Denko Industrial Corporation Berhad

(Company No. : 190155-M)

Annual Report 2016

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ong Soon Ho	Non-Independent Non-Executive Chairman
Tan Chen Wei	Executive Director cum Group Chief Executive Officer
Dato' Ong Choo Meng	Non-Independent Non-Executive Director
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	Senior Independent Non-Executive Director
Yoong Nim Chor	Independent Non-Executive Director
David Yaory	Independent Non-Executive Director
Ong Wei Liam @ Jeremy Ong (Appointed 18 May 2015)	Independent Non-Executive Director

COMPANY SECRETARIES

Woo Min Fong (MAICSA 0532413)
Wong Chee Yin (MAICSA 7023530)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

REGISTERED OFFICE

TRICOR CORPORATE SERVICES SDN BHD
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau, 80300 Johor Bahru
Tel : 07-3322088 Fax : 07-3328096

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
Malaysia.
Tel: +6(03) 2783 9299 Fax: +6(03) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

COMPANY'S WEBSITE

www.denko.com.my

PRINCIPAL BANKERS

Alliance Islamic Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad

SOLICITORS

YH Teh & Quek

AUDITOR

Crowe Horwath
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1, Kota Southkey,
80150, Johor Bahru, Johor.

CHAIRMAN'S STATEMENT

Dear valued shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and Financial Statements of Denko Industrial Corporation Berhad for the financial year ended 31 March 2016 ("FY16").

REVIEW OF PERFORMANCE

OPERATING ENVIRONMENT

Malaysia's economic growth lost momentum in calendar year 2015 registering a lower GDP of 4.9%. This is nevertheless a respectable growth considering the weak and uneven global economic recovery. The primary reasons for the lower GDP were the combination of both domestic and international factors. On the domestic front, in line with the experience of the countries preceding Malaysia, the introduction of a local 6% Goods and Services Tax (GST) on 1 April 2015 expectantly dampened domestic demand. As crude oil is a key export of Malaysia, the collapse of the global crude oil prices significantly affected the Oil and Gas Industry in the country, dampening domestic demand further and also had a significant adverse impact on the Government's tax revenue. The reversal of Quantitative Easing in the United States of America coupled with the aforementioned factors caused a capital flight amongst emerging countries resulting in Ringgit Malaysia ("RM") emerging as the worst performing currency against the United States Dollar ("USD") in calendar 2015.

The significant depreciation of RM was a bonus for Malaysian exporters as there was large increase in demand for Malaysian manufactured products. The Company's principal operating subsidiary Winsheng Plastic Industry Sdn Bhd ("WSP") was also a beneficiary as it is an indirect exporter; supplying plastic parts to its multinational customers who are the exporters. Apart from plastic parts, WSP's tool fabrication business also increased due to improved international competitiveness as it mainly trades in RM.

FINANCIAL REVIEW

Against the backdrop of major uncertainties in both the domestic and international sectors, I am rather pleased to report that in FY16 Denko Group continued to perform strongly.

- Group Revenue continues to grow strongly by RM13 million (+16%) to RM93 million (FY15: RM80 million). The key contributor is the Group's Manufacturing Division which increased its revenue by 24% to RM88 million (FY15: RM71 million). This strong contribution was offset by the 41% reduction in the revenue generated by the Group's Trading Segment to RM5.4 million (FY15: RM9.1 million) as the latter continues with its right-sizing strategy to exit both unprofitable product range and markets; and

- There was an decrease in Group Profit Before Tax ("PBT") of RM300,000 (-13%) to RM2 Million (FY15: RM2.3 million). Due to contribution from the higher margin Tool Fabrication Sub-Segment, the Group's Manufacturing Division reported a sterling 65% increase in PBT to RM5.1 million (FY15: RM3.1 million). The Group's Trading Division however continues to perform poorly. It increased its Losses Before Tax by 40% to a Loss of RM 2.8 million (FY15: Loss of RM2 million).

The sustained growth in both the Group's Revenue and Profitability are the direct result of the Group's Transformation Program instituted by your Board of Directors dating to the last quarter of calendar 2011. The strategic alignment of the Group's core competencies in its Manufacturing Division combined with investment in Plant and Equipment and Human Resources to drive better efficiency and productivity has borne fruits for our shareholders. As a result, Denko Group is now more pro-active, agile and resilient to meet changing market demands. The combination of these factors has enabled the Group to develop more depth in its competitive edge.

CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE GOVERNANCE

The Board of Directors is committed to continuously ensuring the key principles of integrity, transparency and accountability are in place in all of its dealings internally and with third parties. The Group has and will continue to improve and align its internal controls with the best practices recommended in the Malaysian Code on Corporate Governance 2012.

AWARDS AND CERTIFICATION

With our commitments toward Quality Excellence and Continuous Improvement, our wholly owned subsidiaries; WSP and Lean Teik Soon Sdn Bhd ("LTS") both have successfully maintained and renewed all their distinctive ISO certifications. In addition, periodical review and enhancements to the existing Business Policy and Procedures are constantly planned and executed for continuous improvement.

The Group's footprint in Indonesia, PT Winsheng Plastic and Tooling ("PTWSP"), has been accredited with ISO 9001:2008 and ISO 14001:2004 in September 2015.

DIVIDENDS

While the Group has fully recovered from the substantial losses incurred in FY12 and have since been profitable for three (3) out of the last four (4) years, out of commercial prudence your Board is not recommending a dividend for FY2016. This is because the Group's manufacturing business is on a growth trajectory and your Board is conserving the Group's cash flows in case we have to internally finance the projected increased business in terms of capital expenditure and attendant working capital. This is premised on your Board's view that the current uncertainties and volatility in the global economy may lead to reduced bank lending to companies like Denko Group.

PROSPECTS AND BUSINESS OUTLOOK

The global crude oil price has bottomed and a price recovery is underway which is good news for the Malaysian economy. However, the Brexit vote is casting a major shadow on the future of global trade and investment. We can expect continued volatility across all segments and sectors of the global markets for some time yet as the United Kingdom has up to two (2) years to formalize its exit from the European Community.

Notwithstanding the many current and emerging challenges, your Board is cautiously expecting FY17 to be another good year for the Group. With the continued strong support from our established portfolio of customers, our Manufacturing Division is expected to continue to anchor our growth trajectory. Some of the positive developments at this Division include:

- The continuous and strong demand for plastic parts and tool fabrication from its existing clientele.

- The Division had traditionally been providing sub-assembly services to its customers. This is set to change as WSP recently achieved a major milestone when it supplied fully assembled finished products to a customer. The Division aims to capitalize on the experience gained from providing this valued added service and will market it to its other current and prospective customers.

CHAIRMAN'S STATEMENT (CONT'D)

PROSPECTS AND BUSINESS OUTLOOK (CONT'D)

- The Division recently commenced supply of plastic parts to a leading global automotive supplier based in the United States of America.
- Having obtained its ISO certifications, PTWSP in Indonesia is now well set to contribute to the Group's Revenue in FY17.
- Going forward your Board will continue to work diligently to reduce the losses at the Group's Trading Division. The appointment of LTS as the confectionery licensee for a popular Malaysian animated character series augurs well for the recovery of this Division. This licensing arrangement will synergize with LTS's option. In addition, it has also recently obtained approved supplier status to a Malaysian Government Agency which owns 193 grocery retail outlets.

On the domestic front, the Government gazetted 11% increase in the local minimum wages that took effect on 1 July 2016. The additional ancillary costs resulting from this higher wage cost base will translate to an effective 13% - 15% increase in the total wage costs. Your Board will be working with Management to further increase efficiency and productivity to partly offset this additional operating costs. Increased automation of the production processes to reduce the labour content will undoubtedly be a major focus of our forward planning.

APPRECIATION

Our staff are our greatest asset. We are focused on retaining and developing a diversified talent pool who share the Group's core values and strategic goals.

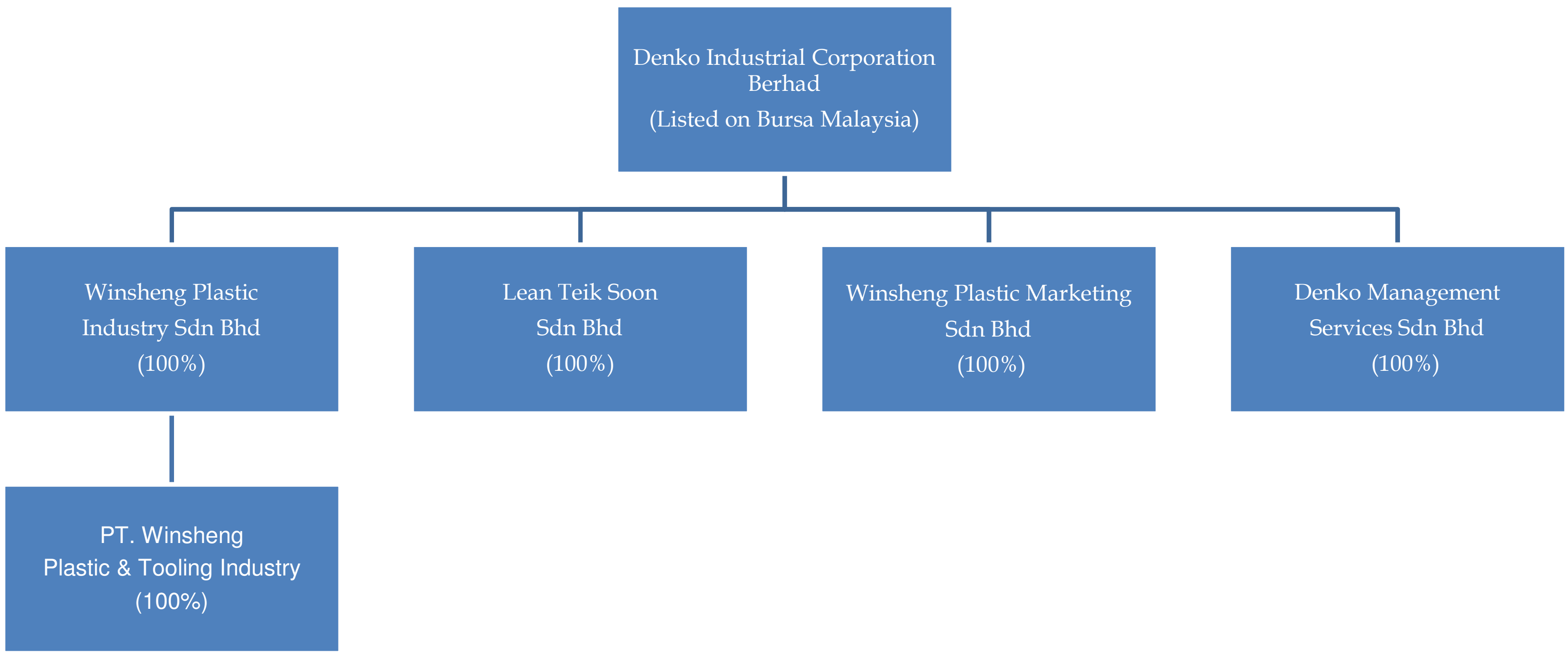
I would like to thank everyone in the Group; both past and present for their contribution towards our Group's success in FY16. I look forward to your continuous support into the future.

On behalf of the Board, Management and Staff of the Group, I wish to extend our utmost appreciation to our former Senior Independent Non-Executive Director and Audit Committee Chairman Mr. Thoolasy Das Ponniah, who retired at our last Annual General Meeting, for his leadership and exemplary contribution to the Company over a 12 years period. We also extend our best wishes for his continued good health during his well earned and well deserved retirement.

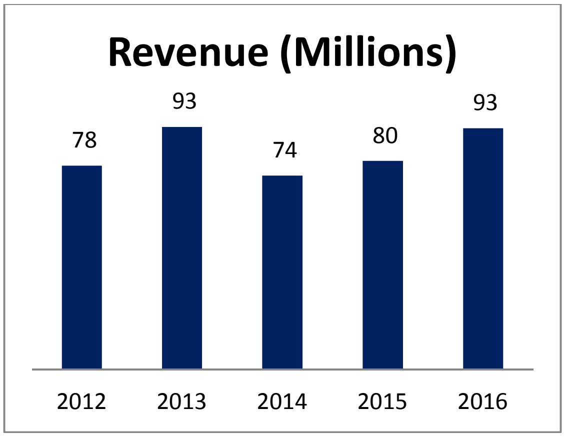
My sincere appreciation also goes to our valued customers, business associates, shareholders, financiers and the authorities for their continuous support and confidence in the Group.

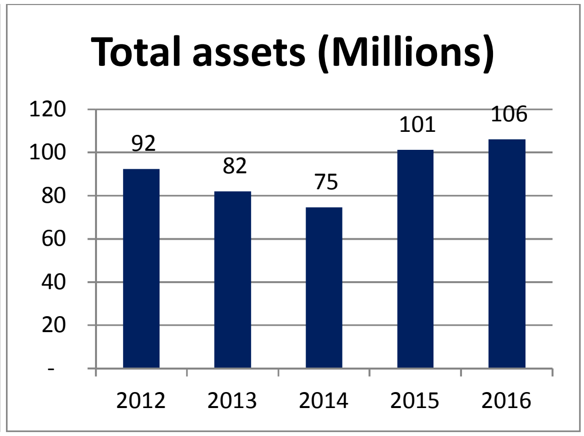
Dato' Ong Soon Ho
Non-Independent Non-Executive Chairman

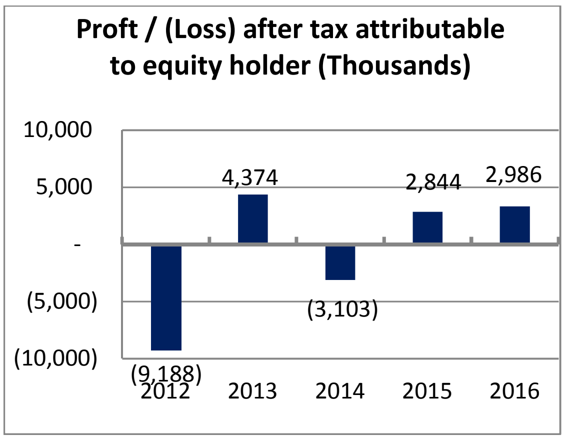
GROUP STRUCTURE

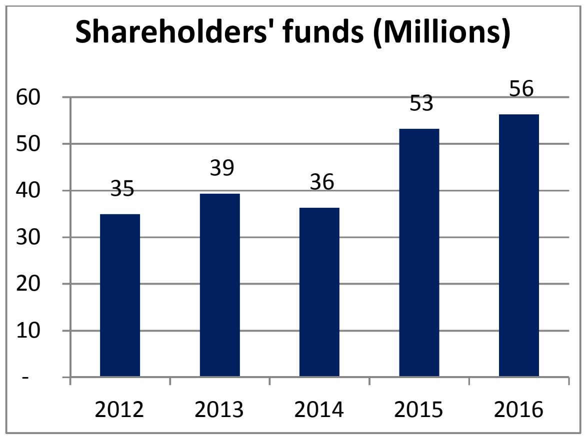


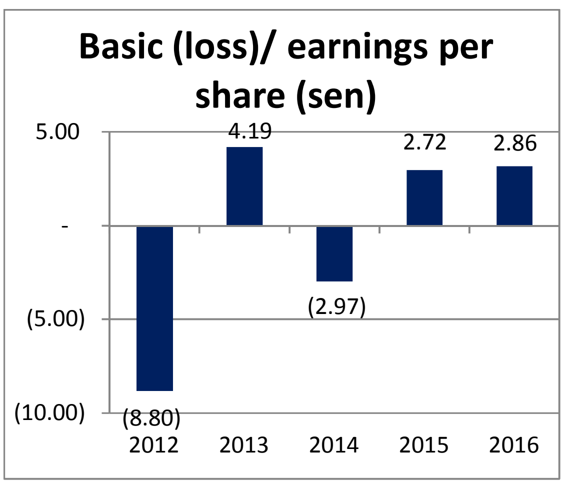
FINANCIAL HIGHLIGHTS (RM)

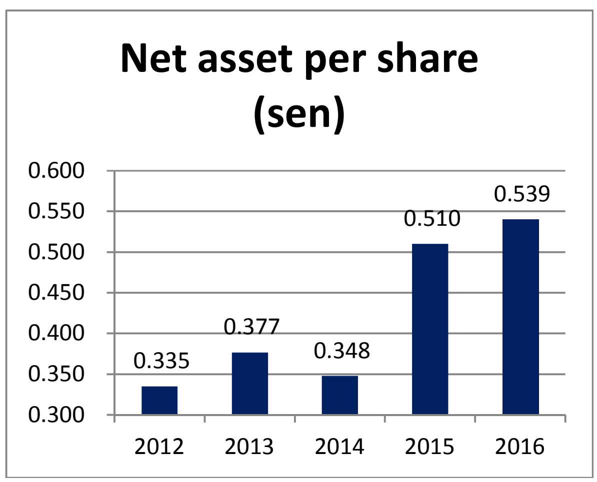












PROFILE OF THE BOARD OF DIRECTORS

Dato' **ONG** Soon Ho
Aged 69, Malaysian – Non-Independent Non-Executive Chairman
Gender: Male

Dato' Ong was appointed to the Board on 20 October 2011. He holds a Bachelor Degree in Plant Pathology and Entomology from the National Taiwan University, and subsequently graduated with a Master Degree in Mycology from the University of Aberdeen, Scotland, United Kingdom.

