

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2017**  
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u> <u>30/09/17</u> <u>RM'000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> <u>30/09/16</u> <u>RM'000</u>	<u>CURRENT YEAR TO DATE</u> <u>30/09/17</u> <u>RM'000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> <u>30/09/16</u> <u>RM'000</u>
<b>CONTINUING OPERATIONS</b>				
Revenue	39,944	32,863	78,696	66,099
Cost of Sales	(33,898)	(27,377)	(67,506)	(54,639)
Gross Profit	6,046	5,486	11,190	11,460
Other Income	674	(37)	1,263	211
Administrative and Operating Expenses	(3,427)	(2,940)	(6,502)	(5,682)
Finance Costs	(81)	(77)	(183)	(145)
Share of Profit of a Joint Venture	63	24	200	45
Profit Before Tax	3,275	2,456	5,968	5,889
Taxation	(775)	(765)	(1,448)	(1,563)
Profit for the financial period from continuing operations	2,500	1,691	4,520	4,326
<b>DISCONTINUED OPERATION</b>				
Profit for the financial period from discontinued operation, net of tax	7	37	49	1
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>2,507</b>	<b>1,728</b>	<b>4,569</b>	<b>4,327</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Foreign currency translation	(25)	130	(55)	159
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,482</b>	<b>1,858</b>	<b>4,514</b>	<b>4,486</b>
Profit attributable to:				
Owners of the parent	2,507	1,728	4,569	4,327
Total comprehensive income attributable to:				
Owners of the parent	2,482	1,858	4,514	4,486
Basic earnings per share (sen):				
- from continuing operations	0.53	0.35	0.95	0.91
- from discontinued operation	0.00	0.01	0.01	0.00
	0.53	0.36	0.96	0.91
Diluted earnings per share (sen):				
- from continuing operations	0.53	0.35	0.95	0.91
- from discontinued operation	0.00	0.01	0.01	0.00
	0.53	0.36	0.96	0.91

(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 2017 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 30 SEPTEMBER 2017**  
(The figures have not been audited)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at 30/09/17 RM'000</b>	<b>As at 31/03/17 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,640	31,317
Investment in a joint venture	5,376	5,231
	<u>37,016</u>	<u>36,548</u>
<b>Current assets</b>		
Inventories	22,241	22,459
Trade and other receivables	31,239	30,559
Current tax assets	1,435	1,272
Short term funds	-	9,510
Cash and cash equivalents	24,134	16,563
	<u>79,049</u>	<u>80,363</u>
<b>TOTAL ASSETS</b>	<u>116,065</u>	<u>116,911</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	47,572	47,572
Share premium	37	37
Foreign currency translation reserve	1,534	1,589
Retained earnings	43,271	38,702
<b>TOTAL EQUITY</b>	<u>92,414</u>	<u>87,900</u>
<b>Non-current liabilities</b>		
Borrowings	5,844	6,183
Deferred tax liabilities	1,953	1,953
	<u>7,797</u>	<u>8,136</u>
<b>Current liabilities</b>		
Trade and other payables	14,491	15,122
Borrowings	1,363	5,753
	<u>15,854</u>	<u>20,875</u>
<b>TOTAL LIABILITIES</b>	<u>23,651</u>	<u>29,011</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>116,065</u>	<u>116,911</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.19</u>	<u>0.18</u>

(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 2017 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 2ND QUARTER ENDED 30 SEPTEMBER 2017**  
(The figures have not been audited)

Quarter ended 30 September 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 01.04.2017	47,572	37	1,589	38,702	87,900
Total comprehensive income for the period	-	-	(55)	4,569	4,514
Balance as at 30.09.2017	47,572	37	1,534	43,271	92,414

Quarter ended 30 September 2016

	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	-	-	159	4,327	4,486
Dividend paid	-	-	-	(1,427)	(1,427)
Balance as at 30.09.2016	47,572	37	1,364	34,429	83,402

