



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

**INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED
31 MARCH 2018**

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

INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

<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	2-3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5-6
PART A	
SELECTED EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING IN MALAYSIA AND IAS 34, INTERIM FINANCIAL REPORTING	7-12
PART B	
EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA	13-16

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 FOURTH QUARTER ENDED 31 MARCH 2018**

	INDIVIDUAL QUARTER 3 months ended 31st March		CUMULATIVE QUARTER 12 months ended 31st March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
	Note 1	Note 2	Note 1	Note 2
Revenue	528,106	434,300	2,308,458	1,814,769
Cost Of Sales	(496,520)	(402,075)	(2,146,217)	(1,670,204)
Gross Profit	31,586	32,225	162,241	144,565
Other Income	8,829	5,548	18,729	15,895
Marketing and Distribution Costs	(8,271)	(5,483)	(33,597)	(28,090)
Administration Expenses	(3,953)	(3,130)	(14,794)	(13,513)
Other Operating Expenses	(4,659)	(1,468)	(3,504)	(20,171)
Profit From Operations	23,532	27,692	129,075	98,686
Interest Income	970	731	2,895	2,281
Interest Expense	(1,903)	(1,382)	(6,185)	(4,457)
Profit Before Tax	22,599	27,041	125,785	96,510
Taxation	(5,888)	(4,290)	(33,273)	(17,382)
Profit net of Tax for the period	16,710	22,751	92,512	79,128
Other comprehensive income / (expenses)	-	-	-	-
Foreign Currency Translation Differences	-	-	-	-
Total comprehensive profit/(loss)	16,710	22,751	92,512	79,128
Profit attributable to the ordinary equity holders of the parent entity	16,710	22,751	92,512	79,128
Total comprehensive income attributable to equity holders of the parent	16,710	22,751	92,512	79,128
Basic, profit per ordinary share (sen)	1.52	2.20	8.82	7.67
Fully diluted profit per ordinary share (sen)	-	-	-	-

Note 1:

As a result of Reverse Acquisition of Denko Industrial Corporation Berhad (DICB) by Integrated Manufacturing Solutions Sdn Bhd (IMS) in the current quarter as explained in Part A Note 1 of these Interim Financial Statements, the individual current quarter covers from 01st January 2018 to 31st March 2018 for IMS and from 01st February to 31st March 2018 for DICB.

The cumulative quarter covers from 01st April 2017 to 31st March 2018 for IMS and from 01st February to 31st March 2018 for DICB.

Note 2:

The comparative figures for the individual quarter and cumulative quarter refers to the financial figures of IMS due to the Reverse Acquisition as explained in Part A Note 1 of these Interim Financial Statements.

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with accompanying explanatory notes attached to these Interim Financial Statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	Note	As at	As at
		31.03.2018	31.03.2017
		RM'000	
		Note 1	
ASSETS			
Non-current assets			
Property, plant and equipment	8	208,978	101,469
Goodwill		76,414	-
Deferred tax assets		-	232
Total non-current assets		285,392	101,701
Current assets			
Inventories		147,829	133,581
Trade and other receivables		501,813	391,846
Current tax assets		4,229	-
Cash and cash equivalents		154,428	153,149
Total current assets		808,299	678,576
TOTAL ASSETS		1,093,691	780,277
EQUITY AND LIABILITIES			
Equity attributable to the owner of the company			
Share capital		1,242,789	6,200
Reserves		(1,104,241)	-
Retained earnings		279,690	202,178
Total Equity		418,238	208,378
Non current liabilities			
Loans & Borrowings	26	24,852	26,835
Deferred tax liabilities		5,598	394
Total non-current liabilities		30,450	27,229
Current Liabilities			
Trade and other payables		507,639	417,100
Taxation		3,663	5,800
Amount owing to Directors		-	-
Loans & Borrowings	26	133,701	89,515
Dividend payable to previous shareholders of subsidiaries		-	32,255
Total current liabilities		645,003	544,670
TOTAL LIABILITIES		675,453	571,899

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	Note	As at	As at
		31.03.2018	31.03.2017
		RM'000	
TOTAL EQUITY AND LIABILITIES		1,093,691	780,277
Net assets per share attributable to the owner of the company (RM)		0.3985	Note 2 0.2019

Note 1:

The audited Statements of Financial Position of IMS and its subsidiaries ("IMS Group") as at 31 March 2017 has been presented as the comparative Statements of Financial Position, following the Reverse Acquisition as explained in Part A Note 1 to these interim financial statements.

