



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

**INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED
31 DECEMBER 2017**

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

INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 THIRD QUARTER ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER 3 months ended 31st December		CUMULATIVE QUARTERS 9 months ended 31st December	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
	RM'000	RM'000	RM'000	RM'000
Revenue	34,165	24,330	90,959	71,036
Cost Of Sales	(29,441)	(21,270)	(83,357)	(63,042)
Gross Profit	4,724	3,060	7,602	7,994
Other Income	499	(6)	689	3,256
Marketing and Distribution Costs	(759)	(1,257)	(2,833)	(3,503)
Administration Expenses	(1,728)	(2,100)	(3,782)	(5,593)
Other Operating Expenses	(851)	216	(975)	(1,258)
Profit From Operations	1,885	(87)	701	896
Finance Costs	(396)	(286)	(1,153)	(803)
Profit / (Loss) Before Tax	1,489	(373)	(452)	93
Taxation	(378)	(118)	(392)	(142)
Profit / (Loss) net of Tax for the period	1,111	(491)	(844)	(49)
Other comprehensive income / (expenses), net of tax				
Foreign Currency Translation Differences	267	35	328	(99)
Total comprehensive income for the period, net of tax	1,377	(456)	(516)	(148)
Profit or Loss attributable to the ordinary equity holders of the parent entity	1,111	(491)	(844)	(49)
Total comprehensive income attributable to equity holders of the parent	1,377	(456)	(516)	(148)
Basic, profit/(loss) per ordinary share (sen)	1.06	(0.47)	(0.81)	(0.05)
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 THIRD QUARTER ENDED 31 DECEMBER 2017

	Note	As at 31.12.2017 (Unaudited)	As at 31.03.2017 (Audited)
RM'000			
ASSETS			
Non-current assets			
Property, plant and equipment	8	52,861	50,321
Current assets			
Inventories		17,771	18,455
Trade and other receivables		39,063	30,260
Current tax asset		35	247
Cash and bank balances		5,149	1,921
Current assets classified as held for sale		-	-
Total current assets		62,018	50,883
TOTAL ASSETS		114,879	101,204
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		55,869	43,354
Reserves		15,967	15,639
Accumulated losses		(14,341)	(13,496)
Total Equity		57,495	45,497
Non current liabilities			
Long term borrowings	25	11,472	10,471
Deferred tax liabilities		4,907	4,907
Total non-current liabilities		16,379	15,378
Current Liabilities			
Trade and other payables		26,897	26,362
Current Tax Liabilities		-	19
Amount owing to Directors		119	-
Short term borrowings	25	13,989	13,948
Total current liabilities		41,005	40,329
TOTAL LIABILITIES		57,384	55,707
TOTAL EQUITY AND LIABILITIES		114,879	101,204
Net assets per share attributable to equity holders of the parents (RM)		0.5003	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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 DECEMBER 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
Issue of share capital	12,515					12,515
Profit/(Loss) after tax for the period	-	-	-	-	(844)	(844)
Other comprehensive income for the period						-
- Foreign currency translation	-	-	-	328	-	328
Total comprehensive Income for the period	-	-	-	328	(844)	(516)
At 31 DECEMBER 2017	55,869	-	15,090	877	(14,341)	57,495

At 1 APRIL 2016	41,788	1,566	17,959	81	(5,077)	56,317
Profit / (Loss) after tax for the period	-	-	-	-	(49)	(49)
Other comprehensive income for the period						-
- Foreign currency translation	-	-	-	(99)	-	(99)
Total comprehensive income for the period	-	-	-	(99)	(49)	(148)
Transfer to accumulated losses	-	-	(2,869)	-	2,869	-
At 31 DECEMBER 2016	41,788	1,566	15,090	(18)	(2,257)	56,169

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 THIRD QUARTER ENDED 31 DECEMBER 2017