(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 2017 and the accompanying explanatory notes attached to this interim financial statements on page 5-14)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2017**  
(The figures have not been audited)

	<b>CURRENT YEAR TO DATE 30/09/17 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30/09/16 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	5,968	5,889
Profit before tax from discontinued operation	44	1
Profit before tax, total	<u>6,012</u>	<u>5,890</u>
Adjustments for:		
Bad debts written off	1	9
Bad debts recovery	-	(35)
Depreciation on property, plant and equipment	554	519
Interest expense	183	145
Interest income	(239)	(180)
PPE written off	63	5
Unrealised (gain)/loss on foreign exchange	(36)	31
Share of profit of a joint venture	(200)	(45)
Operating profit before changes in working capital	6,338	6,339
Net changes in inventories	218	(3,007)
Net changes in trade and other receivables	(657)	52
Net changes in trade and other payables	(647)	437
<b>CASH GENERATED FROM OPERATIONS</b>	<u>5,252</u>	<u>3,821</u>
Tax paid	(1,646)	(1,229)
Tax refunded	40	58
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>3,646</u>	<u>2,650</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawals/(Placements) of deposits with licensed banks with original maturity date more than three months	1,091	(1,026)
Interest received	239	180
Purchase of property, plant and equipment (Note 1)	(940)	(278)
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<u>390</u>	<u>(1,124)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of banker's acceptance	4,279	349
Repayments of:		
- hire purchase creditors	(140)	(12)
- term loans	(297)	(125)
- bankers' acceptance	(8,571)	-
Interest paid	(183)	(145)
Dividend paid	-	(1,427)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(4,912)</u>	<u>(1,360)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(876)</u>	<u>166</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH &amp; CASH EQUIVALENTS</b>	<u>28</u>	<u>(30)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>24,608</u>	<u>19,556</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD (Note 2)</b>	<u>23,760</u>	<u>19,692</u>
Notes:	<b>RM'000</b>	
<b>1) Purchase of property, plant and equipment</b>		
Purchase of property, plant and equipment	949	
Less: Sales to related companies	(9)	
Cash purchase of property, plant and equipment	<u>940</u>	
<b>2) Cash and cash equivalents</b>		
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Cash and bank balances	24,134	
Less: Deposits with licensed banks (more than three months)	(374)	
Cash and bank balances at the end of the period	<u>23,760</u>	

(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 2017 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 2ND QUARTER ENDED 30 SEPTEMBER 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 year ended 31 March 2017.

**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 year ended 31 March 2017 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 2017. 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 MFRSs 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 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
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
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 Paragraph 46 and 48
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021

**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.

As at 30 September 2017, HLSB had received a total of RM1 million interim compensation sum from the insurance company. Subsequently, HLSB received another two interim compensation sums of RM0.14 million and RM0.57 million respectively on 4 October 2017 and 9 October 2017. On 7 November 2017, HLSB received a final compensation sum amounting to approximately RM0.33 million from the insurance company in respect of the Fire Incident. With this, HLSB has received a total of RM2.04 million compensation sum from the insurance company.

Based on the above, the financial impact of the Fire Incident to KIB and its subsidiaries is approximately RM0.26 million, after taking into consideration the estimated damages of approximately RM2.30 million against the total compensation sum received from the insurance company of RM2.04 million.

#### 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			
	2018		2017	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
<b>In respect of the financial period ending 31 March 2018</b> Final single tier dividend, declared on 24 October 2017 and paid on 27 November 2017	0.30	1,427,139	-	-
<b>In respect of the financial period ended 31 March 2016</b> Final single tier dividend, declared on 25 May 2016 and paid on 26 September 2016	-	-	0.30	1,427,139

