DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)

Company No: 190155-M

FINANCIAL REPORT
for the financial year ended 31 March 2017

Contents

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Loss after tax for the financial year	11,288,547	4,630,180

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those items disclosed in the statements of changes in equity.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the making of additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company 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 and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The name of directors in office from the beginning of the financial year and up to the date of this report are as follows:-

Dato' Sri Foo Chee Juan*	*(Appointed on 21 March 2017)*
Grace Foo Hui Ting*	*(Appointed on 21 March 2017)*
Koh Win Ton	*(Appointed on 21 March 2017)*
Wong Chin Chin	*(Appointed on 21 March 2017)*
Dato' Ong Choo Meng	*(Resigned on 21 March 2017)*
Dato' Ong Soon Ho	*(Resigned on 21 March 2017)*
David Yaory	*(Resigned on 21 March 2017)*
Ong Wei Liam @ Jeremy Ong	*(Resigned on 21 March 2017)*
Tan Chen Wei*	*(Resigned on 21 March 2017)*
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	*(Resigned on 21 March 2017)*
Yoong Nim Chor	*(Resigned on 21 March 2017)*

* *Directors of the Company and its subsidiaries*

The names of the directors of the Company's subsidiaries from the beginning of the financial year and up to the date of this report, excluding those who are already listed above are:

Balachandran Govindasamy	*(Appointed on 23 June 2017)*
Gobalan Kanaran	*(Appointed on 23 June 2017)*
Niken Wijaya	*(Resigned on 23 June 2017)*
Teh Li King	*(Resigned on 21 March 2017)*

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<---------- Number of Ordinary Shares ---------->			
	At Date of Appointment	Bought	Sold	At 31.3.2017
<u>**Ordinary Shares in the Company**</u>				
Indirect Interests				
Dato' Sri Foo Chee Juan	54,560,850	-	-	54,560,850

DIRECTORS' INTERESTS (CONT'D)

	<---------- Number of Ordinary Shares ---------->			
	At Date of Appointment	Bought	Sold	At 31.3.2017
Ordinary Shares in the Holding Company, Oregon Technology Sdn. Bhd.				
Direct Interests				
Dato' Sri Foo Chee Juan	499,999	-	-	499,999
Grace Foo Hui Ting	1	-	-	1

By virtue of his substantial shareholdings in the holding Company, Dato' Sri Foo Chee Juan is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

None of the subsidiaries had any interest in shares in the Company during the financial year.

AUDITOR'S REMUNERATION

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services are disclosed in Note 26 to the financial statements.

HOLDING COMPANY

The holding company is Oregon Technology Sdn. Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 10 JUL 2017

Dato' Sri Foo Chee Juan

Grace Foo Hui Ting

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Sri Foo Chee Juan and Grace Foo Hui Ting, being two of the directors of Denko Industrial Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 13 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 36, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 10 JUL 2017

Dato' Sri Foo Chee Juan **Grace Foo Hui Ting**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Pang Yan, being the officer primarily responsible for the financial management of Denko Industrial Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 80 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by
Lim Pang Yan at Johor Bahru in the state of Johor
on this 10 JUL 2017

Lim Pang Yan

Before me

PESURUHJAYA SUMPAH
NO: J 276
NUR SABRINA BINTI ABDULLAH
MALAYSIA

No. 8, Jalan Dhoby
80000 Johor Bahru,
Johor.

Crowe Horwath™

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Member Crowe Horwath International

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
Company No: 190155-M

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Denko Industrial Corporation Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 190155-M

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matter described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Impairment of property, plant and equipment
Refer to Page 40, Note 8 to the financial statements</td></tr>
<tr><td>Area of focus

We focus on this area due to
Continuous losses incurred by Lean Teik Soon Sdn. Bhd. and PT. Winsheng Plastic and Tooling Industry, subsidiaries of the Group.
There is judgment in the assumptions used in the estimates of value-in-use of the cash-generating units ("CGUs") for the impairment assessment on property, plant and equipment.</td>
<td>How the scope of our audit addressed the area of focus

Our procedures included obtaining the details of estimated value-in-use of the company and details of budgets and forecasts and performed the following procedures:-
Testing calculation and evaluating the reasonableness of assumptions and determine whether management's assumptions, either individually or as a whole, provide a reasonable basis for budgets and forecasts.
Determining if the method of valuation chosen by management is appropriate and identify if there are any indicators of possible management bias.
Developing stress tests on certain key assumptions used and assess the range estimate for all reasonable outcomes.
Establishing that if there is any foreseeable reasonable possible change in key assumptions that will trigger the recoverable amount to be lower than the carrying amount.
Ensuring the impairment has been properly provided when the value-in-use is lower than the carrying amount of property, plant and equipment.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 190155-M

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 190155-M

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 190155-M

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DENKO INDUSTRIAL CORPORATION BERHAD (CONT'D)
(Incorporated in Malaysia)
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 36 on page 81 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Fong Kiat Keong
Approval No: 03048/06/2019 J
Chartered Accountant

Johor Bahru

10 July 2017

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

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	7	-	-	40,446,699	47,088,633
Property, plant and equipment	8	50,321,329	52,074,005	-	-
		50,321,329	52,074,005	40,446,699	47,088,633
CURRENT ASSETS					
Inventories	9	18,454,585	18,859,638	-	-
Trade receivables	10	27,346,441	21,325,405	-	-
Other receivables, deposits and prepayments	11	2,913,671	3,177,573	227,414	130,669
Amount owing by subsidiaries	12	-	-	741,596	2,829,975
Current tax assets		246,850	139,352	-	-
Cash and bank balances		1,921,419	4,606,695	14,156	23,505
		50,882,966	48,108,663	983,166	2,984,149
Non-current assets held for sales	13	-	5,500,000	-	-
		101,204,295	105,682,668	41,429,865	50,072,782

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2017 (CONT'D)

	Note	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	43,353,959	41,787,540	43,353,959	41,787,540
Reserves	15	2,143,197	14,529,474	(2,375,949)	3,820,650
TOTAL EQUITY		45,497,156	56,317,014	40,978,010	45,608,190
NON-CURRENT LIABILITIES					
Long-term borrowings	16	10,470,921	5,532,598	-	-
Deferred tax liabilities	17	4,906,700	4,671,245	-	-
		15,377,621	10,203,843	-	-
CURRENT LIABILITIES					
Trade payables	18	14,911,298	11,460,134	-	-
Other payables and accruals	19	11,450,892	12,462,453	451,855	150,248
Amount owing to directors	20	-	4,807,551	-	955,208
Amount owing to subsidiaries	12	-	-	-	3,359,136
Short-term borrowings	21	13,358,327	10,248,506	-	-
Bank overdraft	24	589,982	-	-	-
Current tax liabilities		19,019	183,167	-	-
		40,329,518	39,161,811	451,855	4,464,592
TOTAL LIABILITIES		55,707,139	49,365,654	451,855	4,464,592
TOTAL EQUITY AND LIABILITIES		101,204,295	105,682,668	41,429,865	50,072,782

