



DENKO INDUSTRIAL CORPORATION BERHAD

(190155-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED
30 SEPTEMBER 2016**

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

INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

<u>CONTENTS</u>	<u>PAGE</u>
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4 - 5
PART A SELECTED EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING IN MALAYSIA AND IAS 34, INTERIM FINANCIAL REPORTING	6 - 11
PART B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA	12 -21

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 2016**

	INDIVIDUAL QUARTER 3 months ended 30th September		CUMULATIVE QUARTER 6 months ended 30th September	
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	
	RM'000	RM'000	RM'000	RM'000
Revenue	22,703	21,539	46,707	44,254
Cost Of Sales	(19,772)	(18,191)	(41,772)	(37,777)
Gross Profit	2,931	3,348	4,935	6,477
Other Income	341	843	3,262	1,221
Marketing and Distribution Costs	(1,045)	(1,322)	(2,246)	(2,450)
Administration Expenses	(1,717)	(1,759)	(3,492)	(3,613)
Other Operating Expenses	(231)	(161)	(1,474)	(267)
Profit From Operations	279	949	985	1,368
Finance Costs	(273)	(217)	(518)	(476)
Profit Before Tax	6	732	467	892
Taxation	(24)	(150)	(24)	80
Profit net of Tax for the period	(18)	582	443	972
Other comprehensive income / (expenses), net of tax				
Foreign Currency Translation Differences	64	(28)	(134)	(35)
Total comprehensive income for the period, net of tax	46	554	309	937
Profit per ordinary share attributable to equity holders of the parent	(18)	582	443	972
Total comprehensive income attributable to equity holders of the parent	46	554	309	937
Basic, profit per ordinary share (sen)	(0.02)	0.56	0.42	0.93
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 SECOND QUARTER ENDED 30 SEPTEMBER 2016

	Note	As at 30.09.2016 (Unaudited)	As at 31.03.2016 (Audited)
RM'000			
ASSETS			
Non-current assets			
Property, plant and equipment	8	55,028	52,074
Current assets			
Inventories		18,519	18,860
Trade and other receivables		30,002	24,503
Current tax asset		221	139
Cash and bank balances		1,853	4,607
Current assets classified as held for sale		-	5,500
Total current assets		50,595	53,609
TOTAL ASSETS		105,623	105,683
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		41,788	41,788
Reserves		16,603	19,606
Accumulated losses		(1,765)	(5,077)
Total Equity		56,626	56,317
Non current liabilities			
Long term borrowings	24	5,055	5,533
Deferred tax liabilities		4,642	4,671
Total non-current liabilities		9,697	10,204
Current Liabilities			
Trade and other payables		27,156	23,922
Current Tax Liabilities		29	183
Amount owing to Directors		431	4,808
Short term borrowings	24	11,684	10,249
Total current liabilities		39,300	39,162
TOTAL LIABILITIES		48,997	49,366
TOTAL EQUITY AND LIABILITIES		105,623	105,683
Net assets per share attributable to equity holders of the parents (RM)		0.5420	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 SECOND QUARTER ENDED 30 SEPTEMBER 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
Profit after tax for the period	-	-	-	-	443	443
Other comprehensive income for the period						
- Foreign currency translation	-	-	-	(134)	-	(134)
Total comprehensive Income for the period	-	-	-	(134)	443	309
Transfer to accumulated losses	-	-	(2,869)	-	2,869	-
At 30 SEPTEMBER 2016	41,788	1,566	15,090	(53)	(1,765)	56,626

At 1 APRIL 2015	41,788	1,566	17,959	(3)	(8,063)	53,247
Profit after tax for the period	-	-	-	-	972	972
Other comprehensive income for the period						
- Foreign currency translation	-	-	-	22	-	22
Total comprehensive income for the period	-	-	-	22	972	994
At 30 SEPTEMBER 2015	41,788	1,566	17,959	19	(7,091)	54,241

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 SECOND QUARTER ENDED 30 SEPTEMBER 2016

	6 months to	
	30.09.2016	30.09.2015
	(Unaudited)	
	RM'000	
1. Cash flow from operating activities		
Profit before tax	467	892
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>		
Reversal of impairment losses on trade receivables	(105)	(243)
Bad debts written off	-	242
Depreciation	2,273	2,160
Gain on disposal of property, plant and equipment	(1,949)	(42)
Interest expense	518	476
Increase in provision for slow moving stocks	(126)	430
Unrealised (gain) / loss on foreign exchange	(630)	(254)
Operating profit before working capital changes	448	3,661
Net change in inventories	467	(4,478)
Net change in trade and other receivables	(5,392)	(1,821)
Net change in trade and other payables	3,835	5,524
Cash generated (used in)/ from operations	(642)	2,886
Interest paid	(283)	(300)
Income tax paid	(261)	(196)
Income tax refund	-	372
Net cash (used in)/from operating activities	(1,186)	2,762