After a ten (10) years career in the crop protection industry with multinational corporations, he was the founder of Hextar Chemicals Sdn Bhd ("Hextar") in 1985 as a trader of pesticides. Today, Hextar Group is a manufacturer and a leading supplier of pesticides and fertilizers in the local market and exports to more than thirty (30) countries, holding over 500 product registrations from the relevant regulatory authorities from around the world. It has offices in six (6) other countries and factories operating in Malaysia, Indonesia and Pakistan.

Dato' Ong is the Non-Executive Chairman of Hextar Group of Companies and is a substantial shareholder of the Company. He also sits on the board of several private limited companies.

He is the father of Dato' Ong Choo Meng, a Non-Independent Non-Executive Director of the Company.

TAN Chen Wei
Aged 39, Malaysian - Executive Director cum Group Chief Executive Officer
Gender: Male

Mr. Tan was appointed to the Board on 30 September 2011. He graduated with a Bachelor of Business from Griffith University, Australia in 2000.

In 2002, he joined Deluxe Brickworks Sdn Bhd; a manufacturer of common clay bricks for the local construction industry. Mr. Tan spearheaded the Deluxe Group's expansion from the sole plant at Raub, Pahang by acquiring two (2) additional brick manufacturing plants in Jenjarom, Selangor and one (1) in Muar, Johor.

Mr. Tan is a substantial shareholder of the Company. He also sits on the board of several private limited companies.

He was appointed Group Chief Executive Officer on 14 September 2015.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

Dato' **ONG** Choo Meng
Aged 38, Malaysian – Non-Independent Non-Executive Director
Gender: Male

Dato' Ong was appointed to the Board on 30 September 2011. He graduated from the Royal Melbourne Institute of Technology, Australia in 2001 with a Bachelor Degree in Business, majoring in Economics and Finance.

He joined Hextar Chemicals Sdn Bhd in 2002 as Executive Director and is currently the Group Managing Director of Hextar Group (since 2010). Dato' Ong was the driving force behind the Group's horizontal and vertical expansion via organic growth and acquisition. Apart from producing pesticides, Hextar has also expanded its capabilities by diversifying into producing fertilizers, specialty and oilfield chemicals and also distribution of industrial chemicals for use in a range of industries. Hextar Group is currently a leading supplier of Branded Pesticides and Branded NPK Fertilizers in the local market and distributes over 550 different products to more than thirty (30) countries.

Dato' Ong is a substantial shareholder of the Company. He also sits on the board of several private limited companies.

He is a member of the Remuneration Committee and the son of Dato' Ong Soon Ho, the Non-Independent Non-Executive Chairman of the Company.

Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai
Aged 61, Malaysian – Senior Independent Non-Executive Director
Gender: Male

Tan Sri Dato' Seri Tan was appointed to the Board on 27 December 2010. He is a member of the Institute of Certified Public Accountants, Ireland and is a former President of Malaysian Association of Company Secretaries. He has over thirty-three (33) years of working experience in the fields of auditing, accounting and corporate finance. He is also the President of 1 Malaysia Entrepreneur Association of Penang.

He is a director of the following companies listed on Bursa Malaysia Securities Berhad:

- Muar Ban Lee Group Berhad
  Executive Director/Finance Director

- Pensonic Holdings Berhad
  Executive Director

- SWS Capital Berhad
  Deputy Executive Chairman since 23 December 2015

Tan Sri is a Senior Independent Non-Executive Director of Unimech Group Berhad since 2000 and resigned on 5 July 2016.

He sits on the board of several private limited companies.

He is the Chairman of the Nominating Committee and is a member of the Remuneration Committee.

He was appointed as Chairman of the Audit Committee and re-designated as Senior Independent Non-Executive Director on 16 November 2015.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

YOONG Nim Chor
Aged 58, Malaysian - Independent Non-Executive Director
Gender: Male

Mr. Yoong was appointed to the Board on 20 October 2011. He graduated with a Bachelor of Laws, Honours (Second Class, Upper Division) from National University of Singapore in 1981. He was admitted as Advocate and Solicitor of the Supreme Court of Singapore in 1982, Advocate & Solicitor of the High Court of Malaya in 1994, and as Solicitor of England & Wales in 1995.

He is currently a Senior Partner of Messrs Yoong & Partners in Malaysia and a Consultant with Messrs UniLegal LLC in Singapore. He specialises in corporate and securities laws, mergers and acquisitions, corporate finance, corporate restructuring, financing laws, as well as litigation and dispute management.

Mr. Yoong is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nominating Committees.

David **YAORY**
Aged 46, Indonesian - Independent Non-Executive Director
Gender: Male

Mr. Yaory was appointed to the Board on 1 February 2013. He attended University of New South Wales under an Australian Government Scholarship where he graduated from the School of Economics with Bachelor of Economics and the School of Manufacturing and Mechanical Engineering with Bachelor of Engineering Degree. He also graduated with a Master of Business Administration (MBA) from University of Michigan.

He joined McKinsey & Company after obtaining his MBA. In 2001, he was the founder of PT Dharma Guna Wibawa with principal activities involving Research & Development, Manufacturing, Marketing and Distribution of agrochemical products, fertilizers and seeds.

He also sits on the board of several private limited companies.

PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

Ong Wei Liam @ Jeremy **Ong**
Aged 38, Malaysian - Independent Non-Executive Director
Gender: Male

Mr. Jeremy Ong was appointed to the Board on 18 May 2015. He graduated with a Bachelor of Commerce from The University of Queensland in Brisbane Australia in 2002. He is six-sigma qualified and a graduate of General Electric Co.s (GE) Financial Management Program (FMP), widely considered to be the premier entry program of its kind with more than 100 years of history. He also graduated from GEs Corporate Audit Staff (CAS), a prestigious leadership development organisation that focusses on developing leaders of GE, supporting worldwide reviews of critical and strategic operations, controllership, financial integrity, compliance and key policies of the company.

His services within global corporations such as GE and IMI, provide him with valuable cross cultural management experience in various countries and industries notably GE Aviation, GE Oil & Gas, GE Energy and IMI's Control Components Inc. among others and in multiple locations in the United States, United Kingdom, Canada, France, Hungary, China, Japan, India, Thailand, Philippines and most recently Singapore before returning to Malaysia.

He held positions of increasing responsibility, including Financial Planning and Analysis Leader for GE Aviation and Transportation Asia, Supply Chain Finance Leader for GE Oil & Gas (Drilling and Productions) Asia, Chief Financial Officer for GE Global Ops Finance Asia, Chief Financial Officer for Control Components Inc. Asia (an IMI Severe Service Company) and Group Chief Operating Officer for Hextar Group of Companies.

Currently, he is the Managing Director for Civil Tech Resources based in Malaysia. He is also the Director of BBN Corporation Ltd and Hotel Sentral Management Group.

He was appointed as member of the Nominating Committee on 27 July 2015.

He was also appointed as member of both the Remuneration Committee and Audit Committee on 24 August 2015.

Note:
Saved as disclosed, none of the Directors have:
(a) Any family relationship with any Director and/or major shareholder of the Company.
(b) Any conviction for offence (other than traffic offences) within the past 10 years.
(c) Any conflict of interest with the Company.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ('the Board") of Denko Industrial Corporation Berhad ("Denko" or "the Company") observes Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and ensures that the highest standards of corporate governance are practiced throughout the Denko Group of companies ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This Corporate Governance Statement ("Statement") sets out how the Company has applied the 8 Principles ("Principles") of MCCG 2012 and observed the 26 Recommendations supporting the Principles during the financial year under review. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and its subsidiaries ("the Group") and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Group, addressing the sustainability of the Group's businesses;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communication policy; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

(i) The Board and Board Balance

The Board has overall responsibility for strategic planning and direction, setting the corporate goals, organising resources, monitoring the achievement of goals and identifying critical business risks. The Board assumes full responsibility for the overall performance of the Company and its subsidiaries by providing leadership and direction as well as management supervision. It also lays down the appropriate policies for managing the related risks to ensure that good internal control is in place for operational efficiency and effectiveness of the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

(i) The Board and Board Balance (cont'd)

The Board consists of seven (7) members comprising one (1) Executive Director, and six (6) Non-Executive Directors. Four (4) of the seven (7) Directors are Independent Non-Executive Directors. The Board has complied with Paragraph 15.02 (1) of the Listing Requirements of Bursa Malaysia Securities Berhad that at least two or one-third of the Board, whichever is the higher is represented by Independent Non-Executive Directors who are independent of management, thereby ensuring independence in the Board deliberation and decision-making. Given the scope of responsibilities for managing the Group's business operations, the Board considers its current composition and size are adequate.

Whilst the Board acknowledges the general call for and support gender diversity in a board's composition, the Board believes that appointment of board members, regardless of gender, should be based on experience, character, integrity and competence as these are the essential criteria for an effective Board.

The profile of the Directors is set out at page 7 to 10 of this Annual Report.

The Directors combined in them have expertise and experience in various fields. Their expertise, experience and background result in thorough examination and deliberation of the various issues and matters affecting the Group. There is a clear division of responsibility between the Chairman and the Executive Director to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. The Board is responsible for the overall strategic direction of the Group and the leadership of the Chairman is to ensure effectiveness of the Board while the Executive Director manages the Group's day-to-day activities in achieving corporate and business objective. The Independent Non-Executive Directors are not employees and do not take part in the daily management and the day-to-day operations of the Group. However, they bring an outside perspective and assist to develop proposals on strategy, assess the performance of Management in achieving goals and objectives, and monitor the risk profile of the Group's businesses. They provide independent views, advices and judgments and take into account the interests of the Group and the various stakeholders including but not limited to shareholders, employees, customers, suppliers and other communities in which the Group conducts its business, and their presence brings an additional element of balance on the Board.

Key matters reserved for the Board's approval include the overall strategic direction of the Group, the annual operating and capital expenditure budgets, dividend policy, expansion of core business, organizational structure, capital management e.g. issuance of new securities and ensuring that there is a sound system of internal control and risk management in place.

The Board had also adopted the recommendations of MCCG 2012 that where the Chairman of the Board is not an Independent Director, the Board must comprise a majority of Independent Directors. Therefore, four of the seven members on the board are Independent. Nevertheless, the Board will review and evaluate the appropriateness of the composition and size of the Board from time to time. Whilst the Board is responsible for creating the framework and policies within which the Group should be operating, Management is responsible for instituting compliance with laws, regulations, rules, directives and guidelines, including the achievement of the Group's corporate objectives. This demarcation of roles both complements and reinforces the supervisory role of the Board.

The Board has a formal schedule of matters specifically reserved to it for decision. Such matters include the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure, consideration of significant financial matter and monitoring the financial and operating performance of the Group. This arrangement enables the direction and control of the Group to be firmly in the Board's hand.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

(i) The Board and Board Balance (cont'd)

The role and function of the Board, which includes the differing roles of the Executive Director and Non-Executive Directors as well as the schedule of matters reserved for the Board, are clearly delineated in a Board Charter. The Board Charter was updated in June 2016 and is available on the Company's website at www.denko.com.my.

(ii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact of the Group's business on the environmental, social and governance aspects is taken into consideration.

The Group's activities on Corporate Social Responsibilities for the financial year under review are disclosed on page 30 to 32 of this Annual Report.

(iii) Code of Conduct

The Board recognises the need to formalise and commit to ethical values through a Code of Conduct and ensures the implementation of appropriate internal systems to support, promote and ensure its compliance.

Therefore, the Group has formulated and established a Code of Conduct in its Employee Handbook.

There are acts or omissions stipulated in the Code of Conduct as offences for which an employee is liable to be disciplined and be given warning accordingly. These include failure of observing or not observing scheduled hours of work, quarrelling while on Company's premises, leaving work place without permission during working hours, obtain leave of absence by fraud, unauthorised use of Company's assets, using improper language, refusal to carry out assigned work, failure to wear the Company uniform, create fake documents at the security gate for Company's property being removed or returned, create fake documents at the security gate for entering/while on/or when leaving the Company premises, smoking in prohibited area, excessive tardiness, excessive sick leave, littering in the Company's premises, having food in the working area during working hours and sleeping on purpose during working hours.

Besides, the Employee Handbook has also stipulated acts or omissions that will be treated as major misconduct for which an employee may be subjected to immediate dismissal from the Company's employment with loss of all benefits due to him/her. These include stealing from Company's premises any item or items belonging to the Company, offering to accept any gratification whatsoever in order to gain unauthorised favor from vendor or client, willfully damaging Company's property or employee, obstructing Company employees, possession of any lethal weapon, willful destruction of any Company's document, negligence leads to production loss, absence for more than two working days consecutively without prior approval, misconduct which is harmful to the Company, willfully slowing down to create termination, the accumulation of three warnings or suspension from work, bringing intoxicating liquor, disturbing, molesting or attempting to molest, gambling in the premises, insubordination, unauthorized gathering, cheating the Company, drugs abuse, criminal charges, leaking Company's confidential information, involvement in private business, scanning another employee's card and abetting any employee to commit any act of misconduct stated in the handbook.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

(iv) Access to Information and Advice

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, Board members have full and unrestricted access to all information pertaining to the Group's businesses and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.

Directors have unrestricted access to the advices and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary constantly keeps himself abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training. The removal of the Company Secretary is a matter for the Board as a whole to decide.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

As at the date of this Statement, the Board consists of seven (7) members comprising one (1) Executive Director and six (6) Non-Executive Directors of which four (4) are Independent Directors. The profile of each Director is set out on pages 7 to 10 of this Annual Report. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as entrepreneurship; finance; taxation; accounting and audit, legal and economics.

(i) <u>Audit Committee</u>

The Audit Committee is charged with the responsibility to conduct a formal, transparent and independent review on the financial reporting, risk management, internal control and governance processes. The Committee meets periodically to carry out its functions and duties pursuant to its terms of reference and has unrestricted access to the internal and external auditors and members of the Management.

The composition of the Committee, the attendance of its members at Committee Meetings, its terms of reference and its activities for the financial year under review are disclosed in the Audit Committee Report furnished on pages 37 to 42 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(ii) Nominating Committee

Selection and Assessment of Directors

The Board conducts an assessment on the performance of the Board, as a whole, based on a self-assessment approach. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board considers and approves recommendations by the Nominating Committee on the re-election and re-appointment of Directors at the Company's Annual General Meeting. The Nominating Committee was established as the Board recognises the importance of the role the Nominating Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance of which the Nominating Committee can assist the Board to discharge its fiduciary and leadership functions.

As at the date of this Statement, the Nominating Committee comprises the following members all of whom are Independent Non-Executive Directors with the meeting attendance as below:

	Designation	Meetings Attended
Chairman		
Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai	Senior Independent Non- Executive Director	4/4
Members		
YOONG Nim Chor	Independent Non- Executive Director	3/4
ONG Wei Liam @ Jeremy **ONG** (*appointed 27 July 2015)*	Independent Non- Executive Director	2/2
Former Member		
Thoolasy Das Ponniah (*retired on 21 September 2015*)	Senior Independent Non- Executive Director	3/3

Appointment/ Composition

- The Nominating Committee members shall be appointed by the Board.
- The Nominating Committee shall consist of not less than three (3) members.
- The majority of the Nominating Committee members shall be Independent Non-Executive Directors.
- The Chairman of the Nominating Committee must be an Independent Non-Executive Director and shall be appointed by the Board. In the absence of Chairman of the Nominating Committee, the remaining members present shall elect one of their members to chair the meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(ii) Nominating Committee (cont'd)

Meetings

- The Nominating Committee shall meet at least once per year unless otherwise determined by the Nominating Committee. The Nominating Committee shall provide the schedule of Nominating Committee meetings to the Board. The quorum of the Nominating Committee meeting shall be at least two (2) members and comprise a majority of Independent Non-Executive Directors.