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		The Group		The Company	
		2017	**2016**	**2017**	**2016**
	Note	RM	RM	RM	RM
REVENUE	25	101,602,276	92,752,795	2,800,000	-
COST OF GOODS SOLD		(93,123,968)	(77,920,068)	-	-
GROSS PROFIT		8,478,308	14,832,727	2,800,000	-
OTHER INCOME		2,089,438	1,262,274	-	-
MARKETING AND DISTRIBUTION EXPENSES		(5,403,606)	(4,629,876)	-	-
ADMINISTRATIVE EXPENSES		(8,308,451)	(7,136,631)	(784,230)	(486,380)
OTHER OPERATING EXPENSES		(6,617,226)	(1,391,901)	(6,645,950)	-
FINANCE COSTS		(1,145,197)	(944,496)	-	-
(LOSS)/PROFIT BEFORE TAX	26	(10,906,734)	1,992,097	(4,630,180)	(486,380)
INCOME TAX (EXPENSE)/ INCOME	27	(381,813)	993,762	-	166,262
(LOSS)/PROFIT AFTER TAX		(11,288,547)	2,985,859	(4,630,180)	(320,118)
OTHER COMPREHENSIVE INCOME					
Item that May be Reclassified Subsequently to Profit or Loss					
- Foreign currency translation differences		468,689	84,103	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(10,819,858)	3,069,962	-	-
(LOSS)/EARNINGS PER SHARE (SEN)	28				
- basic		(10.81)	2.86		
- diluted		Not applicable	Not applicable		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		<---------------- Non-Distributable		--------------->		
The Group	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1.4.2015	41,787,540	1,566,419	17,959,187	(3,049)	(8,063,045)	53,247,052
Profit after tax for the financial year	-	-	-	-	2,985,859	2,985,859
Other comprehensive income for the financial year: - Foreign currency translation differences	-	-	-	84,103	-	84,103
Total comprehensive income for the financial year	-	-	-	84,103	2,985,859	3,069,962
Balance at 31.3.2016	41,787,540	1,566,419	17,959,187	81,054	(5,077,186)	56,317,014

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

		<--------------	Non-Distributable	-------------->		
The Group	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1.4.2016	41,787,540	1,566,419	17,959,187	81,054	(5,077,186)	56,317,014
Loss after tax for the financial year	-	-	-	-	(11,288,547)	(11,288,547)
Other comprehensive income for the financial year: - Foreign currency translation differences	-	-	-	468,689	-	468,689
Total comprehensive income/(expenses) for the financial year	-	-	-	468,689	(11,288,547)	(10,819,858)
Realisation of revaluation reserve upon the disposal of property	-	-	(2,869,092)	-	2,869,092	-
Transfer to share capital upon implementation of the Companies Act 2016	1,566,419	(1,566,419)	-	-	-	-
Balance at 31.3.2017	43,353,959	-	15,090,095	549,743	(13,496,641)	45,497,156

The annexed notes form an integral part of these financial statements.

DENKO INDUSTRIAL CORPORATION BERHAD
(Incorporated in Malaysia)
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

The Company	Share Capital RM	Share Premium RM	Retained Profits/ (Accumulated Losses) RM	Total Equity RM
Balance at 1.4.2015	41,787,540	1,566,419	2,574,349	45,928,308
Loss after tax /Total comprehensive expenses for the financial year	-	-	(320,118)	(320,118)
Balance at 31.3.2016/1.4.2016	41,787,540	1,566,419	2,254,231	45,608,190
Loss after tax /Total comprehensive expenses for the financial year	-	-	(4,630,180)	(4,630,180)
Transfer to share capital upon implementation of the Companies Act 2016	1,566,419	(1,566,419)	-	-
Balance at 31.3.2017	43,353,959	-	(2,375,949)	40,978,010

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(10,906,734)	1,992,097	(4,630,180)	(486,380)
Adjustments for:-					
Bad debt written off		19,168	-	-	-
Depreciation of property, plant and equipment		4,685,356	4,530,625	-	-
Dividend income		-	-	(2,800,000)	-
Gain on disposal of property, plant and equipment		(925,050)	(30,474)	-	-
Impairment losses on:-					
- investment in subsidiaries		-	-	6,641,934	-
- property, plant and equipment		4,168,596	50,625	-	-
- other receivables		943,427	-	-	-
- trade receivables		852,754	798,965	-	-
Interest expense		1,142,746	928,829	-	-
Interest income		-	(10,092)	-	-
Inventories written down		44,594	560,101	-	-
Inventories written off		788,340	642,824	-	-
Property, plant and equipment written off		228,126	1	-	-
Reversal of inventory written down		(104,764)	-	-	-
Unrealised (gain)/loss on foreign exchange		(558,251)	594,232	-	-
Operating profit/(loss) before working capital changes		378,308	10,057,733	(788,246)	(486,380)
Increase in inventories		(323,117)	(4,959,408)	-	-
Increase in trade and other receivables		(7,037,768)	(2,352,197)	(96,745)	(123,415)
Increase/(Decrease) in trade and other payables		2,338,073	6,856,386	301,607	(72,809)
CASH (FOR)/FROM OPERATIONS		(4,644,504)	9,602,514	(583,384)	(682,604)
Interest paid		(1,142,746)	(928,829)	-	-
Tax paid		(509,906)	(717,905)	-	-
Tax refunded		87,371	466,407	-	166,262
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(6,209,785)	8,422,187	(583,384)	(516,342)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (CONT'D)

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Dividend received		-	-	2,800,000	-
Interest received		-	10,092	-	-
Proceeds from disposal of property, plant and equipment		7,591,984	317,472	-	-
Purchase of property, plant and equipment	29	(2,882,108)	(2,115,515)	-	-
Real property gains tax paid		(783,646)	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		3,926,230	(1,787,951)	2,800,000	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/advances from directors		(4,807,551)	(3,499,456)	(955,208)	203,408
Net repayment of bankers' acceptance		(1,023,948)	(1,637,553)	-	-
Net repayment of hire purchase obligations		(994,231)	(1,017,295)	-	-
(Repayment to)/Advances from subsidiaries		-	-	(1,270,757)	336,028
Net drawdown of revolving credit		3,000,000	-	-	-
Drawndown of term loans		2,821,243	5,000,000	-	-
Repayment of term loans		(374,763)	(2,608,305)	-	-
Withdrawal/(Placement) of cash for issuance of bank guarantee		870,000	(870,000)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(509,250)	(4,632,609)	(2,225,965)	539,436
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,792,805)	2,001,627	(9,349)	23,094
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,736,695	1,821,373	23,505	411
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		387,547	(86,305)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	1,331,437	3,736,695	14,156	23,505

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 1301, 13th Floor City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor
Principal place of business	:	No. 16, Jalan Hasil Dua Kawasan Perindustrian Jalan Hasil 81200 Tampoi, Johor Bahru, Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 10 July 2017.