## 9. Segmental Reporting

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

### 3 months ended 30 September 2017

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
Sales (Gross)	126	42,637	42,763	-	42,763
Inter-Segment sales	(114)	(2,705)	(2,819)	-	(2,819)
<b>External</b>	<b>12</b>	<b>39,932</b>	<b>39,944</b>	<b>-</b>	<b>39,944</b>
<b>RESULT</b>					
Segment result	(738)	4,031	3,293	2	3,295
Finance costs	-	(81)	(81)	-	(81)
Share of profit of a joint venture	63	-	63	-	63
(Loss)/Profit before tax	(675)	3,950	3,275	2	3,277
Taxation	3	(778)	(775)	5	(770)
<b>(Loss)/Profit after tax</b>	<b>(672)</b>	<b>3,172</b>	<b>2,500</b>	<b>7</b>	<b>2,507</b>
<b>Consolidated Statement of Financial Position</b>					
Segment assets	14,020	100,398	114,418	1,647	116,065
Segment liabilities	500	23,134	23,634	17	23,651

### 3 months ended 30 September 2016

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
Sales (Gross)	1,846	35,817	37,663	-	37,663
Inter-Segment sales	(1,841)	(2,959)	(4,800)	-	(4,800)
<b>External</b>	<b>5</b>	<b>32,858</b>	<b>32,863</b>	<b>-</b>	<b>32,863</b>
<b>RESULT</b>					
Segment result	(580)	3,089	2,509	37	2,546
Finance costs	-	(77)	(77)	-	(77)
Share of profit of a joint venture	24	-	24	-	24
(Loss)/Profit before tax	(556)	3,012	2,456	37	2,493
Taxation	(87)	(678)	(765)	-	(765)
<b>(Loss)/Profit after tax</b>	<b>(643)</b>	<b>2,334</b>	<b>1,691</b>	<b>37</b>	<b>1,728</b>
<b>Consolidated Statement of Financial Position</b>					
Segment assets	7,971	89,962	97,933	6,721	104,654
Segment liabilities	315	20,351	20,666	586	21,252

9. **Segmental Reporting (cont'd)**

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

**6 months ended 30 September 2017**

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
Sales (Gross)	431	84,549	84,980	-	84,980
Inter-Segment sales	(410)	(5,874)	(6,284)	-	(6,284)
<b>External</b>	<b>21</b>	<b>78,675</b>	<b>78,696</b>	<b>-</b>	<b>78,696</b>
<b>RESULT</b>					
Segment result	(1,245)	7,196	5,951	44	5,995
Finance costs	-	(183)	(183)	-	(183)
Share of profit of a joint venture	200	-	200	-	200
(Loss)/Profit before tax	(1,045)	7,013	5,968	44	6,012
Taxation	3	(1,451)	(1,448)	5	(1,443)
<b>(Loss)/Profit after tax</b>	<b>(1,042)</b>	<b>5,562</b>	<b>4,520</b>	<b>49</b>	<b>4,569</b>
<b>Consolidated Statement of Financial Position</b>					
Segment assets	14,020	100,398	114,418	1,647	116,065
Segment liabilities	500	23,134	23,634	17	23,651

**6 months ended 30 September 2016**

	Investment Holding	Manufacturing of Polymeric Product	Total from Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>					
Sales (Gross)	2,150	71,352	73,502	41	73,543
Inter-Segment sales	(2,141)	(5,262)	(7,403)	(39)	(7,442)
<b>External</b>	<b>9</b>	<b>66,090</b>	<b>66,099</b>	<b>2</b>	<b>66,101</b>
<b>RESULT</b>					
Segment result	(981)	6,970	5,989	1	5,990
Finance costs	-	(145)	(145)	-	(145)
Share of profit of a joint venture	45	-	45	-	45
(Loss)/Profit before tax	(936)	6,825	5,889	1	5,890
Taxation	(87)	(1,476)	(1,563)	-	(1,563)
<b>(Loss)/Profit after tax</b>	<b>(1,023)</b>	<b>5,349</b>	<b>4,326</b>	<b>1</b>	<b>4,327</b>
<b>Consolidated Statement of Financial Position</b>					
Segment assets	7,971	89,962	97,933	6,721	104,654
Segment liabilities	315	20,351	20,666	586	21,252