	Note	9 months to	
		31.12.2017	31.12.2016
		(Unaudited)	
		RM'000	
1. Cash flow from operating activities			
Profit /(Loss) before tax		(452)	93
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>			
Reversal of impairment losses on trade receivables		(255)	(105)
Depreciation		2,863	3,439
Gain on disposal of property, plant and equipment		(28)	(1,965)
Property, plant and equipment written off		3	14
Interest expense		1,153	803
Inventory written off		605	-
Increase / (Decrease) in provision for slow moving stocks		432	(1,308)
Unrealised (gain) / loss on foreign exchange		(196)	(596)
Operating profit before working capital changes		4,125	375
Net change in inventories		(354)	(2,175)
Net change in trade and other receivables		(8,408)	(6,818)
Net change in trade and other payables		609	6,819
Cash (used in)/generated from operations		(4,028)	(1,799)
Interest paid		(1,153)	(480)
Income tax paid		(198)	(564)
Income tax refund		-	-
Net cash from / (used in) operating activities		(5,379)	(2,843)

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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

	Note	9 months to	
		31.12.2017	31.12.2016
		(Unaudited)	
		RM'000	
2. Cash flow from investing activities			
Purchase of property, plant and equipment		(5,426)	(7,396)
Proceeds from disposal of property, plant and equipment		50	7,859
Net cash from / (used in) investing activities		(5,376)	463
3. Cash flow from financing activities			
(Repayment to)/advances from directors		119	(4,306)
Drawdown/(Repayment) of banker acceptance		(30)	1,389
Repayment of term loans		(388)	(334)
Drawdown of term loan		679	-
Repayment of hire purchase creditors		(1,201)	(669)
Drawdown of hire purchase creditors		2,571	4,474
Interest paid		-	(323)
Issue of share capital		12,515	-
Net cash from / (used in) financing activities		14,265	231
Net increase /(decrease) in cash and cash equivalents		3,510	(2,149)
Cash and cash equivalents as at beginning of financial period 1st April		1,331	4,607
Effect on foreign exchange translation		308	(99)
Cash and cash equivalents as at end of financial period 31st December*		5,149	2,359
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>			
Cash and bank balances		5,149	2,917
Bank overdrafts		-	(558)
		5,149	2,359

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)
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PART A

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

FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 THIRD QUARTER ENDED 31 DECEMBER 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:

Q3-FY18	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	33,701	464	-	34,165
Inter-segment sales	(45)	-	45	-
	<u>33,656</u>	<u>464</u>	<u>45</u>	<u>34,165</u>
Segment results	<u>1,985</u>	<u>(100)</u>	<u>-</u>	<u>1,885</u>
Finance Cost				(396)
Profit / (Loss) Before Tax				<u>1,489</u>
Q2-FY18	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	28,413	537	-	28,950
Inter-segment sales	(56)	-	56	-
	<u>28,357</u>	<u>537</u>	<u>56</u>	<u>28,950</u>
Segment results	<u>709</u>	<u>(20)</u>	<u>-</u>	<u>689</u>
Finance Cost				(410)
Profit Before Tax				<u>279</u>

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PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

(4) Segmental Reporting (Continued)

Q3-FY17	Malaysia	Indonesia	Elimination	Consolidated
	RM'000			
Revenue				
Sales to external customer	23,106	1,224	-	24,330
Inter-segment sales	9	-	(9)	-
	23,115	1,224	(9)	24,330
Segment results	380	(467)	-	(87)
Finance Cost				(286)
Profit Before Tax				(373)

(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.

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

	As at 31.12.2017 (Unaudited)	As at 31.03.2017 (Audited)
	(Unaudited)	
	RM'000	
PPE as at 1st April	50,321	52,074
Asset held for sale as at 1st April	-	5,500
Additions	5,426	7,460
Disposals	(21)	(5,883)
Written off	(3)	(228)
Impairment	-	(4,169)
Translation Difference	-	252
Depreciation and Amortization	(2,863)	(4,685)
PPE as at 31st December	52,861	50,321

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PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

(9) Inventory Write Offs

Inventories amounting to RM605,000 were written off in the current quarter. (Q3-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.

(12) Debt and Equity Securities

The Group issued 10,446,800 shares pursuant to Section 75 and 76 of Companies Act 2016 as follows:

- a) On 2 November 2017, 4,178,700 shares were issued at RM1.15
- b) On 30 November 2017, 6,268,100 shares were issued at RM1.23

(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 31.12.2017 (Unaudited) RM'000
- Contracted but not provided	10,449

(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.

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PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

(16) Material Subsequent Events

There are no material event subsequent to the end of the current quarter.

