

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 2018**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u> 31/03/18 RM'000	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> 31/03/17 RM'000	<u>CURRENT YEAR TO DATE</u> 31/03/18 RM'000	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> 31/03/17 RM'000
CONTINUING OPERATIONS				
Revenue	38,686	37,754	157,601	138,130
Cost of Sales	(32,822)	(35,426)	(134,334)	(119,268)
Gross Profit	5,864	2,328	23,267	18,862
Other Income	3,063	496	5,471	1,599
Administrative and Operating Expenses	(4,804)	(4,092)	(14,989)	(12,609)
Finance Costs	(81)	(126)	(344)	(343)
Share of (Loss)/Profit of a Joint Venture	(39)	10	152	27
Profit/(Loss) Before Tax	4,003	(1,384)	13,557	7,536
Tax expense	(549)	(39)	(2,757)	(2,509)
Profit/(Loss) for the financial period from continuing operations	3,454	(1,423)	10,800	5,027
DISCONTINUED OPERATION				
(Loss)/Profit for the financial period from discontinued operation, net of tax	(17)	33	34	3,573
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	3,437	(1,390)	10,834	8,600
OTHER COMPREHENSIVE (LOSS)/INCOME				
Foreign currency translation	(48)	(30)	(217)	384
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	3,389	(1,420)	10,617	8,984
Profit/(Loss) attributable to:				
Owners of the parent	3,437	(1,390)	10,834	8,600
Total comprehensive income/(loss) attributable to:				
Owners of the parent	3,389	(1,420)	10,617	8,984
Basic earnings per share (sen):				
- from continuing operations	0.73	(0.30)	2.27	1.06
- from discontinued operation	(0.01)	0.01	0.01	0.75
	0.72	(0.29)	2.28	1.81
Diluted earnings per share (sen):				
- from continuing operations	0.73	(0.30)	2.27	1.06
- from discontinued operation	(0.01)	0.01	0.01	0.75
	0.72	(0.29)	2.28	1.81

(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 5-16)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018
(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 31/03/18 RM'000	As at 31/03/17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,032	31,317
Investment in a joint venture	5,166	5,231
	<u>35,198</u>	<u>36,548</u>
Current assets		
Inventories	23,541	22,459
Trade and other receivables	32,245	30,559
Current tax assets	1,916	1,272
Short term funds	-	9,510
Cash and cash equivalents	27,931	16,563
	<u>85,633</u>	<u>80,363</u>
TOTAL ASSETS	<u><u>120,831</u></u>	<u><u>116,911</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,572	47,572
Share premium	37	37
Foreign currency translation reserve	1,372	1,589
Retained earnings	48,109	38,702
TOTAL EQUITY	<u>97,090</u>	<u>87,900</u>
Non-current liabilities		
Borrowings	5,126	6,183
Deferred tax liabilities	2,097	1,953
	<u>7,223</u>	<u>8,136</u>
Current liabilities		
Trade and other payables	14,501	15,122
Borrowings	2,017	5,753
	<u>16,518</u>	<u>20,875</u>
TOTAL LIABILITIES	<u>23,741</u>	<u>29,011</u>
TOTAL EQUITY AND LIABILITIES	<u><u>120,831</u></u>	<u><u>116,911</u></u>
Net assets per share attributable to owners of the parent (RM)	<u>0.20</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 5-16)

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 MARCH 2018**
(The figures have not been audited)

Quarter ended 31 March 2018

	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	-	-	(217)	10,834	10,617
Dividend paid	-	-	-	(1,427)	(1,427)
Balance as at 31.03.2018	47,572	37	1,372	48,109	97,090

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

(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 5-16)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 4TH QUARTER ENDED 31 MARCH 2018**
(The figures have not been audited)