2. HOLDING COMPANY

The holding company is Oregon Technology Sdn. Bhd., a company incorporated in Malaysia.

3. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Group is Dato' Sri Foo Chee Juan who is the controlling shareholder of the holding company.

4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

5. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

5. BASIS OF PREPARATION (CONT'D)

5.1 During the current financial year, the Group has adopted the following new applicable accounting standards (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

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

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.

5.2 The Group has not applied in advance the following applicable accounting standards and/or IC Interpretations (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)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017

The adoption of the above accounting standards and/or IC Interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products, technical assessment and subsequent events. The Group also adopts the write down policy for slow-moving inventories. For manufacturing segment, the identified slow-moving inventories, which are aged more than 6 months and have less than 5% movement as compared to previous month are marked down in their carrying amount. While, for trading segment, certain percentages are applied on inventories which are near expiry date and non-claimable from the respective suppliers. The percentages are derived based on the past historical movement trend of the realisable value of those inventories and judgement of the directors and management.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Write-down of Inventories (Cont'd)

Where necessary, write off is made for all damaged and obsolete items. The Group writes off its damaged and obsolete inventories based on assessment of the condition and the future demand for the inventories. These inventories are written off when events or changes in circumstances indicate that the carrying amounts may not be recovered.

In general, such an evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.2 BASIS OF CONSOLIDATION (CONT'D)

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

6.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

6.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definition in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

6.5 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset become idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Plant and machinery	10%
Motor vehicles	15%
Other property, plant and equipment	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

6.7 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.7 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

6.8 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on the first-in, first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of materials and production or conversion cost. The cost of conversion includes costs directly related to unit of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

6.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft.

6.11 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.12 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.13 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

  (i) has control or joint control over the reporting entity;
  (ii) has significant influence over the reporting entity; or
  (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

  Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

  (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.14 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

6.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

6.17 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

6.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6.18 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

6.19 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

7. INVESTMENTS IN SUBSIDIARIES

	The Company 2017 RM	2016 RM
Unquoted shares, at cost		
- in Malaysia	62,557,293	62,557,293
Accumulated impairment losses	(22,110,594)	(15,468,660)
	40,446,699	47,088,633
Accumulated impairment losses:-		
At 1 April 2016/2015	15,468,660	15,468,660
Additions	6,641,934	-
At 31 March 2017/2016	22,110,594	15,468,660

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2017 %	2016 %	Principal Activities
Subsidiaries of the Company				
Winsheng Plastic Industry Sdn. Bhd. ("WSP")	Malaysia	100	100	Manufacture and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication.
Lean Teik Soon Sdn. Bhd.	Malaysia	100	100	Wholesaler/retailer of foodstuff and consumer goods
Denko Management Services Sdn. Bhd.	Malaysia	100	100	Dormant
Winsheng Plastic Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of WSP				
PT. Winsheng Plastic and Tooling Industry^	Indonesia	100	100	Tooling fabrication and plastic part manufacture

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

^ *This subsidiary was audited by other firms of chartered accountants.*

(a) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently reporting losses. A total impairment losses of RM6,641,934, representing the write-down, which was recognised in "Other Operating Expenses" line item of the statements of profit or loss and other comprehensive income. The recoverable amounts were determined based on their value in use approach and the pre-tax discount rates used was 6.20%.

These investments in subsidiaries are belonged to the Group's 'Segment 1' reportable segment.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2016 RM	Additions (Note 29) RM	Disposals RM	Write Off RM	Impairment Losses RM	Translation Differences RM	Depreciation Charges RM	At 31.3.2017 RM
2017								
Net Book Value								
Freehold land	13,910,000	-	-	-	-	-	-	13,910,000
Freehold buildings	26,612,903	-	-	-	-	-	(887,097)	25,725,806
Plant and machinery	8,109,081	5,294,733	(379,793)	(1)	(2,412,856)	177,478	(2,531,977)	8,256,665
Motor vehicles	281,911	131,119	(4)	(2)	(217,559)	1,388	(88,040)	108,813
Other property, plant and equipment*	3,160,110	2,076,099	(3,491)	(228,123)	(1,538,181)	31,873	(1,178,242)	2,320,045
	52,074,005	7,501,951	(383,288)	(228,126)	(4,168,596)	210,739	(4,685,356)	50,321,329

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.4.2015 RM	Reclassification RM	Additions (Note 29) RM	Disposal RM	Write Off RM	Impairment Losses RM	Translation Differences RM	Depreciation Charges RM	At 31.3.2016 RM
2016									
Net Book Value									
Freehold land	13,910,000	-	-	-	-	-	-	-	13,910,000
Freehold buildings	27,500,000	-	-	-	-	-	-	(887,097)	26,612,903
Plant and machinery	9,326,317	-	1,346,616	-	-	(50,625)	64,199	(2,577,426)	8,109,081
Motor vehicles	262,682	-	417,623	(286,998)	-	-	39	(111,435)	281,911
Other property, plant and equipment*	2,555,641	754,723	800,641	-	(1)	-	3,773	(954,667)	3,160,110
Building under construction	726,581	(754,723)	-	-	-	-	28,142	-	-
	54,281,221	-	2,564,880	(286,998)	(1)	(50,625)	96,153	(4,530,625)	52,074,005

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	At Valuation RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
2017					
Freehold land	-	13,910,000	-	-	13,910,000
Freehold buildings	-	27,500,000	-	(1,774,194)	25,725,806
Plant and machinery	65,713,725	-	(4,659,462)	(52,797,598)	8,256,665
Motor vehicles	1,527,065	-	(221,424)	(1,196,828)	108,813
Other property, plant and equipment*	22,458,208	-	(1,986,965)	(18,151,198)	2,320,045
	89,698,998	41,410,000	(6,867,851)	(73,919,818)	50,321,329

The Group	At Cost RM	At Valuation RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
2016					
Freehold land	-	13,910,000	-	-	13,910,000
Freehold buildings	-	27,500,000	-	(887,097)	26,612,903
Plant and machinery	62,088,115	-	(2,142,359)	(51,836,675)	8,109,081
Motor vehicles	1,896,701	-	-	(1,614,790)	281,911
Other property, plant and equipment*	21,198,365	-	(385,990)	(17,652,265)	3,160,110
	85,183,181	41,410,000	(2,528,349)	(71,990,827)	52,074,005

* Other property, plant and equipment comprise electrical installation, furniture and fittings, renovation, office equipment, air conditioners, tooling equipment, forklift and crane, computers, signboard and fire-fighting equipment.

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The details of the Group's freehold land and buildings that carried at fair value are analysed as follows:-

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	25,725,806	-	25,725,806
	-	39,635,806	-	39,635,806
2016				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	26,612,903	-	26,612,903
	-	40,522,903	-	40,522,903

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1, level 2 and level 3 during the financial year.