- Special meetings may be convened as required. The Nominating Committee, or its Chair, shall report to the Board on the results of these meetings, The Nominating Committee may invite to its meetings other Directors, Management and such other persons as the Nominating Committee deems appropriate in order to carry out its responsibilities.

Authority

- The Nominating Committee is authorised by the Board to carry out its duties mentioned above and the other Directors and employees of the Group are required to give full assistance to the Nominating Committee in discharging their duties. In addition, the Nominating Committee is also authorised to seek external professional expertise when required.

Duties and responsibilities

- Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. Consider candidates from a wide range of backgrounds and look beyond the "usual suspects";

- Review the structure, composition and size of the Board and determine the criteria for membership on the Board, which may include, among other criteria, issues of character, judgment, independence, gender diversity, age, expertise, corporate experience, length of service, other business commitments and the like;

- Evaluate the balance of skill, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director;

- Review the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties;

- Evaluate the performance of individual members of the Board, eligibility for re-election, and select, or recommend for the selection of the Board, the Director nominated for election to the Board by the shareholders at each Annual General Meeting;

- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(ii) Nominating Committee (cont'd)

Duties and responsibilities (cont'd)

- Periodically review the composition of each Board Committee and make recommendations to the Board for the creation of additional Committees or the change in mandate or dissolution of Committees; and
- To give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the required skills and expertise that are needed by the Board in the future. Insofar as Board diversity is concerned, the Board does not intend to develop any specific policy on targets for a female Director. The Board believes that the on-boarding process of Directors should not be based on any gender discrimination. As such, the evaluation of suitable candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

During the financial year, the Committee carried out its duties in accordance with its terms of reference, which encompassed the following :

(a) Reviewing the profile and recommended to the Board the appointment of an Independent Non-Executive Director;

(b) Reviewing the profile and recommended to the Board the appointment of a replacement Group Chief Executive Officer;

(c) Reviewing the profile and recommended to the Board the appointment of an Executive Director;

(d) Recommending to the Board to expand the Executive Director's responsibilities to include the role of Group Chief Executive Officer;

(e) Recommended to the Board the renewal of the service contract of an Executive Director;

(f) Recommended to the Board the appointment of an Independent Non-Executive Director as member of Nominating Committee and Remuneration Committee;

(g) Conduct the annual assessment of the effectiveness of the individual Directors, the Board as a whole as well as the Board Committees; and

(h) Reviewed the composition of the Board with the view to ensure it has the required mix of skills, experience and competencies for the Group's core business.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(iii) Remuneration Committee

The Remuneration Committee was established by the Board to assist the Board with its primary responsibilities include establishing, reviewing and recommending to the Board a suitable remuneration framework that regulates the remuneration packages of each individual Executive Director.

Appointment/ Composition

- The Remuneration Committee members shall be appointed by the Board.
- The Remuneration Committee shall consist of not less than three (3) members.
- The majority of the Remuneration Committee members shall be Independent Non-Executive Directors.

Meetings

- The Remuneration Committee shall meet at least once a year and at such times, whenever they deemed necessary.
- The quorum of the Remuneration Committee meeting shall be two (2) members and comprised a majority of Independent Non-Executive Directors.
- Participants may be invited from time to time to attend the Remuneration Committee meeting depending on the nature of the subject matter under review.

Duties and responsibilities

- To establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefits, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group etc;
- To set remuneration at levels which are sufficient to attract and retain the Executive Directors needed to run the Company and Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved; and
- To assess and recommend to the Board the remuneration package for Non-Executive Directors for the Shareholders' approval at each Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(iii) Remuneration Committee (cont'd)

Duties and responsibilities (cont'd)

As at the date of this Statement, the Remuneration Committee comprises the following Directors with meeting attendance during the financial year as below:

	Designation	Meetings Attended
Chairman		
YOONG Nim Chor	Independent Non-Executive Director	2/2
Members		
Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai	Senior Independent Non-Executive Director	2/2
ONG Wei Liam @ Jeremy **ONG** (*appointed 24 Aug 2015)*	Independent Non-Executive Director	1/1
Dato' **ONG** Choo Meng	Non Independent Non-Executive Director	2/2
Former Member		
Thoolasy Das Ponniah (*retired on 21 September 2015*)	Independent Non- Executive Director	1/1

Directors' remuneration in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors during the financial year ended 2016, are as follows:-

Remuneration Package	Executive Director RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	-	253	253
Salaries & Allowances	855	32	887
Others	-	-	-
Total	**855**	**285**	**1,140**

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

(iii) Remuneration Committee (cont'd)

The number of Directors whose total remuneration falls within the following bands of RM50,000 are :

Range of Remuneration	Executive Director	Non-Executive Directors
Less than RM50,000	-	6
RM50,001 to RM100,000	-	1
RM200,001 to RM250,000	1	-
RM250,001 to RM600,000	-	-
RM600,001 to RM650,000	1	-

In respect of the non-disclosure of detailed remuneration for each Director, the Board views that the transparency in respect of the Directors' Remuneration has been appropriately dealt with by the 'band disclosure' presented in this Statement.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The roles of Independent Non-Executive Directors are vital for the successful direction of the Group as they provide independent professional views, advices and decisions to take into account the interest of the Group, shareholders, employees, customers, suppliers and many others with whom the Group conducts business.

The existing four (4) Independent Non-Executive Directors are able to express their opinions without any constraint. This strengthens the Board who benefits from the independent views expressed before any decisions are taken. The Group has made available a dedicated electronic email address, enquiry@denko.com.my to which stakeholders can direct their concerns. Management will address the issues raised as they see fit and will refer the matters which are beyond their scope to be reviewed and addressed by the Board accordingly.

The Policy on Assessing Independence of Directors ("Policy") approved by the Board sets out policies and procedures to ensure the effectiveness of the Independent Non-Executive Directors on the Board, including new appointments. The Board, through the Nominating Committee, assesses the independence of Non-Executive Directors annually using the Policy, which is in line with Recommendation 3.1 of the MCCG 2012, as one of the factors in determining their eligibility to stand for re-election/ re-appointment. The Nominating Committee reviewed and was satisfied that all the Independent Non-Executive Directors had satisfied the criteria to be an Independent Non-Executive Director as prescribed in the Listing Requirements ("Listing Requirements") and Practice Note 13 of Bursa Securities. The Nominating Committee was also satisfied that they are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgment, objectivity or the ability to act in the best interests of the Company.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD (CONT'D)

On the other hand, the Board also observes Recommendation 3.2 of the MCCG 2012 whereby an Independent Director may continue to serves on the Board upon reaching the nine (9) year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain such Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek Shareholders' approval at a general meeting, normally the Annual General Meeting of the Company. None of the Independent Non-Executive Directors has reached nine (9) years of service since their appointment and/or election as Directors as at the date of this Statement. The key justifications as Independent Non-Executive Director are as follows:

- He fulfills the criteria under the definition of Independent Director as stated in the Listing Requirements of Bursa Securities and, therefore, is able to bring independent and objective judgment to the Board as a whole;

- His experience in the relevant industries has enabled him to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills and competence; and

- He has been with the Company long and therefore understands the Company's business operations which enables him to contribute actively and effectively during deliberations or discussions at Board and Committee meetings.

Additionally, each of the Independent Non-Executive Directors has provided an annual confirmation of their independence to the Nominating Committee and the Board.

The Executive Director cum Group Chief Executive Officer, Mr.Tan Chen Wei is responsible for the overall performance of the Group's operations, organization effectiveness and financial performance. As the Executive Director, supported by an Executive Management team, he implements the Group's strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

The Board is chaired by Dato' Ong Soon Ho, Non-Independent Non-Executive Chairman, whose responsibility is to ensure Board effectiveness, corporate affairs, and implementation of Board policies and decisions of the Group. The Chairman is a non-executive member of the Board and is a non-independent director by virtue of his substantial interest in the Company.

However, notwithstanding the Chairman of the Board is a Non-Independent Director the Board believes that he is well placed to act in the best interests of all Shareholders. Further, in compliance with and beyond the Recommendation 3.5 of MCCG 2012 the majority of the current Board comprises Independent Non-Executive Directors. With such strong representation of high calibre Independent Non-Executive Directors, the Board is of the view that not only they represent the public investment and the minority shareholders, they also provide the necessary balance to the Board as both the Executive Director and the Chairman are substantial shareholders of the Company. Given such, the Board is of the view that it is not necessary to nominate an Independent Non-Executive Director as Chairman at this juncture. However, the Board will continuously review and evaluate the Recommendation 3.5 of the MCCG 2012 from time to time.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between the scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members at least seven (7) days before the meeting to allow the Directors sufficient time to study for effective discussion and decision making at the meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

This is evidenced by the attendance record of the Directors at Board during the financial year under review.

Name	Designation	Attendance	Percentage (%)
TAN Chen Wei	Executive Director	5/5	100
Dato **ONG** Soon Ho	Non-Independent Non-Executive Director	5/5	100
Dato **ONG** Choo Meng	Non-Independent Non-Executive Director	5/5	100
Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai	Senior Independent Non-Executive Director	5/5	100
YOONG Nim Chor	Independent Non-Executive Director	4/5	80
David **YAORY**	Independent Non-Executive Director	4/5	80
ONG Wei Liam @ Jeremy **ONG** *(appointed 18 May 2015)*	Independent Non-Executive Director	4/4	100
Former Directors			
Dr **LOH** Yee Feei (*resigned on 14th September 2015*)	Executive Director	2/2	100
Thoolasy Das Ponniah (*retired on 21st September 2015*)	Senior Independent Non-Executive Director	3/3	100

As stipulated in the Board Charter, the Directors are required to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS (CONT'D)

Notwithstanding that no specific quantum of time has been fixed, all the Board members are required to notify the Board before accepting any new directorship. Any Director is, while holding office, at liberty to accept Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five public listed companies (as prescribed in Paragraph 15.06 of Listing Requirements).

Each Board member is expected to achieve at least fifty percent (50%) attendance of total Board Meetings in any applicable financial year. Any leave of absence be notified to the Chairman and/or Company Secretary, where applicable.

Directors' Training – Continuing Education Programme

The Board also oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors, especially newly appointed ones, are encouraged to visit the Group's operating centers to have an insight on the operations which would assist the Board to make effective decisions.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, to keep abreast of industry developments and trends, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast on various issues facing the changing business environment within which the Group operates, in order to fulfill their duties as Directors. Any Director so appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four months from the date of appointment. The details of the relevant training sessions attended by each Director during the financial year under review are as follows:-

Name	Training Programme	Date
TAN Chen Wei	• Tax Budget 2016	5 November 2015
Dato' **ONG** Soon Ho	• Corporate Governance Director's Workshop – The Interplay between Corporate Governance, Non-Financial Information and Investment Decisions ("Workshop") • Board Chairman Series Part 2 – Leadership Excellence from the Chair • Workshop on Effective Board Evaluations for our Board Chairman and members of the Nominating Committee • Wealth Management organised by Nanyang Siang Pau & Great Vision	22 September 2015 July 2015 8 April 2015 16 January 2016
Dato' **ONG** Choo Meng	• Malaysia Financial Investments Orbex • Bloomberg Breakfast Series - Market Outlook 2016	12 September 2015 29 January 2016

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS (CONT'D)

Directors' Training – Continuing Education Programme (cont'd)

Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai	• Seminar on 2015 Economic Forum • Secretarial Compliance Issue & Monthly Tax Deduction • Practice of Company Meetings & Related Issues under the proposed New Companies Bill	26 April 2015 18 September 2015 19 September 2015
YOONG Nim Chor	• Workshop on Effective Board Evaluations for our Board Chairman and members of the Nominating Committee • Unjust Enrichment Law – An introduction • Corruption in China • Singapore Mediation Lecture 2015 • An Introduction to Islamic Finance • The Singapore International Lawyer	8 April 2015 17 April 2015 01 October 2015 29 October 2015 18 November 2015 21 March 2016
David **YAORY**	• The New Auditor's Report – Sharing The UK Experience	13 January 2016
ONG Wei Liam @ Jeremy **ONG**	• The New Auditor's Report – Sharing The UK Experience • Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP) Sep 2015	13 January 2016 9 & 10 September 2015

The Company Secretary normally circulates the relevant statutory and regulatory requirements from time to time for the Board's reference and briefs the Board on the updates, where applicable. External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the Quarterly Announcement of Group's Results to Bursa Securities, the Annual Audited Financial Statements of the Group and Company as well as the Chairman's Statement and review of the Group's Operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board established the Audit Committee comprising wholly Independent Non-Executive Directors, with Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 37 to 42 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements.

The Audit Committee, without the presence of Executive Board members and Management also meets with the External Auditors at least once during each financial year to exchange free and honest views on issues which the External Auditors may wish to discuss in relation to their audit findings.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has formalized and adopted Non-Audit Services Policy for the types of non-audit services permitted to be provided by the External Auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the External Auditors. To address the "self-review" threat faced by the External Audit Firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the External Audit team.

In addition, the Audit Committee is also empowered by the Board to review any matters concerning the appointment and reappointment, resignations or dismissals of External Auditors and review and evaluate factors relating to their independence. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

In assessing the independence of External Auditors, the Audit Committee will seek assurance from the External Auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

In this regard, the Audit Committee had assessed the independence of Messrs. Crowe Horwath as External Auditors of the Company as well as reviewed the level of non-audit services rendered by Crowe Horwath to the Company for the financial year under review. The Audit Committee was satisfied with the technical competency and audit independence of Crowe Horwath. Having satisfied itself with the performance of and fulfilment of criteria as set out in the Non-Audit Services' Policy by the External Auditors, the Audit Committee recommended their re-appointment to the Board, upon which the shareholders' approval will be sought at the Company's forthcoming 27th Annual General Meeting.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK OF THE GROUP

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represent the key elements of the Group's risk management and internal control structure:

(a) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority. A Group Financial Level of Delegated Authority Limit Manual was established with the objective to specify the authority levels relating to financial matters vested within the Group with the aim of ensuring consistent and clear understanding of financial responsibilities and optimum control over the financial exposure of the Group whilst maintaining operational efficiency;

(b) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives, the major risks and opportunities in the operations and ensuing action plans;

(c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;

(d) Active participation and involvement by the Executive Director in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and

(e) Monthly financial reporting by the subsidiaries to the holding company.

Recognizing the importance of having risk management processes and practices, the Board had formalized an Enterprise Risk Management framework to provide Management with structured policies and procedures to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks vis-à-vis the risk parameters of the Group.

The responsibilities of identifying and managing risks are delegated to the respective Head of each department. The Board and the Audit Committee are responsible to review the effectiveness of the processes. Any material risk identified will be discussed and appropriate actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level.

The Audit Committee assists the Board in overseeing the risk management framework of the Group and reviewing the risk management policies formulated by Management and to make relevant recommendations to the Board for approval.

In line with MCCG 2012 and the Listing Requirements of Bursa Securities, the Company has outsourced the Internal Audit Function to Ecovis AHL as Internal Auditors, who reports directly to the Audit Committee on the adequacy and effectiveness of the Group's internal controls. The internal audit is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognized professional body for internal auditors. The Internal Audit Function is independent of the activities it audits and the scope of work it covers during the financial year under review is provided in the Audit Committee Report set out on page 37 to 42 of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the needs to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalized corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorized and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

To augment the process of disclosure, the Board has from time to time, uploaded the information on the Company's announcements to the regulators, the Board Charter, the whistle blowing policy, Terms of Reference for Audit Committee and Nominating Committee and the Company's Annual Report may also be accessed on the Company's website at www.denko.com.my.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

(i) Shareholders participation at general meeting

The Company recognises the importance of maintaining transparency and accountability to its Shareholders. The Board believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders. In this regard, the Board will ensure that all the Company's shareholders and stakeholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

The annual general meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification as well as for the Chairman of the AGM to provide an overview of the Company's progress and receive questions from shareholders. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman of the AGM invited shareholders to raise questions with responses from the Board.

