



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

**INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED
30 JUNE 2017**

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

INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

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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 2017

	INDIVIDUAL QUARTER 3 months ended 30th June		CUMULATIVE QUARTER 3 months ended 30th June	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
	RM'000	RM'000	RM'000	RM'000
Revenue	27,844	24,005	27,844	24,005
Cost Of Sales	(27,119)	(22,000)	(27,119)	(22,000)
Gross Profit	725	2,005	725	2,005
Other Income	59	2,921	59	2,921
Marketing and Distribution Costs	(1,137)	(1,201)	(1,137)	(1,201)
Administration Expenses	(1,347)	(1,776)	(1,347)	(1,776)
Other Operating Expenses	(175)	(1,243)	(175)	(1,243)
Profit From Operations	(1,875)	706	(1,875)	706
Finance Costs	(347)	(245)	(347)	(245)
Profit / (Loss) Before Tax	(2,222)	461	(2,222)	461
Taxation	(5)	-	(5)	-
Profit / (Loss) net of Tax for the period	(2,227)	461	(2,227)	461
Other comprehensive income / (expenses), net of tax				
Foreign Currency Translation Differences	(2)	(198)	(2)	(198)
Total comprehensive income for the period, net of tax	(2,229)	263	(2,229)	263
Profit or Loss attributable to the ordinary equity holders of the parent entity	(2,227)	461	(2,227)	461
Total comprehensive income attributable to equity holders of the parent	(2,229)	263	(2,229)	263
Basic, profit/(loss) per ordinary share (sen)	(2.13)	0.44	(2.13)	0.44
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 2017 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 2017

	Note	As at 30.06.2017 (Unaudited)	As at 31.03.2017 (Audited)
RM'000			
ASSETS			
Non-current assets			
Property, plant and equipment	8	49,425	50,321
Current assets			
Inventories		18,909	18,455
Trade and other receivables		33,073	30,260
Current tax asset		298	247
Cash and bank balances		1,193	1,921
Current assets classified as held for sale		-	-
Total current assets		53,473	50,883
TOTAL ASSETS		102,898	101,204
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		43,354	43,354
Reserves		15,637	15,639
Accumulated losses		(15,724)	(13,496)
Total Equity		43,267	45,497
Non current liabilities			
Long term borrowings	24	9,085	10,471
Deferred tax liabilities		4,907	4,907
Total non-current liabilities		13,992	15,378
Current Liabilities			
Trade and other payables		31,305	26,362
Current Tax Liabilities		21	19
Amount owing to Directors		38	-
Short term borrowings	24	14,275	13,948
Total current liabilities		45,639	40,329
TOTAL LIABILITIES		59,631	55,707
TOTAL EQUITY AND LIABILITIES		102,898	101,204
Net assets per share attributable to equity holders of the parents (RM)		0.4142	0.4355

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017

	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 2017	43,354	-	15,090	549	(13,497)	45,496
Profit/(Loss) after tax for the period	-	-	-	-	(2,227)	(2,227)
Other comprehensive income for the period						-
- Foreign currency translation	-	-	-	(2)	-	(2)
Total comprehensive Income for the period	-	-	-	(2)	(2,227)	(2,229)
At 30 JUNE 2017	43,354	-	15,090	547	(15,724)	43,267

At 1 APRIL 2016	41,788	1,566	17,959	81	(5,077)	56,317
Profit / (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

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017

	Note	3 months to	
		30.06.2017	30.06.2016
		(Unaudited)	
		RM'000	
1. Cash flow from operating activities			
Profit /(Loss) before tax		(2,222)	461
<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		996	1,109
Gain on disposal of property, plant and equipment		-	(2,144)
Interest expense		347	245
Increase / (Decrease) in provision for slow moving stocks		476	722
Unrealised (gain) / loss on foreign exchange		(196)	(323)
Operating profit before working capital changes		(599)	(35)
Net change in inventories		(930)	1,799
Net change in trade and other receivables		(2,672)	(3,508)
Net change in trade and other payables		5,018	(825)
Cash (used in)/generated from operations		817	(2,569)
Interest paid		(347)	(155)
Income tax paid		(54)	(150)
Income tax refund		-	-
Net cash from / (used in) operating activities		416	(2,874)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017

