

KARYON INDUSTRIES BERHAD (Company No: 612797-T)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 MARCH 2017**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER 31/03/17 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER 31/03/16 RM'000</u>	<u>CURRENT YEAR TO DATE 31/03/17 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD 31/03/16 RM'000</u>
CONTINUING OPERATIONS				
Revenue	37,754	N/A	138,130	N/A
Cost of Sales	(35,426)	N/A	(119,268)	N/A
Gross Profit	2,328	N/A	18,862	N/A
Other Income	496	N/A	1,599	N/A
Administrative and Operating Expenses	(4,092)	N/A	(12,609)	N/A
Finance Costs	(126)	N/A	(343)	N/A
Share of Profit of a Joint Venture	10	N/A	27	N/A
(Loss)/Profit Before Tax	(1,384)	N/A	7,536	N/A
Taxation	(39)	N/A	(2,509)	N/A
(Loss)/Profit for the financial year from continuing operations	(1,423)	N/A	5,027	N/A
DISCONTINUED OPERATIONS				
Profit for the financial year from discontinued operations, net of tax	33	N/A	3,573	N/A
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(1,390)	N/A	8,600	N/A
OTHER COMPREHENSIVE INCOME				
Foreign currency translation	(30)	N/A	384	N/A
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(1,420)	N/A	8,984	N/A
(Loss)/Profit attributable to:				
Owners of the parent	(1,390)	N/A	8,600	N/A
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(1,420)	N/A	8,984	N/A
Earnings per share (sen)				
Basic	(0.29)	N/A	1.81	N/A
Diluted	(0.29)	N/A	1.81	N/A

There was no comparative figure for the cumulative quarters and preceding year corresponding period due to the changed in previous financial year end from 31 December 2015 to 31 March 2016.

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements on page 5-14)

KARYON INDUSTRIES BERHAD (Company No: 612797-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 31/03/17 RM'000	As at 31/03/16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,317	31,573
Investment in a joint venture	5,231	5,810
	36,548	37,383
Current assets		
Inventories	22,459	15,381
Trade and other receivables	27,820	23,955
Current tax assets	1,272	1,501
Short term funds	9,510	11,501
Cash and cash equivalents	16,563	9,464
	77,624	61,802
Non-current assets held for sale	-	1,772
TOTAL ASSETS	114,172	100,957
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,572	47,572
Share premium	37	37
Foreign currency translation reserve	1,589	1,205
Retained earnings	38,702	31,529
TOTAL EQUITY	87,900	80,343
Non-current liabilities		
Borrowings	6,189	5,627
Deferred tax liabilities	1,953	2,063
	8,142	7,690
Current liabilities		
Trade and other payables	12,384	11,445
Borrowings	5,746	1,479
	18,130	12,924
TOTAL LIABILITIES	26,272	20,614
TOTAL EQUITY AND LIABILITIES	114,172	100,957
Net assets per share attributable to owners of the parent (RM)	0.18	0.17

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements on page 5-14)

KARYON INDUSTRIES BERHAD (Company No: 612797-T)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 MARCH 2017**
(The figures have not been audited)

Quarter ended 31 March 2017

	ATTRIBUTABLE TO OWNERS OF THE PARENT				
	SHARE CAPITAL	SHARE PREMIUM	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 01.04.2016	47,572	37	1,205	31,529	80,343
Total comprehensive income for the period	-	-	384	8,600	8,984
Dividend paid	-	-	-	(1,427)	(1,427)
Balance as at 31.03.2017	47,572	37	1,589	38,702	87,900

There was no comparative figure for the preceding year corresponding period due to the changed in previous financial year end from 31 December 2015 to 31 March 2016.