(17) Significant Related Parties Transactions

	9 months ended 31.12.2017 (Unaudited) RM'000
Revenue	
- Supply of plastic parts	10,891
- Supply of tooling	461
Expenses	
- Purchase of raw materials	192

(18) Profit for the period

		INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
		3 months ended		9 months ended	
		31 December			
		2017	2016	2017	2016
		(Unaudited)		(Unaudited)	
		RM'000			
(i)	Other income including investment income	36	29	129	150
(ii)	Interest expense	(398)	(285)	(1,153)	(803)
(iii)	Depreciation	(925)	(1,166)	(2,863)	(3,439)
(iv)	(Provision) / Reversal of provision for receivables / (Bad Debts written off)	234	-	255	105
(v)	Decrease/(Increase) in Provision for slow moving inventories and Stocks written off	(173)	1,182	(1,037)	1,308
(vi)	(Loss) / Gain on disposal of quoted or unquoted investment or properties	(6)	16	28	1,965
(viii)	Write off/Impairment of assets	(2)	(14)	(3)	(14)
(vii)	Foreign exchange gain/ (Loss)	(8)	184	(91)	827

Other than the above items, there were no gains or losses on derivatives and exceptional items during the current quarter.

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 THIRD QUARTER ENDED 31 DECEMBER 2017

(19) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		9 months ended	
	31 December			
	2017	2016	2017	2016
(Unaudited)		(Unaudited)		
RM'000				
<u>Segment Revenue</u>				
Manufacturing	33,200	22,072	88,791	65,952
Trading (Consumer Goods)	976	2,267	2,123	5,182
Sub-Total (Operating Entities)	34,176	24,339	90,914	71,134
Investment holding	-	-	-	2,800
Total revenue including inter-segment sales	34,176	24,339	90,914	73,934
Elimination of inter-segment transactions	(11)	(9)	45	(2,899)
Total Revenue	34,165	24,330	90,959	71,035
<u>Segment Results</u>				
Manufacturing	3,041	(392)	2,340	(223)
Trading (Consumer Goods)	(813)	187	(2,117)	760
Sub-Total (Operating Entities)	2,228	(205)	223	537
Management services	(5)	(2)	(12)	(8)
Investment holding	(221)	(147)	(423)	2,392
Total Profit before taxation including inter-segment Profit/(Loss)	2,002	(354)	(212)	2,921
Elimination of inter-segment transactions	(513)	(19)	(240)	(2,828)
Profit /(Loss) Before Taxation	1,489	(373)	(452)	93

PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Current Quarter vs Prior Year Same Quarter Comparison

(a) Revenue

The Group's revenue registered an increase by RM9.8 million (+40%) in the current quarter under review to RM34.1 million (Q2-FY17: RM24.3 million). The increases in Revenue were due to the factors as below:

(i) Manufacturing Division

This Division was the main contributor to the Revenue during the current quarter with an increase of RM11.0 million (+50%) to RM33.0 million (Q3-FY17: RM22.0 million).

The favorable variances in Revenue was mainly due to higher sales in both Plastic Parts and Tooling Sub Segments generated by subsidiary in Malaysia. Revenue in Plastic Parts Sub Segment increased by RM8.2 million (+45%) to RM26.4 million (Q3-FY17: RM18.2 million) mainly due to higher sales to a related party. In addition, Revenue in Tooling sub segment increased by RM2.9 million to RM6.3 million (+86%) mainly due to projects awarded from previous financial year were completed and recognised to Revenue in the current quarter.

(ii) Trading (Consumer Goods) Division

The Revenue from Trading (Consumer Goods) Division reduced by RM1.3 million (-57%) to approximately RM1.0 million in Q3-FY18 (Q3-FY17:RM2.3 million) mainly attributed to lower demand for chocolate products.

(b) Profit/(Loss) Before Taxation

In the current quarter, the Group's Net Profit Before Taxation improved by RM1.8 million (+483%) to RM1.5 million (Q3-FY17: Loss RM373,000). The favorable variances were attributed to the combination of the following reasons:

(i) Manufacturing Division

During the current quarter, Profit Before Tax for this Division improved by approximately RM3.4 million (+867%) to RM3.0 million (Q3-FY17: Loss RM392,000) due to the Revenue increase for both Plastic Parts and Tooling Sub Segments.