The Board encourages other channels of communication with shareholders. For this purpose, the Board has identified Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai ("Tan Sri TAN") as the Senior Independent Non-Director to whom queries or concerns regarding the Group may be conveyed.

Tan Sri TAN may be contacted via the following channels:

Post: Denko Industrial Corporation Berhad
No.20, Jalan Hasil Dua,
81200 Tampoi, Johor Bahru,
Johor.

Fax: 07-238 9993

Email: enquiry@denko.com.my

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS (CONT'D)

(i) Shareholders participation at general meeting (cont'd)

The Notice of AGM is circulated to shareholders at least twenty-one (21) days before the date of the meeting to enable them to go through the Annual Report and papers supporting the resolutions proposed. Where special business items appear in the Notice of AGM, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of proxy votes received, both for and against each separate resolution where appropriate. All the resolutions set out in the Notice of the last AGM were put to vote by a show of hands and duly passed. The outcome of the last AGM was announced to Bursa Securities on the same meeting day. Nevertheless, with effect from the forthcoming 27th AGM, the Company shall comply to the Listing Requirement to put to vote by poll.

To in line with Paragraph 7.21A(2) of Listing Requirements for further promoting participation of members through proxies, the information regarding procedures and the rights of the members, corporate representatives and proxies present to speak and vote by poll on the resolutions set out in the Notice of AGM will be briefed via an explanatory note provided during the registration process and/or by the Chairman of the AGM and general meetings at the commencement of such meetings. Following the removal of the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account under the Listing Requirements, the beneficial owners of shares will have greater participation at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney.

The Board is of the view that given the circumstances and technology surrounding electronic voting currently, the adoption of electronic voting may not facilitate greater shareholder participation as it is not user-friendly and most shareholders may not be familiar with using such a system. Nonetheless, the Board is committed to disclose all relevant information to shareholders in the Notices and during the meetings to enable them to exercise their rights.

(ii) Communication and engagement with shareholders and prospective investors

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Group's website at www.denko.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information and company announcements of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. enquiry@denko.com.my to which stakeholders can direct their queries or concerns.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

(iii) Investor Relations

The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

COMPLIANCE STATEMENT

This Statement on the Company's Corporate Governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements. Save and except for those stated therein, the Board considers and is satisfied that the Company complied with the Principles and Recommendations of the MCCG 2012, the relevant chapters of the Listing Requirements on corporate governance and all applicable laws and regulations throughout the financial year under review.

This Statement was approved by the Board on 11 July 2016.

CORPORATE SOCIAL RESPONSIBILITY

At Denko, Corporate Social Responsibility ("CSR") is about who we are and how we operate as a Company. Denko does consider the economic, social and environmental impact of our activities. We believe this brings sustained, collective value to our employees, customers and the community.

The CSR contributions of the Group since the last Annual Report were as follows:

The Work Place

Denko recognises that employees are important assets. We offer competitive remuneration package to our staff and incentives to those who meet set performance targets. We apply fair labour practices and also plan and execute internal and/or external training programs for all levels of staff from time to time and as and when required.

We are committed to providing a healthy and safe working environment for all our staff. Personal Protective Equipment (safety boots, ear plugs, ear muffs and face masks) is available to all workers on a needs basis. A Health and Safety Management System is in place and this is subject to audit by Jabatan Keselamatan dan Kesihatan Pekerja. We conduct briefings and set up signages and circular boards throughout our premises to create and reinforce the awareness on health and safety.

The Group provides medical and hospitalization insurance coverage for foreign workers and has arranged periodic hearing tests for all workers (and workers from the supporting departments) that operate machines with high noise level. At our Johor Bahru factory, we offer our foreign workers purpose built dormitory housing operated by specialists' third parties. At these gender separated hostels, the workers are provided with clean and hygienic facilities for their cooking requirements, modern machines for their laundry, an in-house convenience retail shop and most importantly, a secure and safe living environment. We recently upgraded the living quarters for eligible foreign workers. They have been relocated to newly constructed purpose built dormitories (also operated by specialists third parties) within walking distance from our factory. Apart from enjoying upgraded and more modern facilities, there is now minimal commuting time which means these workers have more time for their own leisure, rest and recreation.

Outdoor and In-house Group recreational activities, team-building sessions and dinner gatherings are held to promote staff unity, cultural integration, co-operation and team spirit.

A few of the noteworthy activities held were:

(i) Birthday Celebrations for Managers;

(ii) A "Hungry Ghost" Prayers and Food Festival for non-Muslim colleagues;

(iii) " WSP Buffet Party 2016" opened to all staffs;

(iv) Free Eye Test for all staff;

(v) "Crucial IR Skills for line managers", an in-house course.

The Motivation and Empowerment Committee ("MEC") chaired by a non-executive staff member continued to be active. The MEC's Charter is to focus on staff welfare matters and to assist in bridging the proverbial Management – Employee gap. An in-house library has been set up at a dedicated area for staff to increase, improve and/or upgrade their skills and knowledge. The staff are also allowed to borrow the books to share with their family and friends.

Another notable feature is the on-going implementation and maintenance of the 5S activities (Sort, Set in Order, Shine, Standardise and Sustain) to create a good working environment, increase productivity, reduce costs, provide safety and eliminate wastes.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

The Environment, Occupational Safety and Health

The Group's continuous efforts toward good Environmental, Occupational Safety and Health management practices has resulted in the subsidiaries being accredited with ISO 14001 : 2004 (for Environmental Management System), OHSAS 18001 : 2007 (for Occupational Health and Safety Management), ISO 13485 : 2003 (for Medical Devices) and ISO 22000 : 2005 (Manufacturing of Plastic Component for Food Packaging and Food Related Equipment (indirect contact with food), ISO 9001 : 2008 (for Quality Management System) and ISO/TS 16949 : 2009 (For Automotive Part). All the certifications which were expiring in 2016 were successfully renewed.

The Group ensures full compliance with OHSAS by not only restricting the use of hazardous substances but also the proper disposal of industrial waste via Authorised Collection Agents. Waste reduction and environmental control programmes implemented are being maintained and monitored. A programme to protect the Environment has also been established. This involves breeding composting worms in controlled environment. The initial target is to produce sufficient compost for the factory's landscaped gardens in Johor Bahru. The future plans are to donate surplus composting worms to schools and to teach the school children how to produce organic fertiliser on a sustained basis.

The health and safety of employees at the workplace is paramount to the Group. Due to the increased Dengue Fever infections throughout the country, regular fogging activities are being carried out by specialist contractors as a preventive measure. The 5S team is on constant alert to seek out areas which might breed the aedes mosquitos. New foreign worker recruits are briefed on the dangers of Dengue Fever both at the workplace and at their hostels. The Health and Safety policies of the Group are reviewed periodically and improved whenever necessary. Strong emphasis is placed on providing a safe, clean, hygienic and healthy working environment for our staff.

The Community

We also provide internship and practical training opportunities for college and university students to enable them to fulfill the requirement that are needed to complete their respective studies.

The Group has plans to do its best to support and help strengthen the local communities where it works through donations or charity work.

The Market Place

The Group is committed to ensuring to the best of our abilities, our manufacturing processes, especially procurement, are environmentally responsible. We aim to produce sustainable packaging for our customers, not only today but for the long term. We take into account the good environmental practices when placing orders and assist the suppliers understand our purchasing policy through suppliers purchasing charters and on-site visits and audit. There is a program to recycle and reuse our cardboard and plastic containers. Incentives are paid to our delivery staff to collect empty re-useable cartons from our customers.

The Group regards transparency, confidentiality and integrity as important business practices in building and maintaining long term relationships with our stakeholders. We engage with our stakeholders via various communication channels such as visits to customers and suppliers, dialogue with the shareholders at the annual general meeting, timely disclosure of information to Bursa Malaysia and posting up-to-date information on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

The Market Place (cont'd)

We will continue to implement good Corporate Governance within the Group and strive to meet the expectations of our shareholders by generating profits and provide a fair return on their investment.

Conclusion

The Board looks forward to increasing the Group's CSR activities and aspires to meet Denko's responsibilities to our stakeholders, employees, the community and the environment.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires the Board to maintain a sound risk management framework and internal control system to safeguard shareholder's investments and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control ("SRMIC") for financial year ended 31 March 2016 which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa") and guided by Guideline for Directors of Listed Issuer - Statement on Risk Management and Internal Control issued by the Taskforce on Internal Control supported and endorsed by Bursa.

Board Responsibility

The Board of Directors ("the Board") acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy, integrity and effectiveness. The Board regards risk management as an integral part of the Group's business operations and affirms that the Group has in place an ongoing process for identifying, assessing, evaluating, managing and mitigating significant risks across the Group.

This involves the Board setting the policies on risk management and internal control after conducting an assessment of the Group's risks exposure. The overall control environment is established and the monitoring mechanisms are developed and implemented involving:

(i) The Board of Directors;

(ii) The Board's Audit Committee;

(iii) Senior Executive Management; and

(iv) The Heads of Department ("HODs") implementing and maintaining the risk management and control system except for insurable risks, which are separately covered by insurance.

From the above comprehensive approach, the Board through its Audit Committee, regularly reviews this process, including mitigating measures taken by Management to address areas of key risk(s) identified. The Board also conducts periodical testing on the effectiveness and efficiency of its procedures and processes through independent reviews by the Internal Auditor.

For FY16, the Board has received assurance from the Group Chief Executive Officer that the Group's risk management and internal control system is in all material aspects, operating adequately and effectively.

The system of internal control covers financial, operational and compliance controls. In view of the inherent limitation in any system of internal control, it should be noted that such a system is designed to manage, rather than to eliminate, the risk of not achieving the Group's business objectives. The system can therefore only provide reasonable, but not to absolute assurance, against material misstatement or loss.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Audit Committee

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee. The Audit Committee assesses the effectiveness and efficiency of the risk management and internal control system through independent reviews by the Internal Auditor, and any of the management letter points concerning internal control highlighted by the External Auditor.

Risk Management Framework

The risk management process is co-ordinated with and involves all the HODs within the Group. The key features of this framework include but are not limited to:

(i) A structured process for identifying, assessing, measuring, monitoring, managing and mitigating business risks across the Group;

(ii) Determination of risk appetite and setting the Key Risks tolerance levels;

(iii) Identified HODs as the risk owners are accountable for ensuring that the respective risks are continuously updated and monitored. The status of risk mitigation action plans are tracked to ensure their effective and timely implementation;

(iv) Issues highlighted by HODs are reported; and

(v) Risk management and internal control assessment is undertaken by the outsourced Internal Audit Function on a periodical basis. The Internal Auditor adopts a risk based approach in evaluating the financial, operational and compliance aspects of the Group. The internal audit procedures are focused on the identified key risk areas.

Internal Audit Function

The Audit Committee evaluates the Internal Audit Function to assess its effectiveness in the discharge of its responsibilities. The independent Internal Audit Function, which is outsourced to an independent external consultant, provides assurance to the Audit Committee through the execution of internal audit based on an approved risk-based internal audit plan. Observations from the internal audit executed are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. The Group incurred RM48,000 for Internal Audit fees during the financial year.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Control Environment

The control environment is the organisational structure and culture created by the Senior Executive Management to sustain organisational support for effective internal control. The Senior Executive Management's commitment to establishing and maintaining effective internal control is articulated, cascaded and permeated throughout the Group's control environment.

Established controls for day-to-day operating activities are in place on a de-centralised basis. Key functions such as finance, treasury, human resource, management information system, insurance and legal matters are controlled centrally at the Group Head Office.

Control Processes

Apart from the risk management and Internal Audit Functions, the Board has established the following key processes to augment the risk management and internal control system:

(i) Clearly defined and documented lines and limit of authority, responsibility and accountability have been established through the approved Group Financial Level of Delegated Authority Limit Manual;

(ii) Annual business plans, strategies and budgets are presented by Senior Executive Management to the Board for review and approval;

(iii) An organisational structure which formally defines lines of responsibilities and delegation of authority is in place;

(iv) Quarterly financial reports with comprehensive information on financial performance and key business indicators are reviewed by the Audit Committee and approved by the Board;

(v) Management of subsidiaries involved in the daily operations reports key issues to Senior Management for further deliberation and decision;

(vi) The Finance function reviews and monitors each business unit's performance monthly;

(vii) A Whistle-Blowing Policy was established to report suspected misconduct or illegal act;

(viii) Different methodologies and practices are in place to measure the potential impacts of risk and to quantify a risk events;

(ix) Close monitoring e.g: credit control process that give earlier warnings, and enable management to respond quickly and effectively;

(x) Documented internal procedures and standard operating procedures are in place. Internal and external quality and surveillance audits are conducted on a regular basis to ensure compliance. The external audits are conducted by assessors certified by the accreditation bodies and also by the Manufacturing Division's existing and prospective customers; and

(xi) Adequate insurance coverage and physical safeguards on major assets are in place to ensure that the assets of the Group are sufficiently covered against pertinent perils that may result in material losses to the Group.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Control Processes (cont'd)

The below ISO Certifications at the Group's Manufacturing Division were renewed during the year:

- ISO 13485:2003 Quality Management System in Medical Device;
- ISO 14001:2004 Environmental Management System;
- ISO 22000:2005 Manufacturing of Plastic Component for Food Packaging and Food Related Equipments (indirect contact with food);
- OHSAS 18001:2007 Occupational Health and Safety Management;
- ISO 9001:2008 Quality Management System; and
- ISO / TS 16949:2009 Quality Specification for Automotive Industry Supply Chain.

During the financial year, the Group's footprint in Indonesia, PT Winsheng Plastic and Tooling ("PTWSP"), has been accredited with ISO 9001:2008 and ISO 14001:2004 in September 2015.

In addition, the subsidiary at Trading Division had successfully obtained its certification of ISO 9001:2008 in December 2015 for the Quality Management System on provision of trading, sales, distribution, warehousing, all kind of food, beverage and personal care, product to local and oversea distributor.

Review of this Statement by External Auditor

Pursuant to paragraph 15.23 of the Listing Requirement of Bursa Malaysia Securities Berhad, the External Auditor has reviewed this SRMIC for inclusion in the Annual Report of the Group for the financial year ended 31 March 2016. The External Auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Conclusion

The Board is of the view that the risk management and internal control system is satisfactory for the financial year under review and up to the date of approval of this SRMIC, and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. However, such system does not eliminate the possibility of human error, collusion, or deliberate circumvention of control procedures by employees and others.

The Board endeavours to maintain an adequate system of risk management and internal control to support the Group's operations and will periodically evaluate and continue to take proactive measures to further strengthen the procedures and processes to ensure the framework remains relevant, effective and efficient.

This SRMIC is made in accordance with a resolution of the Board dated 11 July 2016.

AUDIT COMMITTEE REPORT

MEMBERS

Tan Sri Dato' Seri TAN King Tai @ TAN Khoon Hai
Chairman, Senior Independent Non-Executive Director **(appointed Chairman on 16 November 2015)**
Member, Certified Public Accountants, Ireland

YOONG Nim Chor
Member, Independent Non-Executive Director

ONG Wei Liam @ Jeremy ONG Member, Independent Non-Executive Director **(appointed on 24 August 2015)**

TERMS OF REFERENCE

Composition
The members of the Audit Committee shall be appointed by the Board from among its members and shall consist of at least three (3) members. All the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors.

At least one of the members of the Audit Committee:

(a) Must be a member of the Malaysian Institute of Accountants (MIA); or

(b) If he is not a member of MIA, he must have at least 3 years' working experience and:

   (i) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
   (ii) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(c) He must fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The members of the Audit Committee shall elect a Chairman from among its members who shall be an Independent Director.

No alternate director can be appointed as a member of the Audit Committee. The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.

Quorum
To form a quorum, the majority of members present must be Independent Directors.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

Objectives
The primary objectives of the Committee are to:

(a) Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies' ("the Group") accounting and internal control systems, financial reporting and business ethics policies;

(b) Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee Directors, the external auditors, internal auditors and management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders; and

(c) Undertake such additional duties as may be appropriate and necessary to assist the Board.

Secretary
The Secretary of the Committee shall be the Company Secretary.

Frequency and Attendance of Committee Meetings
(a) Meetings shall be held at least on a quarterly basis and as and when required during each financial year.

(b) Other Board members, employees, and/or representatives of the external and/or internal auditors may attend any meeting at the Audit Committee's invitation.