	CURRENT YEAR TO DATE 31/03/18 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	13,557	7,536
Profit before tax from discontinued operation	46	3,758
Profit before tax, total	<u>13,603</u>	<u>11,294</u>
Adjustments for:		
Bad debts written off	1	24
Compensation received	(1,552)	-
Depreciation on property, plant and equipment	1,108	1,089
Gain on disposal of property, plant and equipment	(2,949)	(3,853)
Interest expense	344	343
Interest income	(424)	(481)
Repair costs on property, plant and equipment and loss on inventories	-	2,295
Property, plant and equipment written off	63	196
Unrealised loss on foreign exchange	48	24
Share of profit of a joint venture	(152)	(27)
Operating profit before changes in working capital	10,090	10,904
Net changes in inventories	(1,082)	(8,346)
Net changes in trade and other receivables	(1,757)	(6,656)
Net changes in trade and other payables	<u>(573)</u>	<u>2,172</u>
CASH GENERATED FROM OPERATIONS	6,678	(1,926)
Compensation received	1,552	500
Tax paid	(3,670)	(3,386)
Tax refunded	401	811
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>4,961</u>	<u>(4,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed banks with original maturity date more than three months	(45)	(57)
Dividend received from joint venture	-	990
Interest received	424	481
Purchase of property, plant and equipment (Note 1)	(1,681)	(772)
Proceeds from disposal of property, plant and equipment	4,744	5,765
NET CASH FROM INVESTING ACTIVITIES	<u>3,442</u>	<u>6,407</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of banker's acceptance		
- term loans	-	1,000
- bankers' acceptance	7,884	8,974
Repayments of:		
- hire purchase creditors	(177)	(49)
- term loans	(961)	(300)
- bankers' acceptance	(11,539)	(5,193)
Interest paid	(344)	(343)
Dividend paid	(1,427)	(1,427)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(6,564)</u>	<u>2,662</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,839	5,068
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(26)	(16)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	24,608	19,556
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD (Note 2)	<u>26,421</u>	<u>24,608</u>
Notes:	RM'000	
1) Purchase of property, plant and equipment		
Purchase of property, plant and equipment	1,690	
Less: Sales to related companies	(9)	
Cash purchase of property, plant and equipment	<u>1,681</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	27,931	
Less: Deposits with licensed banks (more than three months)	(1,510)	
Cash and bank balances at the end of the period	<u>26,421</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 5-16)

UNAUDITED QUARTERLY REPORT FOR THE 4TH QUARTER ENDED 31 MARCH 2018

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

2. Significant Accounting Policies (cont'd)

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: (cont'd)

MFRSs and Amendments to MFRSs issued but not yet effective		Effective for annual periods beginning on or after
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendment to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138	Intangible Assets	1 January 2020
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs	1 January 2020
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

There were no items or events that arose, which is unusual because of its nature, size, or incidence that has affected the assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review.

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
In respect of the financial period ended 31 March 2018 First interim single tier dividend, declared on 24 October 2017 and paid on 27 November 2017	0.30	1,427,139	-	-
In respect of the financial period ended 31 March 2016 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 31 March 2018

	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)	1,295	41,654	42,949	-	42,949
Inter-Segment sales	(1,256)	(3,007)	(4,263)	-	(4,263)
External	39	38,647	38,686	-	38,686
RESULT					
Segment result	(779)	4,902	4,123	-	4,123
Finance costs	-	(81)	(81)	-	(81)
Share of loss of a joint venture	(39)	-	(39)	-	(39)
(Loss)/Profit before tax	(818)	4,821	4,003	-	4,003
Tax expense	(66)	(483)	(549)	(17)	(566)
(Loss)/Profit after tax	(884)	4,338	3,454	(17)	3,437
Consolidated Statement of Financial Position					
Segment assets	13,593	106,818	120,411	420	120,831
Segment liabilities	602	23,134	23,736	5	23,741

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)
Tax expense	(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	100,563	109,313	7,598	116,911
Segment liabilities	721	28,283	29,004	7	29,011