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PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Current Quarter vs. Prior Year Same Quarter Comparison

(b) Profit/(Loss) Before Taxation

(ii) Trading (Consumer Goods) Division

Profit Before Tax in this Division had reduced by approximately RM1.0 million to a Loss Before Tax amounting to RM800,000 (Q3-FY17: Profit RM187,000) mainly attributed by poorer Revenue generated in the current quarter, further worsened by stocks written off amounting to RM605,000 which were caused by floods.

(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 (Q3-FY17: Nil).

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PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

(20) Comparison with Immediate Preceding Quarter's Results

	INDIVIDUAL QUARTER	
	3 months ended	
	31.12.2017	30.09.2017
	(Unaudited)	
	RM'000	
<u>Segment Revenue</u>		
Manufacturing	33,200	28,355
Trading (Consumer Goods)	976	595
Sub-Total (Operating Entities)	34,176	28,950
Investment holding	-	-
Total revenue including inter-segment sales	34,176	28,950
Elimination of inter-segment transactions	(11)	-
Total revenue	34,165	28,950
<u>Segment Results</u>		
Manufacturing	3,041	844
Trading (Consumer Goods)	(813)	(547)
Sub-Total (Operating Entities)	2,228	297
Management services	(5)	(3)
Investment holdings	(221)	(103)
Total Profit/(Loss) before taxation including inter-segment Profit/(Loss)	2,002	191
Elimination of inter-segment transactions	(513)	88
Profit / (Loss) before taxation	1,489	279

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PART B
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

Current Quarter vs Previous Quarter comparison

(a) Revenue

The Group registered an increase in Revenue by RM5.2 million (+18%) for the current quarter to RM34.1 million (Q2-FY18: RM28.9 million).

(i) Manufacturing Division

Revenue for this Division increased by RM4.8 million (+17%) to RM33.2 million (Q2-FY18: RM28.3 million) mainly attributed to Tooling Sub Segment in Malaysia as projects awarded in previous quarters were completed and recognised to Revenue in the current quarter. Revenue in Tooling Sub Segment increased by RM4.0 million to RM6.3 million (Q2-FY18: RM2.3 million).

(ii) Trading (Consumer Goods) Division

Revenue for this Division improved by RM380,000 to RM976,000 in Q3-FY18 (Q2-FY18: RM595,000). The favorable variances were mainly contributed by promotional sales for stocks clearance and lower goods return compared to the previous quarter.

(b) Profit / (Loss) Before Taxation

During the current quarter, the Group's Profit Before Taxation increased by RM1.2 million (+429 %) to approximately RM1.5 million (Q2-FY18: RM280,000).

(i) Manufacturing Division

There was an improvement in Profit Before Tax by RM2.2 million to approximately RM3.0 million (Q2-FY18: RM844,000) in this Division mainly attributed by higher Revenue achieved for both Plastic Part and Toolings Sub Segment in the current quarter.

(ii) Trading (Consumer Goods) Division

Notwithstanding the better Revenue recorded in current quarter, Loss Before Tax for this Division increased by RM265,000 (+48%) to RM812,000 (Q2-FY18: Loss RM547,000) due to the damages caused by floods amounted RM605,000. (Q2-FY18: Nil).

(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-FY18: Nil).

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(21) Current Year Prospects

In line with the improving economic conditions, the Group achieved an improved result for the 9 months period ended 31.12.2017, compared to FY2017. The table below shows the Adjusted Loss Before Tax was narrowed down by approximately RM600,000 to RM452,000 in FY2018 (FY 2017: Loss RM1.0 million). The better result was mainly attributed by higher sales achieved by Manufacturing Division.

Adjusted Profit / (Loss) Before Taxation

	9 months to 31st December	
	2017	2016
	(Unaudited)	(Unaudited)
	RM'000	
Profit / (Loss) Before Tax	(452)	93
Less: Gain on Disposal of Building	-	1,100
Adjusted Profit / (Loss) Before Tax	(452)	(1,007)

The Group's Manufacturing Division is able to maintain its main existing plastic injection and automotive clientele. In addition, the Group is able to secure additional projects from existing clients with the launches of new models. To sustain the overall performance in this Division, the Group continues to focus on cost reduction, process reengineering and identifying opportunities for further growth.

At the Trading (Consumer Goods) Division, apart from the continuous efforts on clearing the slow moving stocks, the Group continue to source for new products and new distributionship to improve turnover and meanwhile emphasize on cost reduction as well as to improve logistic management.