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 SECOND QUARTER ENDED 30 SEPTEMBER 2016

	Note	6 months to	
		30.09.2016	30.09.2015
		(Unaudited)	
		RM'000	
2. Cash flow from investing activities			
Purchase of property, plant and equipment		(5,625)	(858)
Interest received		0	-
Proceeds from disposal of property, plant and equipment		7,847	42
Net cash from /(used in) investing activities		2,222	(816)
3. Cash flow from financing activities			
Net change in amount due to directors		(4,377)	17
Repayment of banker acceptance		(689)	(1,408)
Repayment of term loans		(365)	(482)
Repayment of hire purchase creditors		(402)	(355)
Drawdown of hire purchase creditors		2,412	300
Interest paid		(235)	(176)
Net cash used in financing activities		(3,656)	(2,104)
Net decrease in cash and cash equivalents		(2,620)	(158)
Cash and cash equivalents as at beginning of financial period 1st April		4,607	1,821
Effect on foreign exchange translation		(134)	-
Cash and cash equivalents as at end of financial period 30th Sep*		1,853	1,663
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		1,853	2,255
Bank overdrafts		-	(592)
		1,853	1,663

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 SECOND QUARTER ENDED 30 SEPTEMBER 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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DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
Incorporated in Malaysia

PART A

SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRSs) 134

FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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:

Q2-FY17	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	21,922	781	-	22,703
Inter-segment sales	90	-	(90)	-
	<u>22,012</u>	<u>781</u>	<u>(90)</u>	<u>22,703</u>
Segment results	<u>556</u>	<u>(277)</u>	<u>-</u>	<u>279</u>
Finance Cost				(273)
Profit Before Tax				<u>6</u>
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>

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

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

(4) Segmental Reporting (Continued)

Q2-FY16	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	21,539	-	-	21,539
Inter-segment sales	50	-	(50)	-
	21,589	-	(50)	21,539
Segment results	1,236	(287)	-	949
Finance Cost				(217)
Profit Before Tax				732

(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 SECOND QUARTER ENDED 30 SEPTEMBER 2016

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

	6 months ended	
	30th September	
	2016	2015
	(Unaudited)	
	RM'000	
PPE at 1st April	52,074	54,281
Asset held for sale	5,500	-
Additions	5,625	858
Disposals	(5,897)	-
Depreciation and Amortization	(2,273)	(2,160)
PPE at 30th September	55,028	52,979

(9) Inventory Write Offs

There was no inventory write offs during the current quarter. (Q2-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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Incorporated in Malaysia

PART A

**SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 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 30.09.2016 (Unaudited) RM'000
- Authorised but not contracted	140
- Contracted but not provided	730

(15) Changes in Contingent Liabilities and Contingent Assets

	As at 30.09.2016 (Unaudited) RM'000
Contingent liability Corporate guarantees provided to financial institutions for credit facilities granted to subsidiaries	16,607

(16) Material Subsequent Events

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

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Incorporated in Malaysia

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

(17) Profit for the period

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		3 months ended		6 months ended	
		30th September			
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		RM'000			
(i)	Interest Income	0	0	0	0
(ii)	Other income including investment income	31	34	121	275
(iii)	Interest expense	(273)	(217)	(518)	(476)
(iv)	Depreciation	(1,164)	(1,071)	(2,273)	(2,160)
(v)	(Provision) / Reversal of provision for receivables / (Bad Debts written off)	-	0	105	1
(vi)	Decrease/(Increase) in Provision for slow moving inventories and Stocks written off	849	(302)	126	(430)
(vii)	(Loss) / Gain on disposal of quoted or unquoted investment or properties	(194)	-	1,949	42
(viii)	Foreign exchange gain/ (Loss)	274	486	643	474

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 2016

(18) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		6 months ended	
	30th September			
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	(Audited)
RM'000				
Segment Revenue				
Manufacturing	21,318	20,056	43,882	41,202
Trading (Consumer Goods)	1,475	1,533	2,915	3,102
Sub-Total (Operating Entities)	22,793	21,589	46,797	44,304
Management services – (Note1)	-	-	-	-
Investment holding	-	-	2,800	-
Total revenue including inter-segment sales	22,793	21,589	49,597	44,304
Elimination of inter-segment transactions	(90)	(50)	(2,890)	(50)
Total Revenue	22,703	21,539	46,707	44,254
Segment Results				
Manufacturing	139	1,263	170	1,520
Trading (Consumer Goods)	7	(412)	573	(394)
Sub-Total (Operating Entities)	146	851	743	1,126
Management services	(3)	(4)	(6)	(7)
Investment holding	(128)	(115)	2,539	(227)
Total Profit before taxation including inter-segment Profit/(Loss)	15	732	3,276	892
Elimination of inter-segment transactions	(9)	-	(2,809)	-
Profit Before Taxation	6	732	467	892

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 2016

Current Quarter vs Prior Year Same Quarter Comparison

(a) Revenue

The Group's revenue increased by approximately RM1.2 million (+5%) in the current quarter under review to RM22.7 million (Q2-FY16: RM21.5 million).