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 2018

	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)	3,004	169,377	172,381	-	172,381
Inter-Segment sales	(2,890)	(11,890)	(14,780)	-	(14,780)
External	114	157,487	157,601	-	157,601
RESULT					
Segment result	(2,564)	16,313	13,749	46	13,795
Finance costs	-	(344)	(344)	-	(344)
Share of profit of a joint venture	152	-	152	-	152
(Loss)/Profit before tax	(2,412)	15,969	13,557	46	13,603
Tax expense	(63)	(2,694)	(2,757)	(12)	(2,769)
(Loss)/Profit after tax	(2,475)	13,275	10,800	34	10,834
Consolidated Statement of Financial Position					
Segment assets	13,593	106,818	120,411	420	120,831
Segment liabilities	602	23,134	23,736	5	23,741

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
Tax expense	(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	100,563	109,313	7,598	116,911
Segment liabilities	721	28,283	29,004	7	29,011

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 2018 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 2018 are as follows:

	<u>RM</u>
Guarantees to banks for trade facilities granted	33,300,000
Guarantees to suppliers	500,000
	<u>33,800,000</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 31 March 2018 is as follows:

	<u>RM</u>
Capital expenditure in respect of purchase of property, plant and equipment:	
Approved but not contracted for	<u>5,287,096</u>

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Deviation	
	31.03.2018	31.03.2017	Amount	%
	RM'000	RM'000	RM'000	
Continuing Operations				
Revenue	38,686	37,754	932	2.47
Profit/(Loss) before tax	4,003	(1,384)	5,387	>100.00
Discontinued Operation				
Revenue	-	-	-	-
Profit before tax	-	50	(50)	(100.00)
Total				
Revenue	38,686	37,754	932	2.47
Profit/(Loss) before tax	4,003	(1,334)	5,337	>100.00

The Group's revenue had increased by approximately RM0.932 million or 2.47% 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 and volume of polymeric products.

The profit before tax increased by RM5.337 million, from loss before tax of RM1.334 million for the quarter ended 31 March 2017 to profit before tax of RM4.003 million for the current quarter under review. This was due mainly to the gain on disposal of a piece of freehold vacant industrial land amounting to RM2.939 million in the current quarter under review.

Further, there was a provision for repair costs on property, plant and equipment in relation to the fire incident which amounted to approximately RM2.295 million and mitigated by an interim insurance compensation payment received amounted to RM0.50 million for the preceding financial year corresponding quarter.

15. Performance Review (cont'd)

Current Financial Period as compared with Previous Year Corresponding Period

	12 Months Ended		Deviation	
	31.03.2018	31.03.2017	Amount	%
	RM'000	RM'000	RM'000	
Continuing Operations				
Revenue	157,601	138,130	19,471	14.10
Profit before tax	13,557	7,536	6,021	79.90
Discontinued Operation				
Revenue	-	2	(2)	(100.00)
Profit before tax	46	3,758	(3,712)	(98.78)
Total				
Revenue	157,601	138,132	19,469	14.09
Profit before tax	13,603	11,294	2,309	20.44

The Group's revenue for the cumulative financial quarter ended 31 March 2018 had shown an increase of RM19.469 million or 14.09% from RM138.132 million to RM157.601 million as compared to the corresponding period in the preceding financial year. The increase in the Group's revenue was attributed mainly to the increase in selling price as a result of higher cost of material and also the increase in volume of polymeric products by approximately 1,300MT.

Further, the Group's profit before tax had also increased by RM2.309 million, from RM11.294 million for the period ended 31 March 2017 to RM13.603 million for the current financial year. This was due mainly to the fire compensation received of RM1.552 million in the current financial year under review.

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

	3 Months Ended		Deviation	
	31.03.2018	31.12.2017	Amount	%
	RM'000	RM'000	RM'000	
Continuing Operations				
Revenue	38,686	40,219	(1,533)	(3.81)
Profit before tax	4,003	3,586	417	11.63
Discontinued Operation				
Revenue	-	-	-	-
Profit before tax	-	2	(2)	(100.00)
Total				
Revenue	38,686	40,219	(1,533)	(3.81)
Profit before tax	4,003	3,588	415	11.57

The Group's revenue had decreased by RM1.533 million or 3.81% in the current quarter under review due mainly to the decrease in selling price as a result of decrease in costs of material and also the decrease in volume of polymeric products.