(c) A Committee Member shall be deemed to be present at a meeting of the Committee if he participates by instantaneous telecommunication device and all members of the Committee participating in the meeting of the Committee are able to hear each other and recognise each other's voice, and for this purpose, recognition constitutes prima facie proof of participation. For the purposes of recording attendance, the Chairman or Secretary of the Committee shall mark on the attendance sheet that the Committee Member was present and participating by instantaneous telecommunication device.

(d) A Committee Member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the Meeting and a Committee Member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the Committee Meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the Meeting to leave the meeting.

(e) Minutes of the proceedings at a Committee Meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the Meeting.

(f) Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.

(g) A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a Meeting of the Committee duly called and constituted.

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

Minutes
The minutes of each meeting shall be kept and distributed to each member. All minutes of meetings shall be circulated to every member of the Board. The Chairman of the Committee shall report on each meeting to the Board.

Authorities
(a) To investigate any matter of the Group, within its terms of reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interests, or abuse by a significant or controlling shareholder;

(b) To have resources which are required to perform its duties;

(c) To have full and unrestricted access to any information pertaining to the Group:

    (i) Have direct communication channels with the External Auditors;
    (ii) Have direct authority over the Internal Audit Function of which is independent from Management and operations;

(d) Be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;

(e) Be able to convene meetings with the External Auditors, the Internal Auditors or both, to the exclusion of other Directors and employees of the Company; and

(f) To have full access to any employee or member of the Management.

Duties and Responsibilities
In fulfilling its primary objective, the Audit Committee will need to undertake the following duties and responsibilities and report the same to the Board:

(a) To discuss with the External Auditors before the audit commences, the audit plan, scope and nature of the audit of the Group;

(b) To review the audit report with the External Auditors;

(c) To review the follow-up actions taken by the Management on findings and recommendations by the Internal and External Auditors;

(d) To review the External Auditors Management Letters and the Management response;

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

Duties and Responsibilities (cont'd)

(e) To review the Group's quarterly results and the Group's annual Financial Statements, prior to the approval by the Board of Directors. The review is focused particularly on:

(i) Any changes in or implementation of major accounting policy;

(ii) Significant and unusual events;

(iii) Significant adjustments and issues arising from the audit;

(iv) The going concern assumption; and

(v) Compliance with applicable accounting standards and other legal requirements.

(f) To review any related party transaction and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(g) (i) To recommend the appointment of External Auditors, their remuneration and inquire into their resignation or dismissal; and

(ii) Where the External Auditors are removed from office or give notice to the Company of their desire to resign as External Auditors, the Committee shall ensure that the Company immediately notify Bursa Malaysia and forward to the latter a copy of any written representations or written explanations of the resignation made by the External Auditors at the same time as copies of such representations or explanations are submitted to the Registrar of Companies pursuant to section 172A of the Companies Act 1965.

(h) Whether there is reason (supported by grounds) to believe that the Company's External Auditors is not suitable for re-appointment;

(i) To review the assistance and co-operation given by the employees of the Company to the External Auditors;

(j) (i) To review the adequacy of the scope, functions, resources and competency of the Internal Audit Function and that it has the necessary authority to carry out its work;

(ii) If the Internal Audit Function is outsourced, to consider and recommend the appointment or termination of the Internal Auditors, the fee and inquire into the staffing and competence of the Internal Auditors in performing their work; and

(iii) If the Internal Audit Function is performed in-house, to approve any appointment or termination as well as the appraisal of performance of senior staff members of the Internal Audit Function. Also, to be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.

(k) To review the Internal Audit Programme, processes, the results of the Internal Audit Programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the Internal Auditor;

(l) To carry out such functions as may be agreed between the Audit Committee and the Board of Directors; including but not limited to reviewing the acquisition or disposal of any major investment or fixed asset;

AUDIT COMMITTEE REPORT (CONT'D)

TERMS OF REFERENCE (CONT'D)

Duties and Responsibilities (cont'd)

(m) To report to Bursa Malaysia on matters reported by it to the Board that has not been satisfactorily resolved by the Board; resulting in a breach of the Listing Requirements of Bursa Malaysia.

ACTIVITIES OF THE AUDIT COMMITTEE

During the Financial Year, the Committee held five (5) meetings. The attendance of each member of the Committee were as follows:

Name	Designation	Meetings Attended
Chairman		
Tan Sri Dato' Seri **TAN** King Tai @ **TAN** Khoon Hai	Senior Independent Non-Executive Director	5/5
Members		
YOONG Nim Chor	Independent Non-Executive Director	4/5
ONG Wei Liam @ Jeremy **Ong**	Independent Non-Executive Director	2/2
Former Chairman		
Thoolasy Das Ponniah	Senior Independent Non-Executive Director	3/3

During the Financial Year, the Committee held Three (3) meetings with the External Auditors and One (1) meeting with the Internal Auditors. The Committee had one (1) private sessions with the External Auditors without the presence of Management. In addition, the Committee also carried out its duties in accordance with its terms of reference, which encompassed the following:

(a) Reviewed the External Auditors' Audit Planning Memorandum comprising the scope of work and proposed fees for the statutory audit and approved the engagement of the External Auditors on recurring and non-recurring non-audit services;

(b) Reviewed the External Auditors' Audit Review Memorandum and Management Letter with recommendations regarding opportunities for improving internal controls based on their observations made during course of the external audit;

(c) Reviewed the Group's Quarterly Interim Financial Statements before a recommendation is made to the Board for approval;

(d) Reviewed the Group's Audited Financial Statements before a recommendation is made to the Board for approval;

AUDIT COMMITTEE REPORT (CONT'D)

ACTIVITIES OF THE AUDIT COMMITTEE (CONT'D)

(e) Reviewed and approved the Internal Audit Plan and assessed the Internal Audit reports and recommendations. Management's response on the issues reported were reviewed, discussed and additional directives were given to Management as and when necessary. Ensured issues affecting internal controls are promptly addressed by Management;

(f) Undertaken an assessment and review of the area of Internal Audit as set out in paragraph 15.12(1)(e) and (f) of the Listing Requirement and report the same to the Board;

(g) Reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable approved Financial Reporting Standards;

(h) Reviewed the Group's annual Business Plans & Strategies, Financial Budgets and Capital Expenditure Budget; and

(i) Reviewed the Statement on Corporate Governance, Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion in this Annual Report.

Summary of Work of the Internal Audit

The Internal Audit Function is disclosed in the Statement on Risk Management and Internal Control set out on pages 33 to 36 of this Annual Report.

The significant activities carried out by the Internal Audit Function include but are not limited to the following:

(a) Conduct of Internal Audit, focusing on key risks faced by significant business units within the Group, based on an Internal Audit Plan presented to, and approved by, the Committee;

(b) The Internal Audit covered testing the existence and effectiveness of compliance, financial and operational controls deployed by Management to address the business risks faced by the Group;

(c) Weaknesses in the internal control system were highlighted to the Committee and Management, including recommendations for improvement and Management's response to such observations; and

(d) Follow-up on the status of implementation by Management on action plans to address the issues highlighted during the Internal Audit.

This Audit Committee Report is made in accordance with a resolution of the Board of the Directors dated 11 July 2016.

OTHER DISCLOSURES

Utilisation of Proceeds
The Company did not undertake any capital raising proposal during the financial year.

Share Buybacks
There were no share buybacks by the Company during the financial year.

Option or Convertible Securities
No option or convertible securities were issued or exercised during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")
The Group did not sponsor any ADR or GDR programme during the financial year.

Sanctions and/or Penalties
During the financial year, the regulatory bodies did not impose any public sanctions and/or penalties on the Company, its subsidiaries, Directors or Management.

Non-Audit Fees
The non-audit fees payable to the External Auditor of the Company for review of the Statement on Risk Management and Internal Control included in this Annual Report was RM4,000.00.

Variation in Results
For the financial year ended 31 March 2016, there was no significant variance between the Audited Results and the Unaudited Results previously announced by the Company.

Profit Guarantee
The Company did not provide any profit guarantee during the financial year.

Material Contracts
Other than the Employment Contract entered into between a subsidiary of the Company and the Company's Executive Director cum Chief Executive Officer who is also a Substantial Shareholder, there were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interest.

Employee Share Option Scheme ("ESOS")
The Company does not have an ESOS programme.

Related Party Transactions
During the financial year ended 31 March 2016, there was a Related Party Transaction entered into by a subsidiary company of the Company which involved a Non-Independent Non-Executive Director. All the Related Party Transactions entered were in the ordinary course of business and were within the applicable prescribed threshold as defined under Rule 10.09 and Guidance Note No.8/2006.

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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 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
Profit/(Loss) after tax for the financial year	2,985,859	(320,118)

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 disclosed in the statements of changes in equity, Notes 24 and 26 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised and 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 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 ascertain that any current assets other than debts, 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.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Dato' Ong Choo Meng	
Dato' Ong Soon Ho	
David Yaory	
Ong Wei Liam @ Jeremy Ong	
Tan Chen Wei	
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	
Yoong Nim Chor	
Dr. Loh Yee Feei	(Appointed on 27 July 2015 and resigned on 14 September 2015)
Thoolasy Das A/L Ponniah	(Retired on 21 September 2015)

DIRECTORS' INTERESTS

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

	<----------Number of Ordinary Shares of RM0.40 Each---------->			
	AT 1.4.2015	Bought	Sold	AT 31.3.2016
Direct Interests In The Company				
Dato' Ong Choo Meng	14,507,500	-	-	14,507,500
Dato' Ong Soon Ho	4,845,500	-	-	4,845,500
Tan Chen Wei	12,507,900	-	-	12,507,900
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	6,200	-	-	6,200
Indirect Interests In The Company				
Dato' Ong Choo Meng ^	4,845,500	-	-	4,845,500
Dato' Ong Soon Ho *	14,507,500	-	-	14,507,500

* - By virtue of the shareholding of his child, Dato' Ong Choo Meng
^ - By virtue of the shareholding of his father, Dato' Ong Soon Ho

By virtue of the directors' shareholdings in the shares of the Company, Dato' Ong Choo Meng, Dato' Ong Soon Ho and Tan Chen Wei, are deemed to have an interest in shares in the Company and its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

DIRECTORS' INTERESTS (CONT'D)

The other directors holding office at the end of the financial year did not have any interest in shares in 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 emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 31 to the financial statements.

Neither during nor at the end of the financial year was 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.

AUDITORS

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

Signed in accordance with a resolution of the directors dated 11 July 2016.

Dato' Ong Choo Meng

Tan Chen Wei

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Ong Choo Meng and Tan Chen Wei, 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 52 to 116 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 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 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 35, 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 11 July 2016.

Dato' Ong Choo Meng **Tan Chen Wei**

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Tan Siew Li, I/C No. 740728-06-5194, 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 52 to 116 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
Tan Siew Li, I/C No. 740728-06-5194,
at Johor Bahru in the state of Johor
on this 11 July 2016.

Before me: **Mohdzar Bin Khalid** **Tan Siew Li**
(No. J204)
P.L.P., P.I.S.,

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

Report on the Financial Statements

We have audited the financial statements of Denko Industrial Corporation Berhad, which comprise the statements of financial position as at 31 March 2016 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 a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 116.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and 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 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of a subsidiary of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 35 on page 117 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.

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath	**Fong Kiat Keong**
Firm No: AF 1018	Approval No: 3048/06/17(J)
Chartered Accountants	Chartered Accountant

11 July 2016

Johor Bahru

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	47,088,633	47,088,633
Property, plant and equipment	6	52,074,005	54,281,221	-	-
		52,074,005	54,281,221	47,088,633	47,088,633
CURRENT ASSETS					
Inventories	7	18,859,638	15,103,155	-	-
Trade receivables	8	21,325,405	22,160,360	-	-
Other receivables, deposits and prepayments	9	3,177,573	1,622,528	130,669	7,254
Amount owing by subsidiaries	10	-	-	2,829,975	2,829,975
Current tax assets		139,352	182,857	-	-
Cash and bank balances		4,606,695	2,334,908	23,505	411
		48,108,663	41,403,808	2,984,149	2,837,640
Non-current assets held for sales	11	5,500,000	5,500,000	-	-
		105,682,668	101,185,029	50,072,782	49,926,273

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2016 (CONT'D)

	Note	The Group 2016 RM	The Group 2015 RM	The Company 2016 RM	The Company 2015 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	41,787,540	41,787,540	41,787,540	41,787,540
Reserves	13	14,529,474	11,459,512	3,820,650	4,140,768
TOTAL EQUITY		56,317,014	53,247,052	45,608,190	45,928,308
NON-CURRENT LIABILITIES					
Long-term borrowings	14	5,532,598	2,953,686	-	-
Deferred tax liabilities	15	4,671,245	6,140,534	-	-
		10,203,843	9,094,220	-	-
CURRENT LIABILITIES					
Trade payables	16	11,460,134	9,468,127	-	-
Other payables and accruals	17	12,462,453	7,913,882	150,248	223,057
Amount owing to directors	18	4,807,551	8,307,007	955,208	751,800
Amount owing to subsidiaries	10	-	-	3,359,136	3,023,108
Short-term borrowings	19	10,248,506	12,641,206	-	-
Bank overdraft	22	-	513,535	-	-
Current tax liabilities		183,167	-	-	-
		39,161,811	38,843,757	4,464,592	3,997,965
TOTAL LIABILITIES		49,365,654	47,937,977	4,464,592	3,997,965
TOTAL EQUITY AND LIABILITIES		105,682,668	101,185,029	50,072,782	49,926,273

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
REVENUE	23	92,752,795	80,076,714	-	-
COST OF GOODS SOLD		(77,920,068)	(68,579,747)	-	-
GROSS PROFIT		14,832,727	11,496,967	-	-
OTHER INCOME		1,262,274	2,152,637	-	254,954
MARKETING AND DISTRIBUTION EXPENSES		(4,629,876)	(4,021,750)	-	-
ADMINISTRATIVE EXPENSES		(7,136,631)	(5,429,602)	(486,380)	(1,073,984)
OTHER OPERATING EXPENSES		(1,391,901)	(901,741)	-	-
FINANCE COSTS		(944,496)	(950,941)	-	(11,010)
PROFIT/(LOSS) BEFORE TAX	24	1,992,097	2,345,570	(486,380)	(830,040)
TAX INCOME	25	993,762	499,307	166,262	52,207
PROFIT/(LOSS) AFTER TAX		2,985,859	2,844,877	(320,118)	(777,833)
OTHER COMPREHENSIVE INCOME, NET OF TAX	26				
Items that Will Not be Reclassified Subsequently to Profit or Loss					
- Revaluation of properties		-	14,103,808	-	-
Items that May be Reclassified Subsequently to Profit or Loss					
- Foreign currency translation differences		84,103	(3,049)	-	-
TOTAL OTHER COMPREHENSIVE INCOME		84,103	14,100,759	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		3,069,962	16,945,636	-	-
EARNINGS PER SHARE (SEN)	27				
- basic		2.86	2.72		
- diluted		Not applicable	Not applicable		

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		<--- Non-Distributable					
The Group	Note	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
Balance at 1.4.2014		41,787,540	1,566,419	3,855,379	-	(10,907,922)	36,301,416
Profit after tax for the financial year		-	-	-	-	2,844,877	2,844,877
Other comprehensive income for the financial year, net of tax:	26						
- Revaluation of properties		-	-	14,103,808	-	-	14,103,808
- Foreign currency translation differences		-	-	-	(3,049)	-	(3,049)
Total comprehensive income/(expenses) for the financial year		-	-	14,103,808	(3,049)	2,844,877	16,945,636
Balance at 31.3.2015		41,787,540	1,566,419	17,959,187	(3,049)	(8,063,045)	53,247,052

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

			<--- Non-Distributable		--->		
The Group	Note	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, net of tax:	26						
- 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 2016 (CONT'D)

		Non-Distributable	Distributable	
	Share Capital	Share Premium	Retained Profits	Total Equity
The Company	RM	RM	RM	RM
Balance at 1.4.2014	41,787,540	1,566,419	3,352,182	46,706,141
Loss after tax for the financial year/Total comprehensive expenses for the financial year	-	-	(777,833)	(777,833)
Balance at 31.3.2015/1.4.2015	41,787,540	1,566,419	2,574,349	45,928,308
Loss after tax for the financial year/Total comprehensive expenses for the financial year	-	-	(320,118)	(320,118)
Balance at 31.3.2016	41,787,540	1,566,419	2,254,231	45,608,190