(i) Manufacturing Division

This Division was the important driver to the Revenue increase during the current quarter which recorded an increase of RM1.3 million (+6%) to RM21.3 million (Q2-FY16: RM20 million).

The favorable variance in Revenue was mainly contributed by Tooling Sub Segment in Malaysia in which its revenue increased by RM1.3 million to RM2 million (Q2-FY16: RM700,000) as contributed jointly by projects awarded in Q1-FY17 and also from projects commenced in last financial year but were completed and recognised to Revenue in the current quarter. In addition, the subsidiary in Indonesia contributed RM400,000 to Revenue in the current quarter.

This positive contribution was off set by a RM400,000 reduction in Revenue from the Plastic Part Sub Segment.

(ii) Trading (Consumer Goods) Division

There was a marginal decrease of RM60,000 (-4%) in Revenue to RM1.48 million (Q2-FY16: RM1.54 million) which was the result of phasing out of slow moving stocks and introduction of new products in the current quarter.

(b) Profit/(Loss) Before Taxation

Notwithstanding the increased in Revenue for the current quarter, the Group suffered a significant drop in its Profit Before Tax of RM726,000 (-99 %) to RM6,000 (Q2-FY16: RM732,000). The adverse variances in Profit Before Tax were due to the following reasons:

(i) Manufacturing Division

This Division recorded a lower Profit Before Tax of RM1.124 million to RM139,000 (Q2-FY16: RM1.263 million). The adverse result was mainly resulted from lower revenue from Plastics Parts Sub Segments, further coupled with higher material consumption and operating cost. During the current quarter, labour cost had increased due to an increase in the minimum wages. Overhead costs have also increased due to higher electricity consumption.

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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 2016

Current Quarter vs Prior Year Same Quarter Comparison

(b) Profit/(Loss) Before Taxation

(ii) Trading (Consumer Goods) Division

Notwithstanding a drop in Revenue by 4%, the Division was able to turnaround and registered a Profit Before Tax of RM7,000 (Q2-FY16 Loss: RM412,000) mainly due to phasing out slow moving stocks and introduction of new higher marginal products, further backed by improved management in logistic and warehouse activities.

(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 received any dividend income (Q2-FY16: Nil).

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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 2016

(19) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	30.09.2016	30.06.2016
	(Unaudited)	
	RM'000	
<u>Segment Revenue</u>		
Manufacturing	21,318	22,565
Trading (Consumer Goods)	1,475	1,440
Sub-Total (Operating Entities)	22,793	24,005
Investment holding	-	2,800
Total revenue including inter-segment sales	22,793	26,805
Elimination of inter-segment transactions	(90)	(2,800)
Total revenue	22,703	24,005
<u>Segment Results</u>		
Manufacturing	139	31
Trading (Consumer Goods)	7	566
Sub-Total (Operating Entities)	146	597
Management services	(3)	(3)
Investment holdings	(128)	2,667
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	15	3,261
Elimination of inter-segment transactions	(9)	(2,800)
Profit before taxation	6	461

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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 2016

Current Quarter vs Previous Quarter comparison

(a) **Revenue**

The Group registered a decrease of RM1.3 million in Revenue (-5%) for the current quarter to RM22.7 million (Q1-FY17: RM24 million). The adverse results were due to the combination of the followings.

(i) **Manufacturing Division**

This Division's Revenue decreased by RM1.3 million (-6%) to RM21.3 million (Q1-FY17: RM22.6 million) was mainly resulted from the significant Revenue drop of RM2.6 million in Tooling Parts Sub Segment to RM2 million (Q1-FY17: RM4.6 million), for the subsidiary in Malaysia. These were toolings fabricated in the last financial year but were completed and recognised in Q1-FY17.

The lower Revenue in Tooling sub segment was off set with an increase of RM1.3 million in Revenue from Plastic Parts Sub Segment to RM18.8 million (Q1-FY17: RM17.5 million).

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

There was a marginal improvement in the Revenue from this Division by RM35,000 (+2 %) to RM1.475 million (Q1-FY17: RM1.44 million).

(b) **Profit Before Taxation**

In the current quarter, the Group reported Profit Before Taxation amounted to RM6,000 (Q1-FY17 : Profit RM461,000). The profits of RM461,000 from Q1-FY17 was partly due to gains from the disposal of property, which was a one-off transaction. The actual operating results can be further explained according to division, as below :

(i) **Manufacturing Division**

Table 1 shows the Manufacturing Division's performance rebounded in the current quarter whereby this Division registered an Adjusted Profit from Operations amounted to RM26,000 (Q1-FY17: Loss RM402,000) mainly attributed to higher output and improved material consumption in Plastic Parts Sub Segment.