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements on page 5-14)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 MARCH 2017
(The figures have not been audited)

	CURRENT YEAR TO DATE 31/03/17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax from continuing operations	7,536
Profit before tax from discontinued operations	3,758
Profit before tax, total	<u>11,294</u>
Adjustments for:	
Bad debts written off	10
Bad debts recovery	(48)
Depreciation on property, plant and equipment	1,089
Gain on disposal of property, plant and equipment	(3,853)
Interest expense	343
Interest income	(470)
Inventories written off	1,268
PPE written off	196
Unrealised loss on foreign exchange	24
Share of profit of a joint venture	<u>(27)</u>
Operating profit before changes in working capital	9,826
Net changes in inventories	(8,346)
Net changes in trade and other receivables	(3,850)
Net changes in trade and other payables	<u>954</u>
CASH USED IN OPERATIONS	<u>(1,416)</u>
Dividend received from a joint venture	990
Tax refunded	811
Tax paid	<u>(3,386)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>(3,001)</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Deposits with licensed banks with original maturity of more than three months	(11)
Interest received	425
Proceeds from disposal of property, plant and equipment	5,765
Purchase of property, plant and equipment (Note 1)	<u>(772)</u>
NET CASH FROM INVESTING ACTIVITIES	<u><u>5,407</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES	
(Repayment) / drawdown of:	
- hire purchase creditor	(49)
- term loan	700
- bankers' acceptance	3,781
Interest paid	(343)
Dividend paid	<u>(1,427)</u>
NET CASH FROM FINANCING ACTIVITIES	<u><u>2,662</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,068
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(16)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	19,556
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 2)	<u><u>24,608</u></u>
Notes:	RM'000
1) Purchase of property, plant and equipment	
Purchase of property, plant and equipment	1,285
Less: Financed by hire purchase	(397)
Less: Sales to related companies	<u>(116)</u>
Cash purchase of property, plant and equipment	<u><u>772</u></u>
2) Cash and cash equivalents	
Cash and cash equivalents included in the statement of cash flows comprise of the following:	
Cash and bank balances	16,563
Short term funds	9,510
Less: Deposits with licensed banks (more than three months)	<u>(1,465)</u>
Cash and bank balances at the end of the year	<u><u>24,608</u></u>

There was no comparative figure for the preceding year corresponding period ended 31 March 2016 due to the changed in previous financial year end from 31 December 2015 to 31 March 2016.

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2016 and the accompanying explanatory notes attached to this interim financial statements on page 5-14)

KARYON INDUSTRIES BERHAD (“KIB”)

(Company No: 612797-T)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 31 MARCH 2017

Explanatory notes to the Interim Financial Statements

1. Accounting Policies and Basis of Preparation

This interim financial statements has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 March 2016.

2. Significant Accounting Policies

The significant accounting policies adopted by KIB and its subsidiaries (“Group”) in this interim financial statements are consistent with those adopted in the financial statements for the financial period ended 31 March 2016 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - MFRS and IC Interpretations to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2016. The adoption of the abovementioned MFRS, Amendments to MFRS and Interpretations will have no material impact on the financial statements of the Group upon their initial application.

At the date of authorisation of these interim financial statements, the following MFRS and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to FRSs issued but not yet effective		Effective for annual periods beginning on or after
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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 12	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2017
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarification to MFRS 15		1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 Paragraph 46 and 48
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

3. Audit Report of the Preceding Audited Financial Statements

The auditors' report of the preceding annual financial statements of the Group was not subject to any qualification.

4. Seasonal or Cyclical Factors

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review.

5. Unusual Items

The Company had on 30 November 2016 announced that a fire incident occurred on 27 November 2016, at a third party premise located adjacent to one of the manufacturing facilities of Hsing Lung Sdn Bhd, a wholly-owned subsidiary of KIB ("HLSB") ("**Fire Incident**") at No. 3, Jalan Sri Plentong 6, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim. The Fire Incident had affected small area of the HLSB Factory, caused some damages to the raw materials and finished products and disruption to two (2) PVC production lines.

On 5 April 2017, the Company announced that, the financial impact to KIB and its subsidiaries in relation to the Fire Incident has yet to be finalised as it is still pending the assessment from Jabatan Alam Sekitar on the cost of cleaning the chemical spill due to the fire incident. As at 4 April 2017, HLSB had received a total of RM1 million interim compensation sum from the insurance company.

Further developments of the above matter will be announced to Bursa Securities in due course.

6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have material effect on the current financial period-to-date.

7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellation for the current financial quarter under review.