	Note	3 months to	
		30.06.2017	30.06.2016
		(Unaudited)	
		RM'000	
2. Cash flow from investing activities			
Purchase of property, plant and equipment		(102)	(1,211)
Interest received		0	-
Proceeds from disposal of property, plant and equipment		3	7,659
Net cash from /(used in) investing activities		(99)	6,448
3. Cash flow from financing activities			
(Repayment to)/advances from directors		38	(3,786)
Drawdown/(Repayment) of banker acceptance		(976)	(2,887)
Repayment of term loans		(83)	(177)
Drawdown of term loan		-	(167)
Repayment of hire purchase creditors		(410)	-
Drawdown of hire purchase creditors		-	-
Interest paid		-	(90)
Net cash used in financing activities		(1,431)	(7,107)
Net decrease in cash and cash equivalents		(1,114)	(3,533)
Cash and cash equivalents as at beginning of financial period 1st April		1,331	4,607
Effect on foreign exchange translation		(21)	(198)
Cash and cash equivalents as at end of financial period 30th June*		196	876
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		1,193	1,977
Bank overdrafts		(998)	(1,101)
		196	876

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017 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 2017

(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/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

Amendments to MFRS 101: Disclosure Initiative

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

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 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 and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

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

01 January 2018

MFRS 15 Revenue from Contracts with Customers

01 January 2018

MFRS 16 Leases

01 January 2019

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

01 January 2018

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

01 January 2018

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred until further notice

Amendments to MFRS 15: Effective Date of MFRS 15

01 January 2018

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

01 January 2018

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.

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART A

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

FOR THE FIRST QUARTER ENDED 30 JUNE 2017

(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 2017.

(3) Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the Audited Financial Statements for the year ended 31 March 2017 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-FY18	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	27,389	455	-	27,844
Inter-segment sales	(56)	-	56	-
	<u>27,333</u>	<u>455</u>	<u>56</u>	<u>27,844</u>
Segment results	<u>(1,747)</u>	<u>(128)</u>	<u>-</u>	<u>(1,875)</u>
Finance Cost				(347)
Profit / (Loss) Before Tax				<u><u>(2,222)</u></u>
Q4-FY17	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	30,421	145	-	30,566
Inter-segment sales	9	-	(9)	-
	<u>30,430</u>	<u>145</u>	<u>(9)</u>	<u>30,566</u>
Segment results	<u>(4,182)</u>	<u>(6,475)</u>	<u>-</u>	<u>(10,657)</u>
Finance Cost				(343)
Profit Before Tax				<u><u>(11,000)</u></u>

PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

(4) Segmental Reporting (Continued)

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)	-
	26,470	335	(2,800)	24,005
Segment results	740	(34)	-	706
Finance Cost				(245)
Profit Before Tax				461

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

There were 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 2017

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

	3 months ended	
	30 June	
	2017	2016
	(Unaudited)	
	RM'000	
PPE as at 1st April	50,321	52,074
Asset held for sale as at 1st April	-	5,500
Additions	102	1,211
Disposals	(2)	(5,516)
Depreciation and Amortization	(996)	(1,109)
PPE as at 30th June	49,425	52,160

(9) Inventory Write Offs

There were no inventory write offs during the current quarter. (Q1-FY17: 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 2017.

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PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

(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 30.06.2017 (Unaudited) RM'000
- Authorised but not contracted	-
- Contracted but not provided	3,374

(15) Changes in Contingent Liabilities and Contingent Assets

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group which has arisen since the end of the financial year.