Note 2:

The net assets per share at 31 March 2017 was calculated based on newly issued 1,032,104,348 new ordinary shares in exchange for 6,200,000 ordinary shares in IMS Group following the Reverse Acquisition as explained in Part A Note 1 to these interim financial statements.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with accompanying explanatory notes attached to these Interim Financial Statements.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	Attributable to equity holders of the parent				
	----- Non-distributable -----				
	Share Capital	Exchange fluctuation reserve	Reverse acquisition reserve	Retained earnings	Total equity
	RM'000				
Balance at 1 April 2016	6,200	-	-	199,051	205,251
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the year	-	-	-	-	-
Profit for the year Total comprehensive income for the year	-	-	-	79,128	79,128
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(76,001)	(76,001)
Arising from reverse acquisition	-	-	-	-	-
Issue of shares	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	(76,001)	(76,001)
Balance at 31 March 2017	6,200	-	-	202,178	208,378

Balance at 1 April 2017	6,200	-	-	202,178	208,378
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the year	-	195	-	-	195
Profit for the year Total comprehensive income for the year	-	195	-	92,512	92,707
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	-	-	-	(15,000)	(15,000)
Arising from reverse acquisition	37,154	-	(1,104,436)	-	(1,067,282)
Issue of shares from private placement	12,515	-	-	-	12,515
Issue of shares from acquisition	1,186,920	-	-	-	1,186,920
Total transactions with owners of the Company	1,236,589	-	(1,104,436)	(15,000)	117,153
Balance at 31 March 2018	1,242,789	195	(1,104,436)	279,690	418,238

Note 1:

The comparative figures for the preceding corresponding period being presented, refers to financial figures of IMS due to the Reverse Acquisition as explained in Part A Note 1 to these interim financial statements.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with accompanying explanatory notes attached to these Interim Financial Statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	12 months to	
	31.03.2018	31.03.2017
	RM'000	
1. Cash flow from operating activities		Note 1
Profit before tax	125,785	96,510
<i>Adjustment for investing and financing items not involving movement of cash and cash equivalent</i>		
Bad debts written off/(Recovery of bad debts)	(1)	61
Depreciation	14,101	10,466
Interest costs	6,185	4,457
Fair value loss on derivative instruments	370	-
Interest income	(2,895)	(2,281)
(Gain)/loss on disposal of property, plant and equipment	(200)	(13)
Unrealised (gain)/loss on foreign exchange	793	17,125
Operating profit before changes in working capital	144,138	126,325
Changes in inventories	(14,248)	(16,319)
Changes in trade and other receivables	(109,967)	(55,920)
Changes in trade and other payables	87,179	37,012
Cash generated from operations	107,102	91,098
Tax paid	(31,487)	(18,132)
Net cash from operating activities	75,615	72,966
2. Cash flows from investing activities		
Acquisition of property, plant and equipment	(36,382)	(25,718)
Net cash received from reverse acquisition	2,867	-
Proceed from disposal of property, plant and equipment	200	15
Change in pledge deposits	-	(12,479)
Interest received	2,895	2,281
Net cash used in investing activities	(30,420)	(35,901)

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with accompanying explanatory notes attached to these Interim Financial Statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

	12 months to	
	31.03.2018	31.03.2017
	RM'000	
3. Cash flow from financing activities		
Repayment of finance lease liabilities	(24,490)	(10,480)
Dividend paid by the subsidiaries to the previous shareholders	(47,255)	(43,746)
Interest paid	(6,185)	(4,457)
Proceeds from /(Repayment of) term loan	(1,183)	14,344
Net proceeds from bankers' acceptances	10,677	34,939
Net cash used in financing activities	(68,436)	(9,400)
Net increase /(decrease) in cash and cash equivalents	(23,241)	27,665
Effect on foreign exchange translation	12	-
Cash and cash equivalents at 1st April	153,149	100,976
Cash and cash equivalents at 31st March	129,920	128,641
<i>*Cash and cash equivalents at the end of the financial period comprise the following:</i>		
Cash and bank balances	127,716	126,846
Fixed deposits with licensed banks	26,712	26,303
	154,428	153,149
Less: Fixed deposits pledged	(24,508)	(24,508)
	129,920	128,641

Note 1:

The comparative figures for the preceding corresponding period being presented, refers to financial figures of IMS due to the Reverse Acquisition as explained in Part A Note 1 to these interim financial statements.

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with accompanying explanatory notes attached to these Interim Financial Statements.

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

PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

(1) Basis of Preparation

This unaudited interim Financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The audited consolidated Statement of Financial Position of IMS Group as at 31 March 2017 has been presented as the comparative Consolidated Statement of Financial Position, due to the acquisition as explained below.

The accounting policies, estimates and judgements adopted in this interim financial statements are consistent with those adopted in the audited financial statements of IMS Group for the year ended 31 March 2017. The interim financial statement should be read in conjunction with the Accountants Report of IMS Group as disclosed in the Circular to the Shareholders of the Company dated 12 January 2018.

On 23 October 2017, AmInvestment Bank had, on behalf of the Board, announced that the Company had, on even date, entered into Heads of Agreement 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 Berhad, 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").