8. Dividends Declared/Paid

The dividends declared/paid during the current financial quarter and cumulative financial period-to-date is as follows:

	Company			
	31.3.2017		31.3.2016	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
In respect of the financial period ended 31 March 2016 Final single tier dividend, declared on 25 May 2016 and shall be paid on 26 September 2016	0.30	1,427,139	-	-
In respect of the financial period ended 31 March 2016 Single tier interim dividend, declared on 3 June 2015 and paid on 3 July 2015	-	-	0.40	1,902,853

9. Segmental Reporting

The segmental result of the Group for the current financial quarter under review is set out below:

3 months ended 31 March 2017

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Sales (Gross)	398	40,010	40,408	-	40,408
Inter-Segment sales	(387)	(2,267)	(2,654)	-	(2,654)
External	11	37,743	37,754	-	37,754
RESULT					
Segment result	(886)	(382)	(1,268)	50	(1,218)
Finance costs	-	(126)	(126)	-	(126)
Share of profit of a joint venture	10	-	10	-	10
(Loss)/Profit before tax	(876)	(508)	(1,384)	50	(1,334)
Taxation	(31)	(8)	(39)	(17)	(56)
(Loss)/Profit after tax	(907)	(516)	(1,423)	33	(1,390)
Consolidated Statement of Financial Position					
Segment assets	8,750	97,824	106,574	7,598	114,172
Segment liabilities	721	25,544	26,265	7	26,272

9. Segmental Reporting (cont'd)

The segmental result of the Group for the cumulative financial quarter under review is set out below:

12 months ended 31 March 2017

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
Sales (Gross)	6,436	148,418	154,854	41	154,895
Inter-Segment sales	(6,410)	(10,314)	(16,724)	(39)	(16,763)
External	26	138,104	138,130	2	138,132
RESULT					
Segment result	(2,417)	10,269	7,852	3,758	11,610
Finance costs	-	(343)	(343)	-	(343)
Share of profit of a joint venture	27	-	27	-	27
(Loss)/Profit before tax	(2,390)	9,926	7,536	3,758	11,294
Taxation	(287)	(2,222)	(2,509)	(185)	(2,694)
(Loss)/Profit after tax	(2,677)	7,704	5,027	3,573	8,600
Consolidated Statement of Financial Position					
Segment assets	8,750	97,824	106,574	7,598	114,172
Segment liabilities	721	25,544	26,265	7	26,272

There was no comparative figure for the preceding year corresponding period due to the changed in the previous financial year end from 31 December 2015 to 31 March 2016.

10. Valuation of Property, Plant and Equipment

The Group's property, plant and equipment is carried at cost and have been brought forward without amendment from the latest audited annual financial statements.

11. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events that have occurred from 1 April 2017 to the date of announcement.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

The amounts of contingent liabilities as at 31 March 2017 are as follows:

	<u>RM</u>
Guarantees to banks for trade facilities granted	37,700,000
Guarantees to suppliers	500,000

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter under review.

14. Capital Commitment

There was no capital commitment as at 31 March 2017.

15. Performance Review

Current Financial Quarter

	3 Months Ended 31.03.2017	12 Months Ended 31.03.2017
	RM'000	RM'000
Continuing Operations		
Revenue	37,754	138,130
(Loss)/Profit before tax	(1,384)	7,536
Discontinued Operation		
Revenue	-	2
Profit before tax	50	3,758
Total		
Revenue	37,754	138,132
(Loss)/Profit before tax	(1,334)	11,294

There was no comparative figure for the preceding year corresponding period/quarter following the changed in financial year ending which have moved from 31 December 2015 to 31 March 2016.

16. Material Changes in Profit Before Tax as Compared with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	31.03.2017	31.12.2016	Amount	%
	RM'000	RM'000	RM'000	
Continuing Operations				
Revenue	37,754	34,277	3,477	10.14
(Loss)/Profit before tax	(1,384)	3,031	(4,415)	(>100.00)
Discontinued Operation				
Revenue	-	-	-	-
Profit before tax	50	3,707	(3,657)	(98.65)
Total				
Revenue	37,754	34,277	3,477	10.14
(Loss)/Profit before tax	(1,334)	6,738	(8,072)	(>100.00)

The Group's revenue had increased by RM3.477 million in the current quarter under review due mainly to the increase in sales volumes by 281 MT and selling price of polymeric products.

The Group incurred loss before tax of RM1.334 million for the quarter ended 31 March 2017 as compared to profit before tax of RM6.738 million recorded in the preceding quarter. This was due mainly to the provision for incidental expenses in relation to the Fire Incident which amounted to approximately RM2.30 million for the current financial quarter under review. However, it has been mitigated by an interim insurance compensation payment received amounted to RM0.50 million during the financial quarter under review.