However, the profit before tax had increased by RM0.415 million, from RM3.588 million for the quarter ended 31 December 2017 to RM4.003 million for the current quarter under review. This was due mainly to the gain on disposal of a piece of freehold vacant industrial land of approximately RM2.939 million in the current quarter under review, partially offset by compensation of RM1.052 million in the immediate preceding quarter as a result of the fire incident which occurred during the FYE 31 March 2017. Besides, there were also higher administrative costs during the current financial period.

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 2019 will remain satisfactory.

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 31.03.2018 RM'000	Financial Period- To-Date 31.03.2018 RM'000
Continuing operations		
Current income tax	404	2,725
Real property gains tax	-	158
Under/(Over) provision of income tax in prior year	1	(267)
Over provision of real property gains tax in prior year	-	(3)
Deferred tax liabilities	144	144
	<u>549</u>	<u>2,757</u>
Discontinued operation		
Current income tax	17	17
Over provision of real property gains tax in prior year	-	(5)
	<u>17</u>	<u>12</u>
Total	<u><u>566</u></u>	<u><u>2,769</u></u>

The Group's effective tax rate was lower than the statutory tax rate due mainly to refund of sales tax penalty and gain on disposal of property, plant and equipment which are not subject to income tax.

20. Status of Corporate Proposal

- (i) 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 (“**Disposal**”).

The Disposal has been completed on 28 February 2018.

- (ii) On 28 December 2017, Hsing Lung Sdn Bhd, a wholly-owned subsidiary of KIB, had entered into a sale and purchase agreement with Easa Trading Sdn Bhd for the acquisition of a piece of freehold land held under geran 250486 lot 182953 (formerly known as HS(D) 212197 PTD 111295) Mukim Plentong, district of Johor Bahru, state of Johor Darul Takzim, measuring approximately 3,842 square meters in area together with a single storey factory and double storey office erected thereon and known as No. 9, Jalan Sri Plentong 6, Taman Perindustrian Sri Plentong, 81750 Plentong, Johor Darul Takzim for a total purchase consideration of RM6.70 million (“**Acquisition**”).

The Acquisition has been completed on 16 April 2018.

21. Group Borrowings and Debt Securities

The Group’s borrowings, which are all denominated in Ringgit Malaysia, as at 31 March 2018 are shown below:

	As at 31.03.2018 RM’000	As at 31.03.2017 RM’000
Long Term Borrowings - secured		
Hire purchase creditors	225	302
Term loans	4,901	5,881
	<u>5,126</u>	<u>6,183</u>
Short Term Borrowings - secured		
Banker acceptances	1,283	4,938
Hire purchase creditors	76	176
Term loans	658	639
	<u>2,017</u>	<u>5,753</u>
Total	<u><u>7,143</u></u>	<u><u>11,936</u></u>

22. Material Litigation

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

23. Dividend Payable

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

24. **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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	14	1	24
Compensation received-fire	-	(500)	(1,552)	(500)
Refund of sales tax penalty	-	-	(532)	-
Depreciation on property, plant and equipment	279	284	1,108	1,089
Gain on disposal of property, plant and equipment	(2,939)	-	(2,949)	(3,853)
Net foreign exchange loss/(gain) -realised	289	(85)	796	(737)
Net foreign exchange (gain)/loss -unrealised	(32)	241	48	24
Property, plant and equipment written off	-	185	63	196
Repair costs on property, plant and equipment and loss on inventories	-	2,295	-	2,295
Interest income	(97)	(178)	(424)	(481)
Interest expenses	81	126	344	343

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.

25. 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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit attributable to owners of the parent (RM'000):				
- Profit/(Loss) from continuing operations	3,454	(1,423)	10,800	5,027
- (Loss)/Profit from discontinued operation	(17)	33	34	3,573
- Profit/(Loss) for the financial period	3,437	(1,390)	10,834	8,600
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen) for:				
- Profit/(Loss) from continuing operations	0.73	(0.30)	2.27	1.06
- (Loss)/Profit from discontinued operation	(0.01)	0.01	0.01	0.75
- Profit/(Loss) for the financial period	0.72	(0.29)	2.28	1.81

Diluted

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