(b) If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:-

The Group	Freehold land RM	Freehold buildings RM	Total RM
2017			
Cost	9,106,000	16,549,149	25,655,149
Accumulated depreciation	-	(3,517,688)	(3,517,688)
At 31 March 2017	9,106,000	13,031,461	22,137,461

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) If the freehold land, leasehold land and buildings were measured using the cost model, the carrying amounts would be as follows (Cont'd):-

The Group	Freehold land RM	Freehold buildings RM	Total RM
2016			
Cost	9,106,000	16,549,149	25,655,149
Accumulated depreciation	-	(3,186,705)	(3,186,705)
At 31 March 2016	9,106,000	13,362,444	22,468,444

(c) During the financial year, the Group has carried out a review of the recoverable amount of its production equipment because two subsidiaries had been persistently reporting losses. An impairment loss of RM4,168,596, representing the write-down of the property, plant and equipment, which was recognised in "Other Operating Expenses" line item of the consolidated statements of profit or loss. The recoverable amount of the production equipment was based on its value in use and the pre-tax discount rate used was 6.20%.

(d) In previous financial year, the Group recognised impairment losses of RM50,625 for plant and equipment, which were idle and no longer in use.

(e) The following assets at net book value have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 16, 21, 23 and 24 to the financial statements:-

	The Group	
	2017 RM	**2016** RM
Freehold land	13,910,000	6,710,000
Freehold buildings	25,725,806	15,387,097
Plant and machinery	3,125,985	-
	42,761,791	22,097,097

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(f) Included in the net book value of the property, plant and equipment of the Group were the following assets acquired under hire purchase terms:-

	The Group	
	2017	**2016**
	RM	RM
Plant and machinery	5,897,904	1,647,907
Motor vehicles	101,529	234,593
Other property, plant and equipment	342,025	422,425
	6,341,458	2,304,925

9. INVENTORIES

	The Group	
	2017	**2016**
	RM	RM
Raw materials	6,831,811	5,356,728
Work-in-progress		
- Plastic parts	2,865,344	2,495,978
- Toolings	1,586,836	4,330,801
Packaging materials	1,060,835	409,913
Finished goods	6,109,759	6,266,218
	18,454,585	18,859,638
Recognised in profit or loss:-		
Inventories recognised as cost of sales	92,417,813	77,920,068
Amount written down to net realisable value	44,594	560,101
Inventories written off	788,340	642,824
Reversal of inventories previously written down	(104,764)	-

The reversal of write-down was in respect of the utilisation of raw materials and work-in-progress inventories which were previously written down in their value, and the sales of finished goods above their carrying amounts during the financial year.

10. TRADE RECEIVABLES

	The Group	
	2017	**2016**
	RM	RM
Trade receivables	29,025,105	22,310,323
Allowance for impairment losses	(1,678,664)	(984,918)
	27,346,441	21,325,405
Allowance for impairment losses:-		
At 1 April 2016/2015	984,918	428,962
Addition during the financial year (Note 26)	852,754	798,965
Reversal during the financial year (Note 26)	(176,418)	(625)
Written off during the financial year	-	(242,384)
Translation differences	17,410	-
At 31 March 2017/2016	1,678,664	984,918

(a) The Group's normal trade credit terms range from 30 to 90 (2016: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in trade receivables of the Group is an amount of RM809,980 (2016: RM Nil) owing by a Company in which a director has a substantial interest in the current financial year.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Other receivables	1,164,724	1,128,580	131,444	131,444
Goods and services tax recoverable	256,562	215,015	24,353	2,499
Deposits	1,072,056	937,130	1,000	1,000
Prepayments	1,531,671	1,066,992	202,061	127,170
	4,025,013	3,347,717	358,858	262,113
Allowance for impairment losses	(1,111,342)	(170,144)	(131,444)	(131,444)
	2,913,671	3,177,573	227,414	130,669

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Allowance for impairment losses:-				
At 1 April 2016/2015	170,144	241,023	131,444	131,444
Addition during the financial year (Note 26)	943,427	-	-	-
Written off during the financial year	(38,700)	(70,879)	-	-
Translation differences	36,471	-	-	-
At 31 March 2017/2016	1,111,342	170,144	131,444	131,444

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2017	**2016**
	RM	RM
Amount Owing by Subsidiaries		
Current		
Non-trade balances	741,596	2,829,975
Amount Owing to Subsidiaries		
Current		
Non-trade balances	-	(3,359,136)

The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand.

13. NON-CURRENT ASSETS HELD FOR SALES

In previous financial year, Lean Teik Soon Sdn. Bhd., a wholly owned subsidiary of Denko Industrial Corporation Berhad had entered into a Sale and Purchase Agreement for the disposal of a piece of leasehold land and buildings for a total cash consideration of RM7,650,000 plus 6% Goods and Services Tax.

At the end of the previous reporting period, the leasehold land and building had been presented in the consolidated statement of financial position as "Non-current assets held for sale".

13. NON-CURRENT ASSETS HELD FOR SALES (CONT'D)

The non-current held for sale, measured at the lower of their carrying amount and fair value less cost to sell, are as follows:-

	The Group	
	2017	**2016**
	RM	RM
Leasehold land	-	2,200,000
Leasehold building	-	3,300,000
Non-current assets held for sale	-	5,500,000

On 3 May 2016, the Group completed the disposal of the abovementioned leasehold land and building.

14. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2017	**2016**	**2017**	**2016**
	Number Of Shares		RM	RM
Ordinary shares				
Authorised	N/A	447,500,000	N/A	179,000,000
Issued and Fully Paid-Up				
At 1 April 2016/2015	104,468,851	104,468,851	41,787,540	41,787,540
Transfer from share premium	-	-	1,566,419	-
At 31 March 2017/2016	104,468,851	104,468,851	43,353,959	41,787,540

N/A Not applicable due to adoption of the Companies Act 2016 as disclosed in item (b) below.

(a) The holders of ordinary shares are entitled to received dividend as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

15. RESERVES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable reserves:-				
- Share premium	-	1,566,419	-	1,566,419
- Revaluation reserve	15,090,095	17,959,187	-	-
- Foreign currency translation reserve	549,743	81,054	-	-
	15,639,838	19,606,660	-	1,566,419
Distributable reserve:-				
(Accumulated losses)/ Retained profits	(13,496,641)	(5,077,186)	(2,375,949)	2,254,231
	2,143,197	14,529,474	(2,375,949)	3,820,650

15.1 Revaluation Reserve

The revaluation reserve represents the increase in the fair value of freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment.

15.2 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary.