Further, there was a one off gain on disposal of a piece of leasehold land together with a corner detached factory of approximately RM3.848 million which was taken up in the preceding quarter.

17. Future Prospects

Notwithstanding the current economic situation and currency fluctuations, the Board is of the opinion that the financial performance of the Group for the financial year ending 31 March 2018 will remain satisfactory as the Group intends to increase its production capacity by sourcing new machinery in order to achieve higher sales and profit.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter under review.

19. Tax Expense

The tax expense charged for the current financial quarter under review and financial period-to-date includes the followings:

	Current quarter 31.03.2017 RM'000	Financial Year-To-Date 31.03.2017 RM'000
Continuing operations		
Current income tax	149	2,507
Prior year's under-provision of income tax	-	13
Foreign income tax	-	99
Deferred tax liabilities	(110)	(110)
	<u>39</u>	<u>2,509</u>
Real property gains tax attributable to discontinued operations	<u>17</u>	<u>185</u>
Total	<u><u>56</u></u>	<u><u>2,694</u></u>

The Group's effective tax rate was higher than the statutory tax rate of 24% due mainly to certain expenses are disallowed for tax purposes.

20. Status of Corporate Proposal

There is no outstanding corporate proposal for the current financial quarter under review.

21. Group Borrowings and Debt Securities

The Group's borrowings, which are all denominated in Ringgit Malaysia, as at 31 March 2017 are shown below:

	As at 31.03.2017 RM'000	As at 31.03.2016 RM'000
Long Term Borrowing - secured		
Hire purchase creditor	299	N/A
Term loan	5,890	N/A
	<u>6,189</u>	<u>N/A</u>
Short Term Borrowing – secured		
Banker acceptance	4,938	N/A
Hire purchase creditor	179	N/A
Term loan	629	N/A
	<u>5,746</u>	<u>N/A</u>
Total	<u><u>11,935</u></u>	<u><u>N/A</u></u>

22. Realised and Unrealised Profits or Losses

	Current quarter ended 31.03.2017 RM'000	Preceding quarter ended 31.12.2016 RM'000
Total retained earnings of KIB and its subsidiaries:		
- Realised	40,842	42,111
- Unrealised	(1,977)	(1,846)
	<hr/> 38,865	<hr/> 40,265
Total share of retained earnings from a joint venture:		
- Realised	(163)	(173)
Total Group retained earnings	<hr/> 38,702	<hr/> 40,092

23. Material Litigation

The Group does not have any material litigation which would materially affect the financial position of the Group.

24. Dividend Payable

No dividend was declared or paid for the current financial year under review (31.3.2016: RM0.007).

25. **Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter Ended		12 Months Ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	N/A	10	N/A
Bad debts recovery	-	N/A	(48)	N/A
Depreciation on property, plant and equipment	284	N/A	1,089	N/A
Gain on disposal of property, plant and equipment	-	N/A	(3,853)	N/A
Inventories written off	1,268	N/A	1,268	N/A
Net foreign exchange gain -realised	(85)	N/A	(737)	N/A
Net foreign exchange loss -unrealised	241	N/A	24	N/A
Property, plant and equipment written off	185	N/A	196	N/A
Interest income	(167)	N/A	(470)	N/A
Interest expenses	126	N/A	343	N/A

Note: There was no comparative figure for the preceding year corresponding period due to the changed in the previous financial year end from 31 December 2015 to 31 March 2016.

Save as disclosed above, the other items required under Section 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

26. Earnings Per Share (“EPS”)

Basic

The calculation of the basic EPS is based on the net profit for the current financial quarter and the twelve (12) months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the twelve (12) months financial period.

	Current Quarter Ended		12 Months Ended	
	31.03.2017	31.03.206	31.03.2017	31.03.2016
Net (loss)/profit for the period attributable to owners of the parent (RM'000)	(1,390)	N/A	8,600	N/A
Weighted average number of ordinary shares in issue ('000)	475,713	N/A	475,713	N/A
Basic EPS (sen)	(0.29)	N/A	1.81	N/A

Note: There was no comparative figure for the preceding year corresponding period due to the changed in the previous financial year end from 31 December 2015 to 31 March 2016.

Diluted

The EPS is not diluted for the current financial quarter and the twelve (12) months financial period.