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.

The interim financial statements have been prepared in compliance with MFRS 3: Business Combinations, the business combinations between the Company and IMS is treated as a reverse acquisition whereby for accounting purposes, the accounting acquirer is IMS while the accounting acquiree is the Company.

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

PART A

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

FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

(1) Basis of Preparation (cont'd)

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after
1 January 2018*

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement

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

PART A
SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARDS (MFRSs) 134
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

(1) Basis of Preparation (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Company upon their first adoption except as mentioned below:

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of the above MFRS's

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

PART A

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

FOR THE FOURTH QUARTER ENDED 31 MARCH 2018

(2) Changes in Accounting Policies

The accounting policies, estimates and judgements adopted in this interim financial statements are consistent with those adopted in the audited financial statements of IMS Group for the year ended 31 March 2017. The interim financial statement should be read in conjunction with the Accountants Report of IMS Group as disclosed in the Circular to the Shareholders of the Company dated 12 January 2018.

(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 is principally involved in manufacturing of plastic parts and fabrication of moulds, which are predominantly carried out in Malaysia. Segment information on fabrication of moulds was not prepared as it was not significant to the Group.

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

Except for the effects of the acquisition, There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the current quarter under review and financial year-to-date.

(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

The business operations of the Group's performance are not significantly affected by any seasonal and cyclical factors.

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

For the financial year ended 31 March 2018, the Group acquired assets at a cost of RM 60 million (FY17: RM45 million).

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

PART A

**SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS
(MFRSs) 134
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018**

(9) Dividend Paid

No dividend was paid during the current quarter.

(10) Valuation of Property, Plant and Equipment

Land and building were recognised using the cost model in accordance with IMS's accounting policy.

(11) Debt and Equity Securities

During the current quarter, 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, except that the Group had on 05 February 2018 completed the following:

- a) an allotment of 107,000,000 new ordinary shares were issued at RM1.15 each; and
- b) granting of the 925,104,348 Rights of Allotment of new Denko shares at an issue price of RM1.15 each

(12) Changes in the Composition of the Group

The Group's composition was significantly changed during the current quarter with the Reverse Acquisition explained in Note 1.

(13) Capital Commitments

Details of capital expenditure in respect of purchase of property, plant and equipment are:

	As at 31.03.2018 RM'000	As at 31.03.2017 RM'000
- Contracted but not provided	23,683	4,242

(14) 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.

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

PART A

**SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRSs) 134
FOR THE FOURTH QUARTER ENDED 31 MARCH 2018**

(15) Material Subsequent Events

There is no material event that has arisen subsequent to the financial period.

(16) Significant Related Parties Transactions

	12 months ended 31.03.2018 RM'000	12 months ended 31.03.2017 RM'000
Revenue		
- Supply of plastic parts	537	-
- Provide service of tooling modification	23	-
Expenses		
- Purchase of assembly parts	760	1,759

(17) Profit for the period

Profit before taxation is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		12 months ended	
	31 March			
	2018	2017	2018	2017
	RM'000			
(i) Depreciation and amortization	4,460	3,181	14,101	10,466
(ii) Provision for and write off of receivables	-	61	-	61
(iii) Foreign exchange (gain)/loss	(4,057)	(4,403)	(16,726)	9,317

Other than the above items, there were no impairment of assets, and exceptional items for the current quarter and financial period ended 31 March 2018

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 FOURTH QUARTER ENDED 31 MARCH 2018

(18) Review of Current Quarter Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	3 months ended		12 months ended	
	31-Mar			
	2018	2017	2018	2017
	RM'000			
Group Revenue	528,106	434,300	2,308,458	1,814,769
Profit before taxation	22,599	27,041	125,785	96,510
Profit after taxation	16,710	22,751	92,512	79,128

(19) Current Quarter vs Previous Year Same Quarter Comparison

(a) Revenue

The Group's revenue for the current quarter (Q4-FY18) is recorded at RM528.1 million, an increase of RM93.8 million or 21.5% compared to the preceding year quarter (Q4-FY17: RM434.3 million). The increase in revenue was mainly attributable to higher demand for box-built products.

(b) Profit/(Loss) Before Taxation

In the current quarter, the Group had recorded a profit before tax of RM22.6 million as compared to RM27.0 million for Q4-FY17, a decrease of RM4.4 million, which was due to production inefficiency for new model order from Customer in the current quarter.

(20) Comparison with Immediate Preceding Quarter's Result

	INDIVIDUAL QUARTER	
	3 months ended	
	31.03.2018	31.12.2017
	RM'000	
Group Revenue	528,106	659,565
Profit before taxation	22,599	41,133
Profit after taxation	16,710	30,321

(21) Current Quarter vs Previous Quarter comparison

(a) Revenue

The Group's revenue for the current quarter compared to the immediate preceding quarter's RM659.5 million represents a decline of RM131.4 million or 19.9%. The reduction was due to lesser demand of box-built products for the current quarter.