16. LONG-TERM BORROWINGS

	The Group	
	2017	2016
	RM	RM
Hire purchase payables (Note 22)	3,636,711	940,471
Term loan (Note 23)	6,834,210	4,592,127
	10,470,921	5,532,598

17. DEFERRED TAX LIABILITIES

The Group	At 1.4.2016 RM	Recognised in Profit or Loss (Note 27) RM	Exchange Difference RM	At 31.03.2017 RM
2017				
Deferred Tax Liabilities				
Accelerated capital allowances	1,794,800	(366,700)	-	1,428,100
Revaluation of land and buildings	3,920,634	(515,134)	-	3,405,500
Unrealised foreign exchange gain	-	112,600	-	112,600
	5,715,434	(769,234)	-	4,946,200
Deferred Tax Assets				
Other temporary differences	(541,034)	501,534	-	(39,500)
Unrealised foreign exchange loss	(143,300)	143,300	-	-
Unused tax losses	(359,855)	388,217	(28,362)	-
	(1,044,189)	1,033,051	(28,362)	(39,500)
	4,671,245	263,817	(28,362)	4,906,700

The Group	At 1.4.2015 RM	Recognised in Profit or Loss (Note 27) RM	Exchange Difference RM	At 31.03.2016 RM
2016				
Deferred Tax Liabilities				
Accelerated capital allowances	2,527,100	(732,300)	-	1,794,800
Revaluation of land and buildings	3,920,634	-	-	3,920,634
Unrealised foreign exchange gain	52,000	(52,000)	-	-
	6,499,734	(784,300)	-	5,715,434
Deferred Tax Assets				
Other temporary differences	(359,200)	(181,834)	-	(541,034)
Unabsorbed capital allowances	-	(143,300)	-	(143,300)
Unused tax losses	-	(362,498)	2,643	(359,855)
	(359,200)	(687,632)	2,643	(1,044,189)
	6,140,534	(1,471,932)	2,643	4,671,245

17. DEFERRED TAX LIABILITIES (CONT'D)

At the end of the reporting period, the Group has unutilised reinvestment allowance and unabsorbed tax losses (stated at gross) of approximately RM14,376,000 (2016 – RM14,674,000) and RM 3,623,000 (2016 – RM3,356,000) respectively that are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of reinvestment allowance as it is not probable that taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2016: 30 to 90) days.

19. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Other payables	2,651,478	3,773,175	397,660	103,593
Goods and services tax payable	367	-	-	-
Deposit received	-	1,941,000	-	-
Accrued expenses	4,409,473	3,878,970	54,195	46,655
Advances from customers	4,389,574	2,869,308	-	-
	11,450,892	12,462,453	451,855	150,248

20. AMOUNT OWING TO DIRECTORS

In previous financial year, the amount owing to directors was unsecured, interest-free and repayable over the next 12 months.

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21. SHORT-TERM BORROWINGS

	The Group	
	2017	**2016**
	RM	RM
Bankers' acceptance	6,296,499	7,320,447
Revolving credit	5,000,000	2,000,000
Hire purchase payables (Note 22)	1,512,754	583,382
Term loan (Note 23)	549,074	344,677
	13,358,327	10,248,506

(a) Bankers' acceptance is drawn for a period up to 120 days (2016: 120 days) and bears interest rates ranging from 4.55% to 4.62% (2016: 4.79% to 5.41%) per annum.

(b) Revolving credit is drawn for a period of 180 days (2016: 180 days) and bears interest rates ranging from 5.51% to 5.73% (2016: 5.63%) per annum.

(c) Bankers' acceptance, revolving credit and term loans are secured by:-

(i) first and second legal charges over the freehold land, leasehold land and buildings of the Group as disclosed in Note 8 to the financial statements; and

(ii) corporate guarantee from the Company.

(d) Bankers' acceptance, revolving credit and term loans are secured by a negative pledge that imposes certain covenants on a subsidiary that has received the borrowings. The significant covenants of the bankers' acceptance, revolving credits and term loans are as follows:-

(i) A subsidiary's gearing ratio shall not exceed 0.6 times;

(ii) advances to related companies shall be capped at RM2,000,000; and

(iii) dividend declared by a subsidiary does not exceed 50% of the current year's profit after tax.

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22. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2017	2016
	RM	RM
Minimum hire purchase payments:		
- not later than 1 year	1,803,380	668,202
- later than 1 year and not later than 5 years	3,989,466	1,007,583
	5,792,846	1,675,785
Less: Future finance charges	(643,381)	(151,932)
Present value of hire purchase payables	5,149,465	1,523,853

	The Group	
	2017	2016
	RM	RM
Current (Note 21)		
Not later than 1 year	1,512,754	583,382
Non-current (Note 16)		
Later than 1 year and not later than 5 years	3,636,711	940,471
	5,149,465	1,523,853

(a) Included in hire purchase payables of the Group is an amount of RM4,971,666 (2016: RM1,325,215) secured by corporate guarantee from the Company.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 5.23% to 9.34% (2016: 5.23% to 12.66%). The interest rates are fixed at the inception of the hire purchase arrangements.

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23. TERM LOANS (SECURED)

	The Group	
	2017	**2016**
	RM	RM
Current (Note 21)		
Not later than 1 year	549,074	344,677
Non-Current (Note 16)		
Later than 1 year and not later than 2 years	587,144	370,011
Later than 2 years and not later than 5 years	2,017,255	1,479,783
Later than 5 years	4,229,811	2,742,333
	6,834,210	4,592,127
	7,383,284	4,936,804

(a) The term loans are secured in same manner as disclosed in Note 21 to the financial statements.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	**2017** RM	**2016** RM
Floating rate term loans	6.40 - 7.17	7,383,284	4,936,804

24. BANK OVERDRAFTS (SECURED)

(a) The bank overdrafts of the Group are secured by:-

(i) first party legal charge over the freehold land and buildings as disclosed in Note 8(e) to the financial statements; and

(ii) corporate guarantee from the Company.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rate of 7.65% per annum.

25. REVENUE

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Sale of goods	101,602,276	92,752,795	-	-
Dividend income	-	-	2,800,000	-
	101,602,276	92,752,795	2,800,000	-

26. (LOSS)/PROFIT BEFORE TAX

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
(Loss)/Profit before tax is arrived at after charging:-				
Auditors' remuneration				
- statuory audit fees				
- current financial year	110,317	115,973	26,000	23,000
- overprovision in the previous financial year	(2,000)	-	-	-
- non-statutory audit fees	5,800	5,500	4,000	4,000
Bad debts written off	19,168	-	-	-
Depreciation of property, plant and equipment (Note 8)	4,685,356	4,530,625	-	-
Directors' remuneration (Note 31(a))	1,036,794	1,962,078	271,242	285,355
Impairment loss on:				
- investments in subsidiaries (Note 7)	-	-	6,641,934	-
- property, plant and equipment (Note 8)	4,168,596	50,625	-	-
- trade receivables (Note 10)	852,754	798,965	-	-
- other receivables (Note 11)	943,427	-	-	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- bankers' acceptance	390,020	362,968	-	-
- bank overdraft	28,379	96,478	-	-
- hire purchases	256,378	136,294	-	-
- revolving credit	144,243	126,160	-	-
- term loans	323,726	205,960	-	-
- others	-	969	-	-

26. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
(Loss)/Profit before tax is arrived at after charging (Cont'd):-				
Inventories written down to net realisable value (Note 9)	44,594	560,101	-	-
Inventories written off (Note 9)	788,340	642,824	-	-
Loss on foreign exchange:				
- realised	8,258	16,634	4,016	-
- unrealised	-	594,232	-	-
Property, plant and equipment written off (Note 8)	228,126	1	-	-
Rental expenses on:				
- equipment	43,033	23,020	-	-
- premises	802,782	648,553	-	-
Staff costs (including other key management personnel as disclosed in Note 31)	26,210,183	24,518,570	-	-
and after crediting:-				
Dividend income from a subsidiary	-	-	2,800,000	-
Gain on disposal of property, plant and equipment	925,050	30,474	-	-
Gain on foreign exchange:				
- realised	89,484	256,682	-	-
- unrealised	558,251	-	-	-
Interest income	-	10,092	-	-
Rental income from premises	272	610,678	-	-
Reversal of impairment loss on trade receivables (Note 10)	176,418	625	-	-
Reversal of inventory written off (Note 9)	104,764	-	-	-

27. INCOME TAX EXPENSE/(INCOME)

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Income tax:				
- current tax	50,000	500,000	-	-
- under/(over) provision in the previous financial year	67,996	(21,830)	-	(166,262)
	117,996	478,170	-	(166,262)
Deferred tax (Note 17):				
- origination and reversal of temporary differences	252,917	(965,832)	-	-
- under/(over)provision in the previous financial year	10,900	(506,100)	-	-
	263,817	(1,471,932)	-	-
	381,813	(993,762)	-	(166,262)

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27. INCOME TAX EXPENSE/(INCOME) (CONT'D)

A reconciliation of tax (income)/ expense applicable to the (loss)/profit before tax at the statutory tax rate to tax expense/(income) at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
(Loss)/Profit before tax	(10,906,734)	1,992,097	(4,630,180)	(486,380)
Tax at the statutory tax rate of 24%	(2,617,616)	478,103	(1,111,243)	(116,731)
Tax effects of:-				
Non-deductible expenses	3,325,553	243,816	1,783,243	116,731
Non-taxable income	(939,619)	-	(672,000)	-
Utilisation of deferred tax assets previously not recognised	(272,947)	(1,330,957)	-	-
Deferred tax assets not recognised in current financial year	877,653	153,942	-	-
Effect of differential in tax rates of a subsidiary	(70,107)	(10,736)	-	-
Over/(Under)provision of income tax expense in the previous financial year	67,996	(21,830)	-	(166,262)
Over/(Under)provision of deferred tax in the previous financial year	10,900	(506,100)	-	-
Income tax expense/(income) for the financial year	381,813	(993,762)	-	(166,262)

28. (LOSS)/EARNINGS PER SHARE

	The Group 2017 RM	The Group 2016 RM
Basic		
(Loss)/Profit attributable to owners of the Company (RM)	(11,288,547)	2,985,859
Weighted average number of ordinary shares in issue	104,468,851	104,468,851
Basic (loss)/earnings per share (Sen)	(10.81)	2.86

The Company has not issued any diluted potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings per share.

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group 2017 RM	The Group 2016 RM
Cost of property, plant and equipment purchased (Note 8)	7,501,951	2,564,880
Amount financed through hire purchase	(4,619,843)	(449,365)
Cash disbursed for purchase of property, plant and equipment	2,882,108	2,115,515

30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group 2017 RM	The Group 2016 RM	The Company 2017 RM	The Company 2016 RM
Cash and bank balances	1,921,419	4,606,695	14,156	23,505
Bank overdraft (Note 24)	(589,982)	-	-	-
	1,331,437	4,606,695	14,156	23,505
Less: Bank balance restricted for usage	-	(870,000)	-	-
	1,331,437	3,736,695	14,156	23,505

In the previous financial year, the bank balance amounted to RM870,000 was earmarked by bank for issuance of guarantees in favour of a third party.

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- salaries, bonus and other benefits	553,832	789,034	-	-
Defined contribution benefits	211,720	66,339	-	-
	765,552	855,373	-	-
Non-executive Directors				
- fees	236,742	253,355	236,742	253,355
- other benefits	34,500	32,000	34,500	32,000
	271,242	285,355	271,242	285,355
	1,036,794	1,140,728	271,242	285,355
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonus and other benefits	-	790,000	-	-
Defined contribution benefits	-	31,350	-	-
	-	821,350	-	-
Total directors' remuneration (Note 26)	1,036,794	1,962,078	271,242	285,355

31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows (Cont'd):-

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Other Key Management Personnel				
Short-term employee benefits	4,543,969	4,292,895	-	-
Defined contribution benefits	418,446	461,546	-	-
Total compensation for other key management personnel (Note 26)	4,962,415	4,754,441	-	-

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company	
	2017	**2016**
	Number of Directors	
Executive Directors		
RM100,001 - RM150,000	1	-
RM200,001 - RM250,000	-	1
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	1	-
Non-executive Directors		
Below RM50,000	8	6
RM50,000 - RM100,000	1	1
	11	9

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32. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Company in which a director has substantial interest				
Loss on disposal of property, plant and equipment	-	11,525	-	-
Sales of plastic parts	540,988	-	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Plastic and tooling – involved in manufacture and sales of precision plastic injection moulded parts, secondary process, sub-assembly, full assembly of finished products, and tooling fabrication
- Food trading – wholesaler/retailer of foodstuff and consumer goods
- Others – investment holding

33. OPERATING SEGMENTS (CONT'D)

(a) The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transaction are eliminated on consolidation.

33.1 BUSINESS SEGMENTS

	Plastic and tooling RM	Food trading RM	Others RM	**Group** RM
2017				
Revenue				
External revenue	95,596,515	6,005,761	-	101,602,276
Inter-segment revenue	-	9,152	2,800,000	2,809,152
	95,596,515	6,014,913	2,800,000	104,411,428
Consolidation adjustments				(2,809,152)
Consolidated revenue				101,602,276
Results				
Segment (loss)/profit before interest and tax	(7,741,056)	(1,217,846)	2,785,611	(6,173,291)
Finance costs				(1,145,197)
Unallocated expenses				(7,430,180)
Consolidation adjustments				3,841,934
Consolidated loss before tax				(10,906,734)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Plastic and tooling RM	Food trading RM	Others RM	**Group** RM
2017				
Segment (loss)/profit before interest and tax includes the following:-				
Depreciation of property, plant and equipment	(4,497,953)	(187,403)	-	(4,685,356)
Gain on foreign exchange				
- realised	89,484	-	-	89,484
- unrealised	558,251	-	-	558,251
Gain on disposal of property, plant and equipment	(190,216)	1,115,266	-	925,050
Interest expense	(1,137,394)	(5,352)	-	(1,142,746)
Inventories written down	-	(44,594)	-	(44,594)
Inventories written off	-	(788,340)	-	(788,340)
Impairment of				
- trade receivables	(536,673)	(316,081)	-	(852,754)
- other receivables	(844,146)	(99,281)	-	(943,427)
- property, plant and equipment	(3,955,714)	(212,882)	-	(4,168,596)
Property, plant and equiment written off	(5,095)	(223,031)	-	(228,126)
Rental expense				
- equipment	-	(43,033)	-	(43,033)
- premises	(587,382)	(215,400)	-	(802,782)
Reversal of impairment of trade receivables	-	176,418	-	176,418
Reversal of inventories previously written down	104,764	-	-	104,764