## 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

On 6 October 2017, Hsing Lung Sdn Bhd , a wholly-owned subsidiary of KIB, had entered into a sale and purchase agreement with Parit Yusof Oil Mill Sdn Bhd for the disposal of a piece of freehold vacant industrial land held under individual title, geran 250564 lot 182799 (formerly known as HS(D) 212275 PTD 111374) Mukim Plentong, district of Johor Bahru, state of Johor Darul Takzim, measuring an area approximately 6,541 square metres (70,406.67 square feet) known as lot 182799, Jalan Sri Plentong 9, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim for a total sale consideration of RM4.717 million ("**Proposed Disposal**").

The expected gain on disposal is approximately RM2.938 million.

The Proposed Disposal is expected to be completed by the last quarter of this financial year ended 31 March 2018.

## 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 30 September 2017 are as follows:

	<u>RM</u>
Guarantees to banks for trade facilities granted	37,700,000
Guarantees to suppliers	500,000
	<u>38,200,000</u>

### (b) Contingent assets

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

## 14. Capital Commitment

Capital commitment as at 30 September 2017 is as follows:

Capital expenditure in respect of purchase of property, plant and equipment:	<u>RM</u>
Approved but not contracted for	<u>840,000</u>

## 15. Performance Review

### Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Deviation	
	30.09.2017	30.09.2016	Amount	%
	RM'000	RM'000	RM'000	
<b>Continuing Operations</b>				
Revenue	39,944	32,863	7,081	21.55
Profit before tax	3,275	2,456	819	33.34
<b>Discontinued Operation</b>				
Revenue	-	-	-	-
Profit before tax	2	37	(35)	(94.59)
<b>Total</b>				
Revenue	39,944	32,863	7,081	21.55
Profit before tax	3,277	2,493	784	31.45

The Group's revenue had increased by approximately RM7.081 million or 21.55% in the current quarter under review as compared to the corresponding quarter in the preceding financial year, due mainly to the increase in selling price of polymeric products and increase of 578 metric tons in the volume of polymeric products.

Besides, the profit before tax had increased by RM0.784 million, from RM2.493 million for the quarter ended 30 September 2016 to RM3.277 million for the current quarter under review. This was due mainly to the increase in both selling price and volume of polymeric products and refund of sales tax penalty.

### Current Financial Period as compared with Previous Year Corresponding Period

	6 Months Ended		Deviation	
	30.09.2017	30.09.2016	Amount	%
	RM'000	RM'000	RM'000	
<b>Continuing Operations</b>				
Revenue	78,696	66,099	12,597	19.06
Profit before tax	5,968	5,889	79	1.34
<b>Discontinued Operation</b>				
Revenue	-	2	(2)	(100.00)
Profit before tax	44	1	43	>100.00
<b>Total</b>				
Revenue	78,696	66,101	12,595	19.05
Profit before tax	6,012	5,890	122	2.07

The Group's revenue for the cumulative financial quarter ended 30 September 2017 had shown an increase of RM12.595 million or 19.05% from RM66.101 million to RM78.696 million as compared to the corresponding period in the preceding financial year. The increase in the Group's revenue of RM12.595 million was attributed mainly to the increase in selling price of polymeric products.

The Group's profit before tax had increased by RM0.122 million, from RM5.890 million for the period ended 30 September 2016 to RM6.012 million for the current financial period. This was due mainly to the increase in selling price of polymeric products and refund of sales tax penalty but mitigated by increased in cost of materials.

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

	3 Months Ended		Deviation	
	30.09.2017	30.06.2017	Amount	%
	RM'000	RM'000	RM'000	
<b>Continuing Operations</b>				
Revenue	39,944	38,752	1,192	3.08
Profit before tax	3,275	2,693	582	21.61
<b>Discontinued Operation</b>				
Revenue	-	-	-	-
Profit before tax	2	42	(40)	(95.24)
<b>Total</b>				
Revenue	39,944	38,752	1,192	3.08
Profit before tax	3,277	2,735	542	19.82

The Group's revenue had increased by RM1.192 million in the current quarter under review due mainly to the increase in volume of polymeric products.