(b) Profit/(Loss) Before Taxation

The Group's current quarter profit before tax as compared to the preceding quarter's RM41.1 million represents a decline of 45%, affected by a combination of lower demand for box-built units and introduction of new production models in the current quarter.

PART B

**EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA FOR THE FOURTH QUARTER ENDED 31 MARCH 2018**

(22) Current Year Prospects

For the Financial Year Ended 2018, the Group achieved a new record of its turnover and pre-tax profit. While the turnover surpassed the RM2 billion mark at RM2.3 billion, pre-tax profit recorded at RM125.8 million. The Group is expecting higher volume of orders from its customers, and has plans for capital expenditure to meet customers' demands. The Group will continue to expand and improve its production capabilities to take advantage of the improving market conditions and outlook.

(23) Profit Forecast and Profit Guarantee

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

(24) Taxation

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

INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
3 months ended		12 months ended	
31-Mar		31-Mar	
2018	2017	2018	2017
RM'000			
5,429	5,694	30,909	22,999
459	(1,404)	2,364	(5,617)
5,888	4,290	33,273	17,382

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

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 FOURTH QUARTER ENDED 31 MARCH 2018**

(25) Status of Corporate Proposals

The acquisition by Denko of the entire issued share capital of Integrated Manufacturing Solutions Sdn Bhd for an indicative purchase consideration of RM1,186,920,000 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.

Denko announced on 14 March 2018 that ATA Industrial (M) Sdn Bhd (as Purchaser) had on even date, entered into a sale and purchase agreement (“SPA”) with Blessplus Sdn. Bhd. (as Vendor) to acquire a piece of land held under GRN 128419, Lot 1572, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor (“the Land”) measuring a total of 62,127 sq. ft., for a total cash consideration of RM4,255,699.50 (“the Proposed Acquisition”). The abovesaid acquisition is pending fulfilment of a condition precedent requiring the Purchaser to apply for the Appropriate Authorities' approval for the transfer of the property, which approval is to be obtained within six (6) months from the date of the SPA. The Proposed Acquisition is expected to be completed within three (3) months from the unconditional date, which is the date of procurement of the condition precedent.

On 13 December 2017 a sale and purchase agreement was entered into between O. C. Yee Realty Sdn Bhd (as vendor) and Jabco Filter System Sdn Bhd (as purchaser) in relation to the proposed acquisition by Jabco Filter System Sdn Bhd of all that parcel of freehold industrial land with a two (2) storey with lower ground floor detached factory erected on it held under Title No. Geran 88401, Lot 2050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor and bearing postal address of No. 10 & 10A, Jalan Bayu, Kawasan Perindustrian Hasil, 81200 Johor Bahru, Johor, Malaysia for a cash consideration of RM25,000,000. The transaction is pending completion by the parties in accordance with the terms of the said sale and purchase agreement.

(26) Group Borrowings

Details of the unaudited Group borrowings as at 31 March 2018 are as follows:

	As at 31.03.2018	As at 31.03.2017
	RM'000	
Secured		
Non-Current		
Hire Purchase Creditors	17,700	9,061
Term Loans	7,152	17,774
	24,852	26,835
Current		
Bank Overdraft	956	-
Bankers Acceptance	91,801	74,674
Revolving Credit	5,000	-
Hire Purchase Creditors	17,839	13,788
Term Loans	18,105	1,053
	133,701	89,515
TOTAL	158,553	116,350

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 FOURTH QUARTER ENDED 31 MARCH 2018

(27) Material Litigation

There were no material litigation reported in this current quarter except the below:

An on-going civil suit No JA-22NCVC-210-10/2017 brought by TNB against ATA Industrial (M) Sdn Bhd for a monetary claim of RM5,089,623.63 together with interest and costs relating to disputed consumption of electricity at 2 factories in Johor. ATA Industrial (M) Sdn Bhd has filed its Statement of Defence and the trial of the civil suit has been fixed on 3 June, 23 July and 24 July 2018 at the High Court.

(28) Dividend Payable

No interim dividend has been recommended for the current quarter.

(29) 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 March		CUMULATIVE QUARTERS 12 months ended 31 March	
	2018	2017	2018	2017
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	16,710	22,751	92,512	79,128
Weighted average number of ordinary shares in issue ('000)	1,102,331	1,032,104	1,049,420	1,032,104
Basic profit/(Loss) per share (sen):	1.52	2.20	8.82	7.67

(30) 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.

(31) Authorised for Issue

These Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution passed on 31st May 2018.

BY ORDER OF THE BOARD

Yong May Li (LS 0000295)

Wong Chee Yin (MAICSA 7023530)

Santhi A/P Saminathan (MIA 37094)

Company Secretaries