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

		The Group		The Company	
		2016	**2015**	**2016**	**2015**
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before tax		1,992,097	2,345,570	(486,380)	(830,040)
Adjustments for:-					
Bad debt written off		-	22,417	-	-
Depreciation of property, plant and equipment		4,530,625	5,168,436	-	-
Gain on disposal of property, plant and equipment		(30,474)	(28,026)	-	-
Impairment losses on:-					
- property, plant and equipment		50,625	343,465	-	-
- other receivables		-	38,700	-	-
- trade receivables		798,965	237,251	-	-
Interest expense		928,829	933,930	-	11,009
Interest income		(10,092)	(4,242)	-	(1,954)
Inventory written down		560,101	115,634	-	-
Inventory written off		642,824	-	-	-
Property, plant and equipment written off		1	-	-	-
Reversal of impairment losses on:					
- freehold land and buildings		-	(629,302)	-	-
- other receivables		-	(16,000)	-	-
- trade receivables		(625)	(42,920)	-	-
Reversal of inventory written off		-	(880,745)	-	-
Unrealised loss/(gain) on foreign exchange		594,232	(208,327)	-	-
Operating profit/(loss) before working capital changes		10,057,108	7,395,841	(486,380)	(820,985)
Increase in inventories		(4,959,408)	(1,890,693)	-	-
(Increase)/Decrease in trade and other receivables		(2,351,572)	(7,880,031)	(123,415)	18,176
Increase/(Decrease) in trade and other payables		6,856,386	2,468,651	(72,809)	(355,667)
CASH FROM/(FOR) OPERATIONS		9,602,514	93,768	(682,604)	(1,158,476)
Interest paid		(928,829)	(933,930)	-	(11,009)
Tax paid		(717,905)	(392,962)	-	-
Tax refunded		466,407	1,124,544	166,262	1,012,917
NET CASH FROM/(FOR) OPERATING ACTIVITIES		8,422,187	(108,580)	(516,342)	(156,568)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (CONT'D)

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Interest received		10,092	4,242	-	1,954
Proceeds from disposal of property, plant and equipment		317,472	31,800	-	-
Purchase of property, plant and equipment	28	(2,115,515)	(2,619,249)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,787,951)	(2,583,207)	-	1,954
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/advances from directors		(3,499,456)	6,350,209	203,408	208,000
Repayment of bankers' acceptance		(1,637,553)	(121,000)	-	-
Repayment of hire purchase obligations		(1,017,295)	(458,063)	-	(25,491)
Advances from/(repayment to) subsidiaries		-	-	336,028	(45,100)
Drawdown of term loan		5,000,000	-	-	-
Repayment of term loan		(2,608,305)	(1,040,153)	-	-
Placement of cash for issuance of bank guarantee		(870,000)	-	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(4,632,609)	4,730,993	539,436	137,409
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,001,627	2,039,206	23,094	(17,205)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,821,373	(214,921)	411	17,616
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(86,305)	(2,912)	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	3,736,695	1,821,373	23,505	411

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is 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. 20, 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 11 July 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. 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 1965 in Malaysia.

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

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (cont'd):-

MFRSs (Including The Consequential Amendments)	**Effective Date**
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarification to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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 factor 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Trade and Other 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 and changes in 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 outcome 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) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 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 (including structured entities, if any) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 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.

4.3 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) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling 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 except for those business combinations that occurred before the date of transition 1 January 2011 which are treated as assets and liabilities of the Company and are not retranslated.

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.

4.4 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 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 receivable 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.

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.

(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

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

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.

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 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) Financial Guarantee Contracts (Cont'd)

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.

4.5 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.

4.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. 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 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charge to profit or loss (unless it is included in the carrying amount of another asset) on the 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 and equipment are not depreciated as these assets are not yet available for use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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.

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. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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.

4.7 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.

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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT (CONT'D)

(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 the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and 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.

4.8 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost 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, labour and an appropriate proportion of production overheads.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVENTORIES (CONT'D)

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

4.10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets are remeasured in accordance with the Company's accounting policies. Upon classification as held for sale, the non-current assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

4.11 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 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 sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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 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 and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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.

4.13 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits 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.

4.15 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 RELATED PARTIES (CONT'D)

(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.

4.16 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.

4.17 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. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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.

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.

4.19 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.

4.20 REVENUE AND OTHER INCOME

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Interest Income

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

(c) Rental Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016	**2015**
	RM	RM
Unquoted shares, at cost		
- in Malaysia	62,557,293	62,557,293
Accumulated impairment losses	(15,468,660)	(15,468,660)
	47,088,633	47,088,633

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
Winsheng Plastic Industry Sdn. Bhd. ("WSP")	Malaysia	100	100	Plastic injection moulding and high precision plastic parts
Lean Teik Soon Sdn. Bhd.	Malaysia	100	100	Wholesaler/retailer of foodstuff and consumer goods
Denko Management Service 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

* *This subsidiary was audited by member firms of Crowe Horwath International of which Crowe Horwath is a member.*

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2015 RM	Reclassification RM	Additions (Note 28) RM	Disposals RM	Write Off RM	Impairment losses (Note 24) RM	Translation Differences RM	Depreciation charges (Note 24) 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

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

The Group	At 1.4.2014 RM	Reclassification RM	Revaluation Surplus RM	Classified as Held for Sale (Note 11) RM	Additions (Note 28) RM	Disposals RM	Impairment losses (Note 24) RM	Translation Differences RM	Depreciation charges (Note 24) RM	At 31.3.2015 RM
2015										
Net book value										
Freehold land	8,120,000	-	5,790,000	-	-	-	-	-	-	13,910,000
Freehold buildings	18,036,150	1,267,232	8,582,418	-	-	-	-	-	(385,800)	27,500,000
Leasehold land	975,716	-	1,248,376	(2,200,000)	-	-	-	-	(24,092)	-
Leasehold buildings	1,347,418	-	1,985,850	(3,300,000)	-	-	-	-	(33,268)	-
Cargo lift	215,460	(228,000)	17,100	-	-	-	-	-	(4,560)	-
Plant and machinery	10,528,075	-	-	-	2,371,065	-	(343,465)	-	(3,229,358)	9,326,317
Motor vehicles	361,357	-	-	-	-	(2)	-	-	(98,673)	262,682
Other property, plant and equipment*	4,798,498	(1,039,232)	-	-	192,969	(3,772)	-	(137)	(1,392,685)	2,555,641
Building under construction	-	-	-	-	726,581	-	-	-	-	726,581
	44,382,674	-	17,623,744	(5,500,000)	3,290,615	(3,774)	(343,465)	(137)	(5,168,436)	54,281,221

6. 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
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

The Group	At Cost RM	At Valuation RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Net Book Value RM
2015					
Freehold land	-	13,910,000	-	-	13,910,000
Freehold buildings	-	27,500,000	-	-	27,500,000
Cargo lift	-	-	-	-	-
Plant and machinery	60,678,142	-	(2,091,734)	(49,260,091)	9,326,317
Motor vehicles	2,087,574	-	-	(1,824,892)	262,682
Other property, plant and equipment*	19,657,085	-	(385,990)	(16,715,454)	2,555,641
Building under construction	726,581	-	-	-	726,581
	83,149,382	41,410,000	(2,477,724)	(67,800,437)	54,281,221

* 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.

6. 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
2016				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	27,500,000	-	27,500,000
	-	41,410,000	-	41,410,000
2015				
Freehold land	-	13,910,000	-	13,910,000
Freehold buildings	-	27,500,000	-	27,500,000
	-	41,410,000	-	41,410,000

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 and level 2 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
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

6. 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
2015			
Cost	9,106,000	16,549,149	25,655,149
Accumulated depreciation	-	(2,855,722)	(2,855,722)
At 31 March 2015	9,106,000	13,693,427	22,799,427

(c) During the financial year, the Group has recognised impairment losses of RM50,625 (2015: RM343,565) for plant and equipment, which are idle and no longer in use.

(d) 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 14, 19, 21 to the financial statements:-

	The Group	
	2016 RM	**2015** RM
Freehold land	6,710,000	13,910,000
Freehold buildings	15,387,097	27,500,000
Plant and machinery	-	9,326,317
Motor vehicles	-	262,682
Other property, plant and equipment	-	2,555,641
Building under construction	-	726,581
	22,097,097	54,281,221

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

	The Group	
	2016 RM	**2015** RM
Plant and machinery	1,647,907	1,872,267
Motor vehicles	234,593	185,552
Other property, plant and equipment	422,425	487,500
	2,304,925	2,545,319

7. INVENTORIES

	The Group	
	2016	**2015**
	RM	RM
Raw materials	5,356,728	3,759,341
Work-in-progress		
- Plastic parts	2,495,978	2,121,963
- Toolings	4,330,801	543,103
Packaging materials	409,913	529,765
Finished goods	6,266,218	8,148,983
	18,859,638	15,103,155
Recognised in profit or loss:-		
Inventories recognised as cost of sales	77,920,068	68,579,747
Amount written down to net realised value	560,101	115,634
Inventory written off	642,824	-
Reversal of write-down	-	(880,745)

8. TRADE RECEIVABLES

	The Group	
	2016	**2015**
	RM	RM
Trade receivables	22,310,323	22,589,322
Allowance for impairment losses	(984,918)	(428,962)
	21,325,405	22,160,360
Allowance for impairment losses:-		
At 1 April 2015/2014	428,962	234,631
Addition for the financial year (Note 24)	798,965	237,251
Reversal during the financial year (Note 24)	(625)	(42,920)
Written off during the financial year	(242,384)	-
At 31 March 2016/2015	984,918	428,962

(a) The Group's normal trade credit terms range from 30 to 90 (2015: 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 RM Nil (2015: RM2,400) owing by a Company in which the family members of a key management personnel have interests.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Other receivables	1,128,580	721,880	131,444	131,444
GST claimable	215,015	-	2,499	-
Deposits	937,130	855,320	1,000	1,000
Prepayments	1,066,992	286,351	127,170	6,254
	3,347,717	1,863,551	262,113	138,698
Allowance for impairment losses	(170,144)	(241,023)	(131,444)	(131,444)
	3,177,573	1,622,528	130,669	7,254
Allowance for impairment losses:-				
At 1 April 2015/2014	241,023	218,323	131,444	131,444
Addition for the financial year (Note 24)	-	38,700	-	-
Reversal during the financial year (Note 24)	-	(16,000)	-	-
Written off during the financial year	(70,879)	-	-	-
At 31 March 2016/2015	170,144	241,023	131,444	131,444

10. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2016	**2015**
	RM	RM
Amount Owing by:-		
Current		
Non-trade balances		
- subsidiaries	2,829,975	2,829,975
Amount Owing to-		
Current		
Non-trade balances		
- subsidiaries	(3,359,136)	(3,023,108)

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

11. NON-CURRENT ASSETS HELD FOR SALES

On 4 June 2015, Lean Teik Soon Sdn. Bhd., a wholly owned subsidiary of Denko Industrial Corporation Berhad had entered into a Sale and Purchase Agreement ("SPA") 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 current reporting period, the leasehold land and building have been presented in the consolidated statement of financial position as "Non-current assets held for sale".

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	
	2016	**2015**
	RM	RM
Leasehold land	2,200,000	2,200,000
Leasehold building	3,300,000	3,300,000
Non-current assets held for sale	5,500,000	5,500,000

In the previous financial year, the leasehold land and building have been pledged as security for banking facilities granted to the Group (Note 19).

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

The cumulative income recognised in other comprehensive income relating to the assets classified as held for sales is as below:-

	The Group	
	2016	**2015**
	RM	RM
Revaluation surplus of leasehold land and building	-	2,719,092

12. SHARE CAPITAL

	The Company			
	2016	**2015**	**2016**	**2015**
	Number Of Shares		RM	RM
ORDINARY SHARES OF RM0.40 EACH:-				
AUTHORISED	447,500,000	447,500,000	179,000,000	179,000,000
ISSUED AND FULLY PAID-UP	104,468,851	104,468,851	41,787,540	41,787,540

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.

13. RESERVES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Non-distributable reserves:-				
- Share premium	1,566,419	1,566,419	1,566,419	1,566,419
- Revaluation reserve	17,959,187	17,959,187	-	-
- Foreign currency translation reserve	81,054	(3,049)	-	-
	19,606,660	19,522,557	1,566,419	1,566,419
Distributable reserve:-				
(Accumulated loss)/Retained profits	(5,077,186)	(8,063,045)	2,254,231	2,574,349
	14,529,474	11,459,512	3,820,650	4,140,768

13.1 SHARE PREMIUM

The share premium represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

13.2 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).

13.3 FOREIGN EXCHANGE TRANSLATION RESERVE

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

14. LONG-TERM BORROWINGS

	The Group	
	2016	**2015**
	RM	RM
Hire purchase payables (Note 20)	940,471	1,389,576
Term loan (Note 21)	4,592,127	1,564,110
	5,532,598	2,953,686

15. DEFERRED TAX LIABILITIES

The Group	At 1.4.2015 RM	Recognised in Profit or Loss (Note 25) 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)
Unrealised foreign exchange loss	-	(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

15. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1.4.2014 RM	Recognised in Profit or Loss (Note 25) RM	Recognised in Other Comprehensive Income (Note 26) RM	At 31.03.2015 RM
2015				
Deferred Tax Liabilities				
Accelerated capital allowances	3,381,000	(853,900)	-	2,527,100
Revaluation of land and buildings	1,030,000	-	2,890,634	3,920,634
Unrealised foreign exchange gain	-	52,000	-	52,000
	4,411,000	(801,900)	2,890,634	6,499,734
Deferred Tax Assets				
Other temporary differences	(114,000)	(245,200)	-	(359,200)
Unabsorbed capital allowances	(189,000)	189,000	-	-
Unused tax losses	(1,000)	1,000	-	-
	(304,000)	(55,200)	-	(359,200)
	4,107,000	(857,100)	2,890,634	6,140,534

At the end of the reporting period, the Group has unutilised reinvestment allowance and unabsorbed tax losses (stated at gross) of approximately RM14,674,000 (2015 – RM20,571,000) and RM3,356,000 (2015 – RM659,000) respectively that are available for offset against future taxable profits of the subsidiaries. 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.

16. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2015: 30 to 90) days.

17. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Other payables	3,773,175	2,026,765	103,593	124,433
Deposit received	1,941,000	-	-	-
Accrued expenses	3,878,970	5,002,388	46,655	98,624
Progress billings on toolings	2,869,308	884,729	-	-
	12,462,453	7,913,882	150,248	223,057

18. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest-free and repayable over the next 12 months. The amount owing is to be settled by cash.

19. SHORT-TERM BORROWINGS

	The Group	
	2016	**2015**
	RM	RM
Bankers' acceptance	7,320,447	8,958,000
Revolving credit	2,000,000	2,000,000
Hire purchase payables (Note 20)	583,382	702,207
Term loan (Note 21)	344,677	980,999
	10,248,506	12,641,206

Bankers' acceptance is drawn for a period up to 120 days (2015: 110 days) and bears interest rates ranging from 4.79% to 5.41% (2015: 4.73% to 5.70%) per annum.

The bankers' acceptance, revolving credit, term loan and bank overdraft are secured by:-

(i) first and second legal charges over the freehold land, leasehold land and buildings of the Group as disclosed in Notes 6 and 11 to the financial statements;

(ii) in the previous financial year, fixed and floating charge over all the present and future assets of the Group as disclosed in Note 6 to the financial statements.

(iii) corporate guarantee from the Company.

20. HIRE PURCHASE PAYABLES

	The Group	
	2016	**2015**
	RM	RM
Minimum hire purchase payments:		
- not later than 1 year	668,202	824,400
- later than 1 year and not later than 5 years	1,007,583	1,522,580
	1,675,785	2,346,980
Less: Future finance charges	(151,932)	(255,197)
Present value of hire purchase payables	1,523,853	2,091,783
Current		
Not later than 1 year (Note 19)	583,382	702,207
Non-current		
Later than 1 year and not later than 5 years (Note 14)	940,471	1,389,576
	1,523,853	2,091,783

(a) Included in hire purchase payables of the Group is an amount of RM1,325,215 (2015:RM1,685,652) secured by corporate guarantee from the Company.

(b) The hire purchase payables of the Group bore effective interest rates ranging from 5.23% to 12.66% (2015: 5.23% to 7.26%). The interest rates are fixed at the inception of the hire purchase arrangements.