The Group recorded profit before tax of RM3.277 million for the quarter ended 30 September 2017 as compared to profit before tax of RM2.735 million recorded in the immediate preceding quarter. This was due mainly to the increase in volume of polymeric products.

**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:

	<b>Current quarter 30.09.2017 RM'000</b>	<b>Financial Period- To-Date 30.09.2017 RM'000</b>
<b>Continuing operations</b>		
Current income tax	778	1,451
Over provision of real property gains tax in prior year	(3)	(3)
	<u>775</u>	<u>1,448</u>
<b>Discontinued operation</b>		
Over provision of real property gains tax in prior year	(5)	(5)
<b>Total</b>	<u>770</u>	<u>1,443</u>

The Group's effective tax rate for the current financial quarter under review was lower than the statutory tax rate of 24% due mainly to refund of sales tax penalty which is not taxable.

The Group's effective tax rate for the current financial period under review was higher than the statutory tax rate due mainly to certain expenses which 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 30 September 2017 are shown below:

	<b>As at 30.09.2017 RM'000</b>	<b>As at 30.09.2016 RM'000</b>
<b>Long Term Borrowings - secured</b>		
Hire purchase creditors	264	91
Term loans	5,580	5,394
	<u>5,844</u>	<u>5,485</u>
<b>Short Term Borrowings - secured</b>		
Banker acceptances	646	1,506
Hire purchase creditors	75	26
Term loans	642	301
	<u>1,363</u>	<u>1,833</u>
<b>Total</b>	<u>7,207</u>	<u>7,318</u>

**22. Realised and Unrealised Profits or Losses**

	<b>Current quarter ended 30.09.2017 RM'000</b>	<b>Preceding quarter ended 30.06.2017 RM'000</b>
Total retained earnings of KIB and its subsidiaries:		
- Realised	45,151	42,790
- Unrealised	(1,917)	(2,000)
	<u>43,234</u>	<u>40,790</u>
Total share of retained earnings from a joint venture:		
- Realised	37	(26)
Total Group retained earnings	<u>43,271</u>	<u>40,764</u>

**23. Material Litigation**

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

**24. Dividend Payable**

First single tier interim dividend of RM0.003 per share in respect of the financial year ending 31 March 2018 was declared on 24 October 2017 and paid on 27 November 2017.

**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:

	<b>Current Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>30.09.2017</b>	<b>30.09.2016</b>	<b>30.09.2017</b>	<b>30.09.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	1	9	1	9
Bad debts recovery	-	(35)	-	(35)
Compensation received	-	-	500	-
Refund of sales tax penalty	532	-	532	-
Depreciation on property, plant and equipment	274	262	554	519
Net foreign exchange loss/(gain) -realised	74	(43)	253	(92)
Net foreign exchange (gain)/ loss -unrealised	(83)	159	(36)	31
Property, plant and equipment written off	36	5	63	5
Interest income	(119)	(81)	(239)	(180)
Interest expenses	81	77	183	145

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 six (6) months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the six (6) months financial period.

	Current Quarter Ended		6 Months Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit attributable to owners of the parent (RM'000):				
- Profit from continuing operations	2,500	1,691	4,520	4,326
- Profit from discontinued operation	7	37	49	1
- Profit for the financial period	<b>2,507</b>	<b>1,728</b>	<b>4,569</b>	<b>4,327</b>
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen) for:				
- Profit from continuing operations	0.53	0.35	0.95	0.91
- Profit from discontinued operation	0.00	0.01	0.01	0.00
- Profit for the financial period	<b>0.53</b>	<b>0.36</b>	<b>0.96</b>	<b>0.91</b>

### Diluted

The EPS is not diluted for the current financial quarter and the six (6) months financial period.