(16) Material Subsequent Events

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

DENKO INDUSTRIAL CORPORATION BERHAD (190155-M)
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PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FIRST QUARTER ENDED 30 JUNE 2017

(17) Profit for the period

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		3 months ended		3 months ended	
		30 June			
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		RM'000			
(i)	Other income including investment income	54	90	54	90
(ii)	Interest expense	(347)	(245)	(347)	(245)
(iii)	Depreciation	(996)	(1,109)	(996)	(1,109)
(iv)	(Provision) / Reversal of provision for receivables / (Bad Debts written off)	-	105	-	105
(v)	Decrease/(Increase) in Provision for slow moving inventories and Stocks written off	(476)	(722)	(476)	(722)
(vi)	(Loss) / Gain on disposal of quoted or unquoted investment or properties	0	2,144	0	2,144
(vii)	Foreign exchange gain/ (Loss)	(170)	368	(170)	368

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 2017

(18) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		3 months ended	
	30-Jun			
	2017	2016	2017	2016
(Unaudited)		(Unaudited)		
RM'000				
<u>Segment Revenue</u>				
Manufacturing	27,236	22,565	27,236	22,565
Trading (Consumer Goods)	552	1,440	552	1,440
Sub-Total (Operating Entities)	27,788	24,005	27,788	24,005
Investment holding	-	2,800	-	2,800
Total revenue including inter-segment sales	27,788	26,805	27,788	26,805
Elimination of inter-segment transactions	56	(2,800)	56	(2,800)
Total Revenue	27,844	24,005	27,844	24,005
<u>Segment Results</u>				
Manufacturing	(1,546)	31	(1,546)	31
Trading (Consumer Goods)	(759)	566	(759)	566
Sub-Total (Operating Entities)	(2,305)	597	(2,305)	597
Management services	(4)	(3)	(4)	(3)
Investment holding	(99)	2,667	(99)	2,667
Total Profit before taxation including inter-segment Profit/(Loss)	(2,408)	3,261	(2,408)	3,261
Elimination of inter-segment transactions	186	(2,800)	186	(2,800)
Profit /(Loss) Before Taxation	(2,222)	461	(2,222)	461

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Current Quarter vs Prior Year Same Quarter Comparison

(a) Revenue

The Group's revenue registered an increase by RM3.8 million (+16%) in the current quarter under review to RM27.8 million (Q1-FY17: RM24.0 million). The increases in Revenue were due to the factors as below:

(i) Manufacturing Division

This Division was the main contributor to the Revenue increase during the current quarter with an increase of RM4.6 million (+20%) to RM27.2 million (Q1-FY17: RM22.6 million).

The Revenue increase was attributed to higher sales in Plastic Parts Sub Segment by RM7.9 million (+45%) to RM25.5 million (Q1-FY17: RM17.6 million), contributed by the subsidiary in Malaysia. The Revenue increase was mainly due to an increase in high material content products sales to new customer and existing customer.

However, this positive contribution was off set by a RM3.3 million reduction in Revenue from the Tooling Sub Segment.

(ii) Trading (Consumer Goods) Division

The Revenue from Trading (Consumer Goods) Division reduced by RM900,000 (-64%) to RM500,000 in Q1-FY18 (Q1-FY17:RM1.4 million) mainly attributed to seasonal factors resulting in lower demand for chocolate products.

(b) Profit/(Loss) Before Taxation

During the current quarter, the Group had recorded a Loss Before Tax of RM2.2 million (Q1-FY17: Profit RM461,000) representing an adverse movement of RM2.7 million (-585%). The poor performance in Profit Before Tax were attributed by both the Manufacturing and Trading (Consumer Goods) Divisions.

(i) Manufacturing Division

This Division suffered an adverse drop in its Profit Before Tax of RM1.6 million (-5161%) to record a Loss Before Tax amounting to RM1.5 million (Q1-FY17: Profit RM31,000), mainly due to lower Gross Margin generated by both Plastic Parts and Tooling Sub Segments.

Lower Gross Margin registered in Plastic Parts Sub Segment was due to major changes in product mix where there was an increase in sales of products with higher material consumption. Whereas, the lower output generated in Tooling Sub Segment had resulted lower margin in this Sub Segment. As a result, the lower Gross Margin contributed by both Plastic Parts and Tooling Sub Segments were insufficient for the absorption of fixed operating overhead.