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

	Q2-FY17	Q1-FY17	Variances
	RM'000		
Profit Before Taxation	139	31	108
Adjustment for One Off transaction:			
Non Operating Inter-co Expenses	-	90	(90)
Loss on disposal of asset	194	6	188
Over provision for staff cost	-	(297)	297
Unrealised Foreign Exchange (Gain)/Loss	(307)	(232)	(75)
Sub-total	(113)	(433)	320
Adjusted (Loss)/Profit from Operations	26	(402)	428

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

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

Current Quarter vs Previous Quarter comparison

(ii) Trading (Consumer Goods) Division

Table 2 shows a rebound in the performance of RM495,000 in Adjusted Losses from Operations to Adjusted Profit from Operations amounted RM7,000 (Q1-FY17: Loss RM488,000) in this Division for the current quarter. This is mainly attributed to clearing of slow moving stocks at lower margin in Q1-FY17, whereas new products with better margin were introduced in Q2-FY, further backed by improved inventory and logistic management.

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

	Q2-FY17	Q1-FY17	Variances
	RM'000		
Profit/(Loss) Before Taxation	7	566	(559)
Adjustment for One Off transaction:			
Non Operating Inter-co Income	-	(90)	90
Written off obsolete stocks	-	-	-
Impairment of Trade debtor	-	-	-
Reversal on Impairment of Trade debtor	-	(105)	105
Gain on disposal of Property, Plant and Equipments	-	(859)	859
Sub-total	-	(1,054)	1,054
Adjusted Loss from Operations	7	(488)	495

(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 received any dividend income (Q1-FY17: Nil).

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

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

(20) Current Year Prospects

During the financial year 2017, the Group was faced with challenging operating environment weighted down by adverse global economic uncertainty. The lower growth in FY17 was no surprise, given the persistently weak external environment.

(i) **Manufacturing Division**

In the current quarter, Earnings in this Division for the subsidiary in Malaysia is improving compare to Q1-17, due to higher output generated in both Plastic Parts and Tooling Sub Segments. However, there were increase in minimum wages and other overhead costs in the current quarter which had adversely impacted the performance in this Sub Segment. Nevertheless, the Group continues to explore new business opportunities, meanwhile, the management also continues to undertake prudent measures to monitor operating cost and improve productivity.

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

This division had carried out aggressive activities on clearing the lower margin slow moving stocks in previous quarters. With the low margin stocks cleared and the introduction of new range of products to the market, backed with marketing expansion strategy, this Division is expect to be able to turnaround its Revenue as well as Earnings in the subsequent quarters. However, the Management believe that consumers will remain cautious on their discretionary spending moving forward.

Despite the challenging circumstances, the Board remains optimistic about the Group's outlook for the financial year, due to implementation of various improvement initiatives.

(21) Profit Forecast and Profit Guarantee

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

(22) Taxation

In respect of current period
 -Malaysian income tax
 -Deferred tax

INDIVIDUAL QUARTER 3 months ended 30-Sep		CUMULATIVE QUARTERS 3 months ended 30-Sep	
2016	2015	2016	2015
(Unaudited)		(Unaudited)	(Audited)
RM'000		RM'000	
24	(150)	24	80
-	-	-	-
24	(150)	24	80

(23) Status of Corporate Proposals

There were no Corporate Proposals in the current quarter.

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

(24) Group Borrowings

Details of the unaudited Group borrowings as at 30 September 2016 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	-	-	-
Bills Payable and Bankers Acceptance	6,631	-	6,631
Revolving Credit	2,000	-	2,000
Hire Purchase Creditors	1,701	1,835	3,536
Term Loans	1,352	3,220	4,572
TOTAL	11,684	5,055	16,739

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	-	-	-	2,412	-	2,412
Repayment	-	(689)	-	(402)	(365)	(1,456)
As at end of period 30 September 2016	-	6,631	2,000	3,536	4,572	16,739

(25) Material Litigation

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

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

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

(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	
		2016	2015	2016	2015
		(Unaudited)		(Unaudited)	
Profit attributable to ordinary equity holders of the parent	RM	(18,168)	582,034	442,843	972,034
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	(0.02)	0.56	0.42	0.93

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

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

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

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016

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

	As at 30.09.2016 (Unaudited) RM'000
Total Accumulated Losses of the Group	
- Realised	(2,766)
- Unrealised	4,531
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	1,765

(30) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 14th November 2016.

BY ORDER OF THE BOARD

Woo Min Fong (MAICSA 0532413)

Wong Chee Yin (MAICSA 7023530)

Company Secretaries