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Plastic and tooling RM	Food trading RM	Others RM	**Group** RM
2017				
Assets				
Segment assets	97,634,940	4,977,909	43,026,214	145,639,063
Unallocated assets				
- other receivables, deposits and prepayments				227,414
- cash and bank balances				14,156
Consolidation adjustments				(44,676,338)
Consolidated total assets				101,204,295
Additions to non-current assets other than financial instruments is:				
- Property, plant and equipment	7,415,491	86,460	-	7,501,951
Liabilities				
Segment liabilities	55,297,034	4,156,564	29,898	59,483,496
Unallocated liabilities				
- other payables and accruals				451,855
Consolidation adjustments				(4,228,212)
Consolidated total liabilities				55,707,139

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33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Plastic and tooling RM	Food trading RM	Others RM	**Group** RM
2016				
Revenue				
External revenue	87,419,709	5,333,086	-	92,752,795
Inter-segment revenue	-	49,738	-	49,738
Total revenue	87,419,709	5,382,824	-	92,802,533
Consolidation adjustments				(49,738)
Consolidated revenue				92,752,795
Results				
Segment profit/(loss) before interest and tax	6,036,132	(2,755,709)	(14,999)	3,265,424
Finance costs				(944,496)
Unallocated expenses				(486,380)
Consolidation adjustments				157,549
Consolidated profit before tax				1,992,097
Segment profit before interest and tax includes the following:-				
Depreciation of property, plant and equipment	(4,341,217)	(189,408)	-	(4,530,625)
Gain on foreign exchange				
- realised	256,682	-	-	256,682
(Loss)/Gain on disposal of property, plant and equipment equipment	(11,522)	41,996	-	30,474
Interest expense	(853,070)	(75,759)	-	(928,829)
Interest income	116	9,976	-	10,092
Inventories written down	(241,373)	(318,728)	-	(560,101)
Inventories written off	-	(642,824)	-	(642,824)
Impairment of				
- trade receivables	-	(798,965)	-	(798,965)
- property, plant and equipment	(50,625)	-	-	(50,625)
Loss on foreign exchange				
- realised	-	(16,634)	-	(16,634)
- unrealised	(594,232)	-	-	(594,232)

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Plastic and tooling RM	Food trading RM	Others RM	**Group** RM
2016				
Results (Cont'd)				
Segment profit before interest and tax includes the following (Cont'd):-				
Rental expense				
- equipment	-	(23,020)	-	(23,020)
- premises	(520,053)	(128,500)	-	(648,553)
Rental income	610,678	-	-	610,678
Assets				
Segment assets	104,194,383	11,223,018	53,904,192	169,321,593
Unallocated assets				
- other receivables, deposits and prepayments				130,669
- cash and bank balances				23,505
Consolidation adjustments				(63,793,099)
Consolidated total assets				105,682,668
Additions to non-current assets other than financial instruments is:				
- Property, plant and equipment	2,432,513	132,367	-	2,564,880
Liabilities				
Segment liabilities	50,617,001	6,376,644	5,522,310	62,515,955
Unallocated liabilities				
- other payables and accruals				150,248
- amount owing to directors				955,208
Consolidation adjustments				(14,255,757)
Consolidated total liabilities				49,365,654

33. OPERATING SEGMENT (CONT'D)

33.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-current Assets	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Group				
Asia-pacific	20,445,919	13,646,602	-	3,563,761
Malaysia	78,903,440	75,054,340	50,321,329	48,510,244
Others	2,252,917	4,051,853	-	-
	101,602,276	92,752,795	50,321,329	52,074,005

33.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group's total revenue:-

	Revenue		Segment
	2017	**2016**	
	RM	RM	
Customer #1	20,967,072	21,893,987	Plastic and tooling
Customer #2	-	12,935,166	Plastic and tooling
Customer #3	-	11,560,739	Plastic and tooling
Customer #4	16,209,661	-	Plastic and tooling
	37,176,733	46,389,892	

34. CAPITAL COMMITMENT

	The Group	
	2017	**2016**
	RM	RM
Authorised and Contracted for		
Purchase of property, plant and equipment	280,000	543,463

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	SGD RM
2017		
Financial Assets		
Trade receivables	9,385,935	18,737
Cash and bank balances	260,196	59,338
	9,646,131	78,075
Financial Liabilities		
Trade payables	5,386,435	223,081
Other payables	5,432	39,923
	5,391,867	263,004
Currency Exposure	4,254,264	(184,929)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	USD RM	SGD RM
2016		
Financial Assets		
Trade receivables	7,546,469	21,525
Cash and bank balances	330,850	64,775
	7,877,319	86,300
Financial Liabilities		
Trade payables	2,671,702	136,529
Other payables	22,059	169,751
	2,693,761	306,280
Currency Exposure	5,183,558	(219,980)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the financial year, with all other variables held constant:-

	The Group 2017 RM	2016 RM
Effects on Profit After Tax		
USD/RM - strengthened by 16% (2016: 23%)	468,187	840,022
- weakened by 16% (2016: 23%)	(468,187)	(840,022)
SGD/RM - strengthened by 11% (2016: 15%)	(15,235)	(25,570)
- weakened by 11% (2016: 15%)	15,235	25,570
USD/IDR - strengthened by 5% (2016: 4%)	315,929	11,112
- weakened by 5% (2016: 4%)	(315,929)	(11,112)

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 16, 21, 23 and 24 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	The Group	
	2017	**2016**
	RM	RM
Effects on Profit After Tax		
Increase of 25 basis points (2016: 25 bp)	(30,606)	(21,417)
Decrease of 25 basis points (2016: 25 bp)	30,606	21,417

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 6 months, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of the subsidiary regularly and repayments made by the subsidiary.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2016: 4) customers which constituted approximately 35% (2016: 57%) of its trade receivables (including related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group	
	2017	**2016**
	RM	RM
Asia-pacific	6,762,882	3,541,395
Malaysia	20,414,690	16,875,900
Others	168,869	908,110
Total	27,346,441	21,325,405

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiary, representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material. As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

(iii) Ageing Analysis

The ageing analysis of trade receivables (including amount owing by related parties) is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Translation Differences RM	Carrying Amount RM
2017				
Not past due	20,180,182	-	-	20,180,182
Past due:				
- less than 3 months	6,090,512	-	-	6,090,512
- 3 to 6 months	925,471	(12,028)	(202)	913,241
- more than 6 months	1,565,901	(1,468,600)	(13,337)	83,964
- more than 1 year	263,039	(180,626)	(3,871)	78,542
	29,025,105	(1,661,254)	(17,410)	27,346,441

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis (Cont'd)