The outlook and market competitiveness would remain challenging towards the fourth quarter of the financial year ended 2018 and could be subjected to unforeseen factors which may affect our performance. In spite of these situations, the Group will continue to engage in capacity building, product development and business expansion.

(22) Profit Forecast and Profit Guarantee

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

(23) Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		9 months ended	
	31-Dec		31-Dec	
	2017	2016	2017	2016
(Unaudited)		(Unaudited)		
RM'000		RM'000		
In respect of current period				
-Malaysian income tax	378	118	392	142
-Deferred tax	-	-	-	-
	378	118	392	142

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(24) Status of Corporate Proposals

On 23 October 2017, AmInvestment Bank had, on behalf of the Board, announced that the Company had, on even date, entered into HOA with Dato' Sri Foo Chee Juan and Dato' Fong Chiu Wan ("the Vendors") for the proposed acquisition by Denko of the entire issued share capital of Integrated Manufacturing Solutions Sdn Bhd ("IMS") for an indicative purchase consideration of RM1,186,920,000 ("Proposed Acquisition").

On 21 November 2017, AmInvestment Bank had, on behalf of the Board, announced that the Company had, on even date, entered into a conditional share sales agreement ("SSA") with the Vendors for the Proposed Acquisition. The purchase consideration will be satisfied via the issuance of 107,000,000 new ordinary shares in Denko, and 925,104,348 Rights of Allotment of new Denko shares at an issue price of RM1.15 each ("Purchase Consideration").

AmInvestment Bank had also, on behalf of the Board, announced that in conjunction with the Proposed Acquisition, Oregon Technology Sdn Bhd, shall undertake the Proposed Placement of up to 232,000,000 Denko shares to be issued arising from the exercise of such number of the rights of allotment, to third party investors to be identified.

On 5 January 2018, AmInvestment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 4 January 2018, approved the listing of and quotation for 1,032,104,348 new Denko Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions set out in their letter.

On 12 January 2018, the Company has issued a circular to the shareholders of Denko, an Independent Advise Circular to the non-interested shareholders of Denko, and a Notice of Extraordinary General Meeting ("EGM"), in relation to the Proposed Acquisition.

On 29 January 2018, the Company announced that the resolution set out in the Notice of EGM dated 12 January 2018 were duly passed by the shareholders of the Company by way of poll at its EGM held on 29 January 2018, with the poll result of 100% voted for the resolution.

On 30 January 2018, AmInvestment Bank had on behalf of the Board, announced that the SSA had become unconditional upon fulfilment of all the conditions precedent of the SSA.

On 2 February 2018, an allotment of 107,000,000 new ordinary shares were issued at RM1.15 as part of Purchase Consideration.

The "Proposed Acquisition" has been completed on 5 February 2018 following the listing of and quotation for 107,000,000 Denko Shares on the Main Market of Bursa Malaysia Securities Berhad and granting of the 925,104,348 Rights of Allotment.

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(25) Group Borrowings

Details of the unaudited Group borrowings as at 31 December 2017 are as follows:

Type of borrowing	Short term	Long term	Total
	Secured		
	RM'000		
Bank Overdraft	-	-	-
Bills Payable and Bankers Acceptance	6,267	-	6,267
Revolving Credit	5,000	-	5,000
Hire Purchase Creditors	1,959	4,561	6,520
Term Loans	763	6,911	7,674
TOTAL	13,989	11,472	25,461

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		-	-	2,571	679	3,250
Repayment	(590)	(29)	-	(1,201)	(388)	(2,208)
As at end of period 31 December 2017	-	6,267	5,000	6,520	7,674	25,461

(26) Material Litigation

There were no material litigation reported in this current quarter.

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(27) Dividend Payable

No interim dividend has been recommended for the current quarter.

(28) 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 31 December		CUMULATIVE QUARTERS 9 months ended 31 December	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	1,111	(18)	(844)	443
Weighted average number of ordinary shares in issue (RM'000)	114,916	104,469	114,916	104,469
Basic profit/(Loss) per share for period (sen):	0.97	(0.02)	(0.73)	0.42

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

	As at 31.12.2017 (Unaudited) RM'000
Total Accumulated Losses of the Group	
- Realised	8,799
- Unrealised	5,542
Total Group Accumulated Losses as per Consolidated Unaudited Financial Statements	14,341

(31) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 26 February 2018.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Santhi A/P Saminathan (MIA 37094)

Company Secretaries