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21. TERM LOAN

	The Group	
	2016	**2015**
	RM	RM
Current (Note 19)		
Not later than 1 year	344,677	980,999
Non-Current (Note 14)		
Later than 1 year and not later than 2 years	370,011	1,053,808
Later than 2 years and not later than 5 years	1,479,783	510,302
Later than 5 years	2,742,333	-
	4,592,127	1,564,110
	4,936,804	2,545,109

(a) The term loan is secured in same manner as disclosed in Note 19 to the financial statements.

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

	Effective Interest rate %	2016 RM	2015 RM
Floating rate term loan	7.15 - 7.35	4,936,804	2,545,109

22. BANK OVERDRAFT

Bank overdraft to a limit of RM1,000,000 (2015: RM1,000,000) is payable on demand and secured in the same manner as disclosed in Note 19 to the financial statements.

23. REVENUE

Revenue of the Group represents invoiced value of goods sold less returns and trade discounts, if any.

24. PROFIT/(LOSS) BEFORE TAX

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after charging:-				
Audit fee				
- current year	115,973	90,000	23,000	43,000
Bad debts written off	-	22,417	-	-
Depreciation of property, plant and equipment (Note 6)	4,530,625	5,168,436	-	-
Directors' remuneration (Note 30)	1,962,078	1,713,425	285,355	268,000
Impairment losses on				
- property, plant and equipment	50,625	343,465	-	-
- other receivables (Note 9)	-	38,700	-	-
- trade receivables (Note 8)	798,965	237,251	-	-
Interest expense on				
- bankers' acceptance	362,968	105,512	-	-
- bank overdraft	96,478	313,720	-	-
- hire purchases	136,294	143,612	-	11,009
- revolving credit	126,160	157,160	-	-
- term loan	205,960	213,926	-	-
- others	969	-	-	-
Loss on foreign exchange				
- realised	16,634	-	-	-
- unrealised	594,232	-	-	-
Property, plant and equipment written off (Note 6)	1	-	-	-
Rental expenses on				
- forklift	23,020	-	-	-
- hostel	536,553	335,388	-	-
- office	112,000	33,240	-	12,000
Staff costs (including other key management personnel as disclosed in Note 30)	24,518,570	21,904,389	-	-

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Profit/(Loss) before tax is arrived at after crediting:-				
Gain on disposal of property, plant and equipment	30,474	28,026	-	-
Gain on foreign exchange				
- realised	256,682	340,889	-	-
- unrealised	-	208,327	-	-
Interest income	10,092	4,242	-	1,954
Over provision of directors' fees	-	253,000	-	253,000
Rental income from premises	610,678	9,000	-	-
Reversal of impairment losses on				
- freehold land and buildings	-	629,302	-	-
- other receivables (Note 9)	-	16,000	-	-
- trade receivables (Note 8)	625	42,920	-	-

Included in staff costs is EPF contribution of RM1,062,754 (2015:RM1,183,424).

25. TAX INCOME

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Income tax:				
- current tax	500,000	410,000	-	-
- over provision in the previous financial year	(21,830)	(52,207)	(166,262)	(52,207)
	478,170	357,793	(166,262)	(52,207)
Deferred tax (Note 15):				
- originating and recognition of temporary differences	(965,832)	(276,500)	-	-
- effect of change in corporate income tax rate from 25% to 24%	-	(102,000)	-	-
- over provision in the previous financial year	(506,100)	(478,600)	-	-
	(1,471,932)	(857,100)	-	-
	(993,762)	(499,307)	(166,262)	(52,207)

25. TAX INCOME (CONT'D)

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Profit/(Loss) before tax	1,992,097	2,345,570	(486,380)	(830,040)
Tax at the statutory tax rate of 24% (2015 - 25%)	478,103	586,393	(116,731)	(207,510)
Tax effects of:-				
Non-deductible expenses	243,816	798,744	116,731	271,249
Non-taxable income	-	(70,739)	-	(63,739)
Tax incentives - reinvestment allowance	(1,330,957)	(950,000)	-	-
Deferred tax asset not recognised in current financial year	153,942	45,000	-	-
Utilisation of deferred tax assets previously not recognised	-	(275,898)	-	-
Effect of differential in tax rates of subsidiary	(10,736)	-	-	-
Effect of change in corporate income tax rate from 25% to 24% on deferred tax	-	(102,000)	-	-
Over provision of income tax expense in the previous financial year	(21,830)	(52,207)	(166,262)	(52,207)
Over provision of deferred tax in the previous financial year	(506,100)	(478,600)	-	-
Tax income for the financial year	(993,762)	(499,307)	(166,262)	(52,207)

26. OTHER COMPREHENSIVE INCOME

	The Group	
	2016	**2015**
	RM	RM
Item that Will Not be Reclassified Subsequently to Profit or Loss		
Revaluation of properties	-	16,994,442
Less: Deferred tax (Note 15)	-	(2,890,634)
	-	14,103,808
Item that May be Reclassified Subsequently to Profit or Loss		
Foreign currency translation differences		
- changes during the financial year	84,103	(3,049)
	84,103	14,100,759

27. EARNINGS PER SHARE

	The Group	
	2016	**2015**
	RM	RM
Basic		
Profit attributable to owners of the Company (RM)	2,985,859	2,844,877
Weighted average number of ordinary shares in issue	104,468,851	104,468,851
Basic earnings per share (Sen)	2.86	2.72

The diluted earnings per share is equal to the basic earnings per share.

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2016	**2015**
	RM	RM
Cost of property, plant and equipment purchased (Note 6)	2,564,880	3,290,615
Amount financed through hire purchase	(449,365)	(671,366)
Cash disbursed for purchase of property, plant and equipment	2,115,515	2,619,249

29. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Cash and bank balances	4,606,695	2,334,908	23,505	411
Bank overdraft (Note 22)	-	(513,535)	-	-
	4,606,695	1,821,373	23,505	411
Less: Bank balance restricted for usage	(870,000)	-	-	-
	3,736,695	1,821,373	23,505	411

The bank balance amounted to RM870,000 is earmarked by bank for issuance of guarantees in favour of a third party.

30. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- salaries, bonus and other benefits	789,034	543,240	-	-
Defined contribution benefits	66,339	60,275	-	-
	855,373	603,515	-	-
Non-executive Directors				
- fees	253,355	240,000	253,355	240,000
- other benefits	32,000	28,000	32,000	28,000
	285,355	268,000	285,355	268,000
	1,140,728	871,515	285,355	268,000

30. 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	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Directors (Cont'd)				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits: - salaries, bonus and other benefits	790,000	717,010	-	-
Defined contribution benefits	31,350	124,900	-	-
	821,350	841,910	-	-
Total Directors' remuneration (Note 24)	1,962,078	1,713,425	285,355	268,000
Other Key Management Personnel				
Short-term employee benefits	4,292,895	4,357,985	-	-
Defined contribution benefits	461,546	456,509	-	-
Total compensation for other key management personnel (Note 24)	4,754,441	4,814,494	-	-

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

	The Company	
	2016	**2015**
	Number of Directors	
Executive Directors		
RM200,001 - RM250,000	1	-
RM600,001 - RM650,000	1	1
Non-executive Directors		
Below RM50,000	6	5
RM50,000 - RM100,000	1	1
	9	7

31. SIGNIFICANT 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, 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	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Subsidiaries				
Rental paid/payable	-	-	-	12,000
Management fee paid/ payable	-	-	-	600,000
Company related by common key management personnel				
Loss on disposal of property, plant and equipment	11,525	-	-	-
Sales of plastic parts and toolings	-	22,026	-	-

32. 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 moulding – involved in manufacturing and sale of plastic moulded products and components.
- Snack food – wholesaler/retailer of foodstuff and consumer goods
- Others – Investment holding

(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.

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32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
2016				
Revenue				
External revenue	87,419,709	5,333,086	-	92,752,795
Inter-segment revenue	412,225	49,738	-	461,963
	87,831,934	5,382,824	-	93,214,758
Consolidation adjustments				(461,963)
Consolidated revenue				92,752,795
Results				
Segment profit/(loss) before interest and tax	5,946,026	(2,755,709)	(14,999)	3,175,318
Finance costs				(944,496)
Unallocated expenses				(486,380)
Consolidation adjustments				247,655
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 disposal of property, plant and equipment	-	30,474	-	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)
Invnetories written off	-	(642,824)	-	(642,824)
Impairment of				
- trade receivables	-	(798,965)	-	(798,965)
- property, plant and equipemnt	(50,625)	-	-	(50,625)
Loss on foreign exchange - unrealised	(594,232)	-	-	(594,232)
Rental expense				
- forklift	-	(23,020)	-	(23,020)
- hostel	(520,053)	(16,500)	-	(536,553)
- office	-	(112,000)	-	(112,000)
Rental income	610,678	-	-	610,678
Tax income	312,366	515,134	166,262	993,762

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Plastic and moulding RM	Snack Food RM	Others RM	**Group RM**
2016				
Assets				
Segment assets	107,200,260	11,223,018	56,734,167	175,157,445
Unallocated assets				
- other receivables, deposits and prepayments				130,669
- cash and bank balances				23,505
Consolidation adjustments				(69,628,951)
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	53,771,094	6,376,644	8,352,285	68,500,023
Unallocated liabilities				
- other payables and accruals				150,248
- amount owing to directors				955,208
Consolidation adjustments				(20,239,825)
Consolidated total liabilities				49,365,654

	Plastic and moulding RM	Snack Food RM	Others RM	**Group RM**
2015				
Revenue				
External revenue	70,966,218	9,110,496	-	80,076,714
Inter-segment revenue	4,020	-	1,274,328	1,278,348
Total revenue	70,970,238	9,110,496	1,274,328	81,355,062
Consolidation adjustments				(1,278,348)
Consolidated revenue				80,076,714

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
Results				
Segment profit/(loss) before interest and tax	3,885,703	(1,866,579)	1,354,877	3,374,001
Finance costs				(950,941)
Unallocated expenses				(1,073,985)
Consolidation adjustments				996,495
Consolidated profit before tax				2,345,570
Segment profit before interest and tax includes the following:-				
Depreciation of property, plant and equipment	(4,923,440)	(244,996)	-	(5,168,436)
Gain on foreign exchange				
- realised	340,889	-	-	340,889
- unrealised	208,327	-	-	208,327
Gain on disposal of property, plant and equipment	28,026	-	-	28,026
Interest expense	(772,341)	(150,580)	(11,009)	(933,930)
Interest income	3,946	-	296	4,242
Inventories written down	-	(115,634)	-	(115,634)
Impairment of				
- trade receivables	(237,251)	-	-	(237,251)
- other receivable	(38,700)	-	-	(38,700)
- property, plant and equipment	(343,465)	-	-	(343,465)
Rental expense				
- hostel	(317,388)	(18,000)	-	(335,388)
- office	(33,240)	-	-	(33,240)
Rental income	-	9,000	-	9,000
Reversal of impairment of trade receivables	(42,920)	-	-	(42,920)
Reversal of inventories written down	880,745	-	-	880,745
Tax income	(290,100)	(157,000)	(52,207)	(499,307)

32. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Plastic and moulding RM	Snack Food RM	Others RM	**Group** RM
2015				
Assets				
Segment assets	94,802,628	15,423,749	56,717,705	166,944,082
Unallocated assets				
- other receivables, deposits and prepayments				7,254
- cash and bank balances				411
Consolidation adjustments				(65,766,718)
Consolidated total assets				101,185,029
Additions to non-current assets other than financial instruments is:				
- Property, plant and equipment	3,272,965	17,650	-	3,290,615
Liabilities				
Segment liabilities	46,857,075	8,252,333	7,984,796	63,094,204
Unallocated liabilities				
- other payables and accruals				223,057
- amount owing to directors				751,800
Consolidation adjustments				(16,131,084)
Consolidated total liabilities				47,937,977

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32. OPERATING SEGMENT (CONT'D)

GEOGRAPHICAL SEGMENTS

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	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
America	3,805,333	3,849,290	-	-
Asia-pacific	13,646,602	13,081,877	3,563,761	2,440,248
Europe	246,520	363,713	-	-
Malaysia	75,054,340	62,781,834	48,510,244	51,840,973
	92,752,795	80,076,714	52,074,005	54,281,221

MAJOR CUSTOMERS

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

	Revenue		Segment
	2016	**2015**	
	RM	RM	
Customer #1	21,893,987	15,089,414	Plastic and moulding
Customer #2	12,935,166	16,796,916	Plastic and moulding
Customer #3	11,560,739	-	Plastic and moulding
	46,389,892	31,886,330	

33. CAPITAL COMMITMENT

	The Group	
	2016	**2015**
	RM	RM
Authorised and Contracted for		
Purchase of property, plant and equipment	543,463	65,117

34. 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.

34.1 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 Company. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Euro Dollar ("EURO") 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'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	EURO RM	SGD RM
2016			
Financial Assets			
Trade receivables	7,546,469	-	21,525
Cash and bank balances	330,850	15,915	64,775
	7,877,319	15,915	86,300
Financial Liabilities			
Trade payables	2,671,702	8,432	136,529
Other payables	22,059	-	169,751
	2,693,761	8,432	306,280
Currency Exposure	5,183,558	7,483	(219,980)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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 (cont'd):-

Foreign Currency Exposure (Cont'd)

The Group	USD RM	EURO RM	SGD RM
2015			
Financial Assets			
Trade receivables	7,928,771	72,918	170,434
Cash and bank balances	159,535	39,673	113,862
	8,088,306	112,591	284,296
Financial Liabilities			
Trade payables	2,318,715	8,075	136,687
Other payables	40,135	-	121,112
	2,358,850	8,075	257,799
Currency Exposure	5,729,456	104,516	26,497

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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	
	2016	**2015**
	RM	RM
Effects on Profit After Tax		
USD/RM - strengthened by 23% (2015: 16%)	840,022	645,945
- weakened by 23% (2015: 16%)	(840,022)	(645,945)
EURO/RM - strengthened by 26% (2015: 16%)	688	21,428
- weakened by 26% (2015: 16%)	(688)	(21,428)
SGD/RM - strengthened by 15% (2015: 7%)	(25,570)	1,121
- weakened by 15% (2015: 7%)	25,570	(1,121)
USD/IDR - strengthened by 4% (2015: 4%)	11,112	6,291
- weakened by 4% (2015: 4%)	(11,112)	(6,291)
EURO/IDR - strengthened by 4% (2015: 4%)	122	114
- weakened by 4% (2015: 4%)	(122)	(114)

(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 rate.

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 19 and 21 to the financial statements.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2016	**2015**
	RM	RM
Effects on Profit After Tax		
Increase of 25 basis points (2015: 25 bp)	(21,417)	(21,683)
Decrease of 25 basis points (2015: 25 bp)	21,417	21,683

(iii) Equity Price Risk

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

(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.

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, 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.

34. FINANCIAL INSTRUMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 (2015: 3) customers which constituted approximately 57% (2015: 43%) of its trade receivables as 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	
	2016	**2015**
	RM	RM
Asia-pacific	3,541,395	3,637,655
Malaysia	16,875,900	17,764,246
North America	883,865	665,607
Others	24,245	92,852
Total	21,325,405	22,160,360

(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 statement 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.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables as at end of the reporting period is as follows:-

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
- over 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
2015			
Not past due	15,200,597	-	15,200,597
Past due:			
- less than 3 months	5,378,721	(26,099)	5,352,622
- 3 to 6 months	499,805	-	499,805
- over 6 months	1,039,901	(176,677)	863,224
- more than 1 year	470,298	(226,186)	244,112
	22,589,322	(428,962)	22,160,360

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.