The ageing analysis of trade receivables (including amount owing by related parties) is as follows (Cont'd):-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
2016			
Not past due	14,282,724	-	14,282,724
Past due:			
- less than 3 months	5,363,665	-	5,363,665
- 3 to 6 months	821,779	-	821,779
- more than 6 months	844,326	(353,593)	490,733
- more than 1 year	997,829	(631,325)	366,504
	22,310,323	(984,918)	21,325,405

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2017						
Non-derivative Financial Liabilities						
Trade payables		14,911,298	14,911,298	14,911,298	-	-
Other payables and accruals		11,450,525	11,450,525	11,450,525	-	-
Bankers' acceptance	4.55 - 4.62	6,296,499	6,296,499	6,296,499	-	-
Revolving credit	5.51 - 5.73	5,000,000	5,000,000	5,000,000	-	-
Hire purchase payables	5.23 - 9.34	5,149,465	5,792,846	1,803,380	3,989,466	-
Term loans	6.40 - 7.17	7,383,284	9,749,866	1,056,732	4,226,928	4,466,206
Bank overdraft	7.65	589,982	589,982	589,982	-	-
		50,781,053	53,791,016	41,108,416	8,216,394	4,466,206

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2016						
Non-derivative Financial Liabilities						
Trade payables		11,460,134	11,460,134	11,460,134	-	-
Other payables and accruals		12,462,453	12,462,453	12,462,453	-	-
Amount owing to directors		4,807,551	4,807,551	4,807,551	-	-
Bankers' acceptance	4.79 - 5.41	7,320,447	7,320,447	7,320,447	-	-
Revolving credit	5.63	2,000,000	2,000,000	2,000,000	-	-
Hire purchase payables	5.23 - 12.66	1,523,853	1,675,785	668,202	1,007,583	-
Term loan	7.35	4,936,804	6,957,398	707,532	3,028,562	3,221,304
		44,511,242	46,683,768	39,426,319	4,036,145	3,221,304

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2017			
Non-derivative Financial Liabilities			
Other payables and accruals	451,855	451,855	451,855
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	27,229,708	27,229,708
	451,855	27,681,563	27,681,563
2016			
Non-derivative Financial Liabilities			
Other payables and accruals	150,248	150,248	150,248
Amount owing to directors	955,208	955,208	955,208
Amount owing to subsidiaries	3,359,136	3,359,136	3,359,136
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	17,733,566	17,733,566
	4,464,592	22,198,158	22,198,158

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in since their fair value on initial recognition were not material.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debts divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2017	**2016**
	RM	RM
Bankers' acceptance (Note 21)	6,296,499	7,320,447
Revolving credit (Note 21)	5,000,000	2,000,000
Hire purchase payables (Note 22)	5,149,465	1,523,853
Term loans (Note 23)	7,383,284	4,936,804
Bank overdraft (Note 24)	589,982	-
	24,419,230	15,781,104
Less: Cash and bank balances	(1,921,419)	(4,606,695)
Net debt	22,497,811	11,174,409
Total equity	45,497,156	56,317,014
Debt-to-equity ratio	49.45%	19.84%

There was no change in the Group's approach to capital management during the financial year.

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35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 10)	27,346,441	21,325,405	-	-
Other receivables and deposits (Note 11)	1,125,438	1,895,566	1,000	1,000
Amount owing by subsidiaries (Note 12)	-	-	741,596	2,829,975
Cash and bank balances	1,921,419	4,606,695	14,156	23,505
	30,393,298	27,827,666	756,752	2,854,480
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 18)	14,911,298	11,460,134	-	-
Other payables and accruals (Note 19)	11,450,525	12,462,453	451,855	150,248
Amount owing to directors (Note 20)	-	4,807,551	-	955,208
Amount owing to subsidiaries (Note 12)	-	-	-	3,359,136
Bankers' acceptances (Note 21)	6,296,499	7,320,447	-	-
Revolving credit (Note 21)	5,000,000	2,000,000	-	-
Hire purchase payables (Note 22)	5,149,465	1,523,853	-	-
Term loans (Note 23)	7,383,284	4,936,804	-	-
Bank overdraft (Note 24)	589,982	-	-	-
	50,781,053	44,511,242	451,855	4,464,592

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1	Level 2	Level 3	**Total Fair Value**	**Carrying Amount**
The Group	RM	RM	RM	RM	RM
2017					
Financial Liabilities					
Hire purchase payables	-	5,215,145	-	5,215,145	5,149,465
Term loans	-	7,383,284	-	7,383,284	7,383,284
2016					
Financial Liabilities					
Hire purchase payables	-	1,630,207	-	1,630,207	1,523,853
Term loans	-	4,936,804	-	4,936,804	4,936,804

Fair Value of Financial Instruments not Carried at Fair Value

(a) The fair values of the Company's term loans that carry floating interest rates approximately their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(b) The fair values of hire purchase payables and term loan are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2017	**2016**
	%	%
Hire purchase payables	4.10 - 8.69	2.39 - 12.66
Term loans	6.40 - 7.17	7.35

36. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED (LOSSES)/PROFITS

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised (losses)/profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		**The Company**	
	2017	**2016**	**2017**	**2016**
	RM	RM	RM	RM
Total (accumulated losses)/ retained profits:				
- realised	8,484,389	32,986,819	(2,375,949)	2,254,231
- unrealised	(3,744,821)	(5,423,026)	-	-
	4,739,568	27,563,793	(2,375,949)	2,254,231
Less: Consolidation adjustments	(18,236,209)	(32,640,979)	-	-
At 31 March	(13,496,641)	(5,077,186)	(2,375,949)	2,254,231

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

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		2017 RM	2016 RM
REVENUE		2,800,000	-
LESS: EXPENSES			
Administrative expenses	(SCHEDULE A)	784,230	486,380
Other operating expenses	(SCHEDULE B)	6,645,950	-
		7,430,180	486,380
LOSS BEFORE TAX		(4,630,180)	(486,380)

This statement is prepared for management purposes only and does not form part of the audited financial statements of the Company.

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

DETAILED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017 RM	2016 RM
SCHEDULE A		
ADMINISTRATIVE EXPENSES		
Advertisement	2,964	42,617
Annual listing fee	1,667	20,000
Audit fee	26,000	23,000
Bank charges	118	72
Directors' fees	236,742	253,355
Directors' other emoluments	34,500	32,000
Insurance	18,749	25,001
Legal and professional fees	295,352	32,501
Newspaper and magazine	-	2,964
Office expenses	2,800	-
Penalty	732	4,462
Postage and courier charges	27,866	6,796
Printing and stationery	30,579	4,726
Registration fee	957	7,719
Secretarial fee	14,750	20,013
Seminar fee	1,717	-
Staff welfare	1,772	-
Transportation	200	-
Travelling expenses	6,863	9,039
Telephone and fax charges	1,213	1,151
Upkeep of computer software	78,689	964
	784,230	486,380
SCHEDULE B		
OTHER OPERATING EXPENSES		
Allowance for impairment losses on investment in subsdiaries	6,641,934	-
Loss on foreign exchange - realised	4,016	-
	6,645,950	-

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