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 2017

Current Quarter vs. Prior Year Same Quarter Comparison

(b) Profit/(Loss) Before Taxation

(ii) Trading (Consumer Goods) Division

During the current quarter, this Division had recorded an unfavourable variance of approximately RM1.3 million to record a Loss Before Tax amounting to RM700,000 (Q1-FY17: Profit RM600,000), partially due to One Off transactions in Q1-FY17 as below:

- (i) Reversal on Impairment of Trade Debtor amounted RM105,000; and
- (ii) Gain on disposal of building amounted RM860,000.

The net adverse variance after the One Off Transaction amounted to RM335,000 which was mainly attributed to lower Revenue during the current quarter.

(iii) Investment Holding Division

This division derives its Revenue from dividends declared by the Company's subsidiaries. During the current quarter, the Company did not receive any dividend income (Q1-FY17: RM2.8 million).

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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 2017

(19) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	30.06.2017	31.03.2017
	(Unaudited)	
	RM'000	
<u>Segment Revenue</u>		
Manufacturing	27,236	29,742
Trading (Consumer Goods)	552	833
Sub-Total (Operating Entities)	27,788	30,575
Investment holding	-	-
Total revenue including inter-segment sales	27,788	30,575
Elimination of inter-segment transactions	56	(9)
Total revenue	27,844	30,566
<u>Segment Results</u>		
Manufacturing	(1,546)	(16,422)
Trading (Consumer Goods)	(759)	(1,985)
Sub-Total (Operating Entities)	(2,305)	(18,408)
Management services	(4)	(3)
Investment holdings	(99)	(7,022)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	(2,408)	(25,433)
Elimination of inter-segment transactions	186	14,433
Profit / (Loss) before taxation	(2,222)	(11,000)

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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 2017

Current Quarter vs Previous Quarter comparison

(a) Revenue

The Group registered a decrease of RM2.7 million in Revenue (-8.8%) for the current quarter to RM27.8 million (Q4-FY17: RM30.5 million).

(i) Manufacturing Division

This Division's Revenue decreased by RM2.5 million (-8.4%) to RM27.2 million (Q4-FY17: RM29.7 million) mainly due to a significant drop in Revenue from Tooling Sub Segment of RM5.7 million to RM1.3 million (Q4-FY17: RM7.0 million) as projects amounting to RM3 million were completed and recognised in Q4-FY17. During the current quarter, more work were commenced on newer projects and taken up in work-in-progress and will only be recognised to Revenue in the subsequent quarters when completed;

However, this decrease was off set by an increase in Revenue from Plastic Parts Sub Segment in Malaysia of RM2.9 million mainly due to new products mix ordered from new and existing customers; and an increase of RM300,000 by the subsidiary in Indonesia.

(ii) Trading (Consumer Goods) Division

The Revenue from this Division dropped by RM281,000 (-34%) to RM552,000 (Q4-FY17: RM833,000) mainly attributed to seasonal impact that resulted in lower demand for chocolate products and partially due to sales return in regards to previous year's sales were taken up in the current quarter.

(b) Profit / (Loss) Before Taxation

During the current quarter, the Group's Loss Before Taxation had narrowed down by RM8.8 million (-80%) to RM2.2 million (Q4-FY17: Loss RM11 million).

(i) Manufacturing Division

This Division's Loss Before Tax was reduced in the current quarter by RM7.1 million (after taken in Group's elimination) to approximately RM1.5 million (Q4-FY17: Loss RM8.6million) mainly due to One Off Transactions incurred in Q4-FY17 as below:

- (1) Impairment of Trade Debtor and bad debts written off amounting to RM1.4 million;
- (2) Impairment of Fixed Assets amounting to RM4.0 million;

By removing these One Off Transactions incurred in Q4-FY17, the net favourable variances of RM1.7 million were mainly due to higher output generated by Plastic Parts Sub Segments that attributed to improved Gross Profit margin, further backed by cost saving in Marketing and Administrative expenses in the current quarter. However, these favorable variances were off set with the lower Gross Margin registered by Tooling Sub Segment as a result of lower Tooling Revenue.