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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
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 to 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 - 9.34	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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 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
2015					
Non-derivative Financial Liabilities					
Trade payables	-	9,468,127	9,468,127	9,468,127	-
Other payables and accruals	-	7,913,882	7,913,882	7,913,882	-
Amount owing to directors	-	8,307,007	8,307,007	8,307,007	-
Bankers' acceptance	4.73 - 4.98	8,958,000	8,958,000	8,958,000	-
Revolving credit	8.10	2,000,000	2,000,000	2,000,000	-
Hire purchase payables	5.23 - 6.98	2,091,783	2,346,980	824,400	1,522,580
Term loan	7.15	2,545,109	2,779,425	1,131,780	1,647,645
Bank overdraft	10.35	513,535	513,535	513,535	-
		41,797,443	42,286,956	39,116,731	3,170,225

34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 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	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
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
		4,464,592	4,464,592	4,464,592
2015				
Non-derivative Financial Liabilities				
Other payables and accruals	-	223,057	223,057	223,057
Amount owing to directors	-	751,800	751,800	751,800
Amount owing to subsidiaries	-	3,023,108	3,023,108	3,023,108
		3,997,965	3,997,965	3,997,965

34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 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	
	2016	**2015**
	RM	RM
Bankers' acceptance (Note 19)	7,320,447	8,958,000
Revolving credit (Note 19)	2,000,000	2,000,000
Hire purchase payables (Note 20)	1,523,853	2,091,783
Term loan (Note 21)	4,936,804	2,545,109
Bank overdraft (Note 22)	-	513,535
	15,781,104	16,108,427
Less: Cash and bank balances	(4,606,695)	(2,334,908)
Net debt	11,174,409	13,773,519
Total equity	56,317,014	53,247,052
Debt-to-equity ratio	19.84%	25.87%

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

34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 8)	21,325,405	22,160,360	-	-
Other receivables and deposits (Note 9)	1,895,566	1,336,177	1,000	1,000
Amount owing by subsidiaries (Note 10)	-	-	2,829,975	2,829,975
Cash and bank balances	4,606,695	2,334,908	23,505	411
	27,827,666	25,831,445	2,854,480	2,831,386
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 16)	11,460,134	9,468,127	-	-
Other payables and accruals (Note 17)	12,462,453	7,913,882	150,248	223,057
Amount owing to directors (Note 18)	4,807,551	8,307,007	955,208	751,800
Amount owing to subsidiaries (Note 10)	-	-	3,359,136	3,023,108
Bankers' acceptances (Note 19)	7,320,447	8,958,000	-	-
Revolving credit (Note 19)	2,000,000	2,000,000	-	-
Hire purchase payables (Note 20)	1,523,853	2,091,783	-	-
Term loan (Note 21)	4,936,804	2,545,109	-	-
Bank overdraft (Note 22)	-	513,535	-	-
	44,511,242	41,797,443	4,464,592	3,997,965

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 FAIR VALUES 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			**Total Fair**	**Carrying**
	Level 1	Level 2	Level 3	**Value**	**Amount**
The Group	RM	RM	RM	RM	RM
2016					
Financial Liabilities					
Hire purchase payables	-	1,630,207	-	1,630,207	1,523,853
Term loan	-	4,936,804	-	4,936,804	4,936,804
2015					
Financial Liabilities					
Hire purchase payables	-	2,104,998	-	2,104,998	2,091,783
Term loan	-	2,545,109	-	2,545,109	2,545,109

34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 FAIR VALUES INFORMATION (CONT'D)

Fair Value of Financial Instruments not Carried at Fair Value

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	
	2016	**2015**
	%	%
Hire purchase payables	2.39 - 12.66	2.57 to 5.70
Term loan	7.35	7.15

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

The breakdown of the (accumulated losses)/retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised 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	
	2016	**2015**	**2016**	**2015**
	RM	RM	RM	RM
Total (accumulated losses)/ retained profits:				
- realised	32,986,819	30,757,797	2,254,231	2,574,349
- unrealised	(5,423,026)	(5,932,207)	-	-
	27,563,793	24,825,590	2,254,231	2,574,349
Less: Consolidation adjustments	(32,640,979)	(32,888,635)	-	-
At 31 March	(5,077,186)	(8,063,045)	2,254,231	2,574,349

ANALYSIS OF SECURITIES

ORDINARY SHARE AS AT 30 JUNE 2016

Authorised Share Capital	:	RM200,000,000 comprising of RM179,000,000.00 divided into 447,500,000 Shares of RM0.40 each and RM21,000,000.00 divided into 21,000,000 A Preference Shares of RM1.00 each
Issued and Paid-Up Capital	:	RM41,787,540.40
Class of Shares	:	Ordinary Shares of RM0.40 each
Voting Rights	:	One Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDING AS AT 30 JUNE 2016

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	775	10.677	34,567	0.033
100 - 1,000	4,621	63.667	1,866,200	1.786
1,001 - 10,000	1,268	17.470	5,029,952	4.814
10,001 - 100,000	500	6.888	18,029,798	17.258
100,001 – 5,223,441 (*)	91	1.253	39,465,734	37.777
5,223,442 and above (**)	3	0.045	40,042,600	38.332
TOTAL	7,258	100.000	104,468,851	100.000

REMARKS : * Less than 5% of issued Shares
** 5% and above of issued Shares

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2016

DIRECTOR	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
DATO' ONG SOON HO	4,845,500	4.638	14,507,500^	13.886
DAVID YAORY	-	-	-	-
DATO' ONG CHOO MENG	14,507,500	13.886	4,845,500*	4.638
TAN CHEN WEI	12,507,900	11.972	-	-
DR. LOH YEE FEEI	-	-	-	-
THOOLASY DAS PONNIAH	-	-	-	-
TAN SRI DATO' SERI TAN KING TAI @ TAN KHOON HAI	6,200	0.005	-	-
YOONG NIM CHOR	-	-	-	-
ONG WEI LIAM @ JEREMY ONG	-	-	-	-

^ Deemed interested by virtue of his child, Dato' Ong Choo Meng shareholdings
** Deemed interested by virtue of his father, Dato' Ong Soon Ho shareholdings*

ANALYSIS OF SECURITIES (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2016

SUBSTANTIAL SHAREHOLDERS	No. of Shares Held			
	Direct Interest	%	Indirect Interest	%
DATO' ONG SOON HO	4,845,500	4.638	14,507,500^	13.886
DATO' ONG CHOO MENG	14,507,500	13.886	4,845,500*	4.638
GREEN POWER RESOURCES LIMITED	13,727,200	13.139	-	-
TAN CHEN WEI	12,507,900	11.972	-	-

^ Deemed interested by virtue of his child, Dato' Ong Choo Meng shareholdings
** Deemed interested by virtue of his father, Dato' Ong Soon Ho shareholdings*

TOP THIRTY SHAREHOLDERS AS AT 30 JUNE 2016

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Shareholders	Number of Shares Held	%
1.	DATO' ONG CHOO MENG	14,507,500	13.89
2.	GREEN POWER RESOURCES LIMITED	13,727,200	13.14
3.	TAN CHEN WEI	11,807,900	11.30
4.	DATO' ONG SOON HO	4,845,500	4.64
5.	MIDDLEMOUNT INTERNATIONAL LIMITED	2,438,300	2.33
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK	2,330,000	2.23
7.	LO MUN TAT	1,447,900	1.39
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO CHIN SWEE (DEALER 023)	1,420,000	1.36
9.	TAN KUAN TECK	1,400,000	1.34
10.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	1,312,300	1.26
11.	CHIN KOK SANG	1,051,000	1.01
12.	AMSEC NOMINEES (ASING) SDN BHD AMBANK (M) BERHAD FOR ORIENTAL GROUP INVESTMENT LIMITED (6285-1501)	990,600	0.95
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD DANAHARTA MANAGERS SDN BHD	943,033	0.90
14.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NAA HOLDINGS SDN BHD	702,396	0.67
15.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YENG CHI	700,000	0.67
16.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHEN WEI	700,000	0.67
17.	ZAINUL ABIDEEN BIN FAZLE ABBAS	700,000	0.67

TOP THIRTY SHAREHOLDERS AS AT 30 JUNE 2016 (CONT'D)

(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Shareholders	Number of Shares Held	%
18.	CHAN MUN HON	650,000	0.62
19.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOOI LEE YEE (MARGIN)	650,000	0.62
20.	LOW KIM MENG	600,000	0.57
21.	KHOR CHOU SIN	580,500	0.56
22.	SOH HUAT KIM @ SOH HUAT BOK	550,000	0.53
23.	LEE SAU KWANG	500,000	0.48
24.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEW CHIOU SHYA (DEALER 023)	480,000	0.46
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG LEE CHUAN	470,750	0.45
26.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED ZAMEEL BIN MOHAMED HUSSAIN (MG0217-222)	465,000	0.45
27.	LO MUN TAT	416,500	0.40
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN MAN YEN (E-SJA)	402,000	0.38
29.	LIM NGAK EE	400,000	0.38
30.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP BOON CHIN (MARGIN)	400,000	0.38
	TOTAL	67,588,379	64.70

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

LIST OF PROPERTIES

Title/Location	Tenure	Description	Land Area/ Built-up Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Valuation
H.S. (D) 251643 P.T.D. 62917 Mukim of Tebrau, District of Johor Bahru, **JOHOR** 16, Jalan Hasil Dua, 81200 Tampoi Johor Bahru, **JOHOR**	Grant in Perpetuity	Land a) 2 Storey Office cum Factory b) 5 Storey Factory	2.4 acres a) 7,286m² b) 5,330m² Total: 12,616m²	19	18,362	31.03.2015
H.S. (D) 187269 P.T.D. 62921 Mukim of Tebrau, District of Johor Bahru, **JOHOR** 18, Jalan Hasil Satu, 81200 Tampoi, Johor Bahru, **JOHOR**	Freehold	Land 2 Storey Office cum Factory	1.0 acre 4,100m²	20	5,538	31.03.2015

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

LIST OF PROPERTIES (CONT'D)

Title/Location	Tenure	Description	Land Area/ Built-up Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Valuation
H.S. (D) 187268 P.T.D. 62920 Mukim of Tebrau, District of Johor Bahru, **JOHOR** 20, Jalan Hasil Dua, 81200 Tampoi, Johor Bahru, **JOHOR**	Freehold	Land 5 Storey Office cum Factory	1.1 acre 15,244m²	17	16,623	31.03.2015
PN 7074, Lot No. 5999 Mukim 11, District of Seberang, Perai Tengah, **PULAU PINANG** 1589, Lorong Perusahaan Utama 2, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, **PULAU PINANG**	Leasehold expiring 2054	Land Double Storey Office & Single Storey Warehouse	1.0 acre 2,764m²	22	5,500	31.03.2015

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SEVENTH (27^{TH}) ANNUAL GENERAL MEETING OF **DENKO INDUSTRIAL CORPORATION BERHAD,** WILL BE HELD AT THE CONFERENCE ROOM, NO. 20 JALAN HASIL DUA, 81200 TAMPOI, JOHOR BAHRU, JOHOR ON MONDAY, 22 AUGUST 2016 AT 2:30 PM FOR THE FOLLOWING PURPOSES:

A G E N D A

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March, 2016 and the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note 7 (a) (i)*

2. To approve the Directors' fees for the financial year ended 31 March, 2016. *Resolution 1*

3. To re-elect the retiring Directors in accordance with the Company's Articles of Association:-

   (i) Mr. Tan Chen Wei - Article 102 *Resolution 2*
   (ii) Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai - Article 102 *Resolution 3*

4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 4*

Special Business

To consider and if thought fit, to pass the following Ordinary and Special Resolutions:

5. **ORDINARY RESOLUTION**
   - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 *Resolution 5*

   "That pursuant to Section 132D of the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and hereby authorised to allot and to issue shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10 per centum of the total issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. **SPECIAL RESOLUTION** *Resolution 6*
   - PROPOSED AMENDMENTS OF THE COMPANY'S ARTICLES OF ASSOCIATION

   "THAT the proposed amendments of the Articles of Association of the Company as set out in Appendix 1 be and is hereby approved."

7. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD,
WOO MIN FONG (MAICSA 0532413)
WONG CHEE YIN (MAICSA 7023530)
Company Secretaries
Johor Bahru
Dated: 28 July 2016

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 15 August 2016. Only members whose names appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*

2. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

3. *In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.*

4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The proxy form and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor not less than 48 hours before the time appointed for the Meeting.*

7. *Explanatory Note:*
   - *(a) Ordinary Business*
     - ***(i) Item 1 of Agenda***
       This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.
   - *(b) Special Business*
     - ***(i) Resolution No. 5***
       – Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965
       The proposed Resolution No. 5, if passed, is a new General Mandate to empower the Directors to issue and allot shares up to an aggregate amount not exceeding ten per centum (10.0%) of the total issued share capital of the Company for the time being, for the purpose as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an Extraordinary General Meeting will be dispensed with.

7. *Explanatory Note (cont'd):*

   (b) *Special Business (cont'd)*

   (i) Resolution No. 5

   - Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965 (cont'd)

   The General Mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to further placing of shares, for the purpose of funding future investment project (s) working capital and /or acquisition.

   The Company did not issue any shares under the mandate granted to the Directors at the last Annual General Meeting of the Company held on 21 September 2015 and which will lapse at the conclusion of the 27th *Annual General Meeting of the Company.*

   (ii) Resolution 6

   - Proposed Amendments of the Company's Articles of Association ("Proposed Amendments")

   The Proposed Amendments are to streamline the Company's Articles of Association to be aligned with the amendments to the Main Market Listing Requirements ("MMLR").

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27 (2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. Directors standing for election / re-election

There is no person standing for election as Director of the Company at this Annual General Meeting except for the following Directors who are standing for re-election at the Twenty-Seventh (27th) Annual General Meeting of the Company as follows:

Name of Director	Article
Mr. Tan Chen Wei	102
Tan Sri Dato' Seri Tan King Tai @ Tan Khoon Hai	102

Details of the directors who are standing for re-election and their shareholdings are set out in the Director's Profile on pages 7 to 10 and Page 118 of the Annual Report.

2. General Mandate for Issue of Securities in accordance with Paragraph 6.03 (3) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

The details of the general mandate for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in the Explanatory Notes to Special Business of the Notice of Twenty-Seventh (27th) Annual General Meeting.

APPENDIX 1

Proposed Amendment to Articles of Association of
Denko Industrial Corporation Berhad (Company No. 190155-M)

Article No.	Existing Article	Amended Article	Rationale
To amend Article 164	The Directors shall from time to time in accordance with section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and directors' reports as are referred to in the section, Provided However that the interval between the close of a financial year of the Company and the issue of the annual audited accounts and directors' reports relating to it shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days before the date of the meeting be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each of such document as may be required by the Exchange shall at the same time be likewise sent to Exchange: Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The Directors shall from time to time in accordance with section 169 of the Act **and the Listing Requirements,** cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and directors' reports as are referred to in the section**, and the Listing Requirements.** ~~Provided However that the interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and Auditors' reports shall not exceed four (4) months.~~ A copy of **the annual report including annual audited financial statements together with the auditors' and the directors' reports in printed format or in electronic format within four (4) months** ~~each such documents shall not less than twenty-one (21) days before the date of the meeting~~ be sent to **the Exchange and** every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. ~~The requisite number of copies of each of such document as may be required by Exchange shall at the same time be likewise sent to Exchange: Provided that~~ ~~t~~**T**his Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware**,** ~~or to more than one of joint holders~~ but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	Pursuant to the amendments on Para 9.23 and 9.26 and the deletion of Para 7.33 and 9.35 of MMLR
To delete Article 166A	In particular, the interval between the close of a financial year of the Company and the issue of the Auditors' report relating to the annual audited accounts of the Company prepared in accordance with Section 169 of the Act shall not exceed four (4) months.	~~In particular, the interval between the close of a financial year of the Company and the issue of the Auditors' report relating to the annual audited accounts of the Company prepared in accordance with Section 169 of the Act shall not exceed four (4) months.~~	Pursuant to the deletion of Para 7.33 of MMLR

PROXY FORM

DENKO INDUSTRIAL CORPORATION BERHAD

(190155-M)
(Incorporated in Malaysia)

I/We ____

of ____

being a member of **DENKO INDUSTRIAL CORPORATION BERHAD** hereby appoint :-

Full Name (in Block) and NRIC/Passport No.	**Address**	**Proportion of Shareholdings**	
		No. of Shares	**%**

and/or (delete as appropriate)

Full Name (in Block) and NRIC/Passport No.	**Address**	**Proportion of Shareholdings**	
		No. of Shares	**%**

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Seventh (27th) Annual General Meeting of the Company to be held at THE CONFERENCE ROOM, NO. 20 JALAN HASIL DUA, 81200 TAMPOI, JOHOR BAHRU, JOHOR on MONDAY, 22 AUGUST 2016 at 2.30 pm and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

	FOR	**AGAINST**
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion).

Signed this ____ day of ______________, 2016

No. of Shares Held	
CDS Account No.	

____

Signature of shareholder(s)

Contact No. :

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 67(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositor as at 15 August 2016. Only members whose name appear therein shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than 1 proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of officer or attorney of the corporation duly authorised in writing on its behalf.*
4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The proxy form and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor <u>not less than 48 hours</u> before the time appointed for the Meeting.*