	4,760	13,653

(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-Jun		CUMULATIVE QUARTERS 3 months ended 30-Jun	
		2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
Profit attributable to ordinary equity holders of the parent	RM	461,011	390,192	461,011	390,192
Weighted average number of ordinary shares in issue		104,468,851	104,468,851	104,468,851	104,468,851
Basic profit per share for period (sen):	RM	0.44	0.37	0.44	0.37

(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

	As at 30.06.2016 (Unaudited) RM'000
Total Accumulated Losses of the Group	
- Realised	(3,028)
- Unrealised	4,775
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	1,747

(30) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 26th August 2016.

BY ORDER OF THE BOARD
Woo Min Fong (MAICSA 0532413)
Wong Chee Yin (MAICSA 7023530)
Company Secretaries