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Current Quarter vs Previous Quarter comparison

(ii) Trading (Consumer Goods) Division

Loss Before Tax for this Division was significantly narrowed by RM1.2 million (-63%) to RM700,000 (Q4-FY17: Loss RM1.9 million). The variance were partially due to One Off Transactions incurred in Q4-FY17 amounted to approximately RM1.6 million as below:

- (1) Impairment of Trade Debtor amounting to RM415,000,
- (2) Fixed Assets written off and impairment amounting to RM420,000;
- (3) Write off of obsolete stocks amounting to RM800,000.

Nevertheless, after removing the abovementioned One Off Transactions, there was a net adverse variance of RM400,000 which was mainly due to lower Revenue in the current quarter that impacted the Gross Margin directly.

(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 (Q4-FY17: Nil).

During the current quarter, the huge favorable variances of RM6.9 million in the Profit Before Tax was mainly due to a One Off Transaction incurred in Q4-FY17 which refer to an impairment on the investment in the subsidiary at Trading (Consumer Goods) Division amounted to RM6.6 million. However, this transaction was eliminated in the Group's performance.

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(20) Current Year Prospects

The Group registered huge Loss Before Tax of RM10.9 million in FY 2017. In view of the global economic uncertainties and while the management's recovery plans are still being implemented, the Group continued to suffer a Loss Before Tax in the first quarter of FY2018.

In Manufacturing Division, an increase in sales of products with higher material content and lower gross margin contributed to an adverse impact to the Gross Margin in Plastic Parts Sub Segment. Besides, there were many toolings still under fabrication and yet to recognize to Revenue in the current quarter. This had impacted the performance in this Division as Tooling Revenue will be able to generate higher Gross Margin compare to Plastic Parts. For the improvement in this Division, the Board will look into new business development with existing or new customers to increase sales volume for the benefit on economies of scale, coupled with re-investment in plant and machineries to improve efficiency and productivity.

In Trading Division, Revenue declined in the first quarter of FY2018 mainly due to limited product mix in the market. In order to turnaround the performance for this Division, the Board will continue to source for new products and focus on market expansion, combined with restructuring of internal organization for better management on logistic, inventory as well as cost control.

Moving forward, while the marketing plan and recovery initiatives are being carried out in the Group, the Board is optimistic on the performance of the Group in long run.

(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	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
	RM'000		RM'000	
In respect of current period				
-Malaysian income tax	5	-	5	-
-Deferred tax	-	-	-	-
	5	-	5	-

(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 2017 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	998	-	998
Bills Payable and Bankers Acceptance	5,321	-	5,321
Revolving Credit	5,000	-	5,000
Hire Purchase Creditors	1,555	3,185	4,740
Term Loans	1,401	5,900	7,301
TOTAL	14,275	9,085	23,360

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 2017	590	6,296	5,000	5,150	7,383	24,419
Drawdown	408	-	-	-	-	408
Repayment	-	(975)	-	(410)	(82)	(1,467)
As at end of period 30 June 2017	998	5,321	5,000	4,740	7,301	23,360

(25) Material Litigation

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

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OF BURSA MALAYSIA FOR THE FIRST QUARTER ENDED 30 JUNE 2017

(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	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	(2,227)	461	(2,227)	461
Weighted average number of ordinary shares in issue (RM'000)	104,469	104,469	104,469	104,469
Basic profit/(Loss) per share for period (sen):	(2.13)	0.44	(2.13)	0.44

(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 30.06.2017 (Unaudited) RM'000
Total Accumulated Losses of the Group	
- Realised	10,487
- Unrealised	5,236
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	15,724

(30) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 23 August 2017.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Santhi A/P Saminathan (MIA 37094)

Company Secretaries