

KARYON INDUSTRIES BERHAD (Registration No: 200301010377 (612797-T))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 JUNE 2020**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER 30/06/20 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER 30/06/19 RM'000</u>	<u>CURRENT YEAR TO DATE 30/06/20 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD 30/06/19 RM'000</u>
Revenue	21,933	37,698	21,933	37,698
Cost of Sales	(19,486)	(31,947)	(19,486)	(31,947)
Gross Profit	2,447	5,751	2,447	5,751
Other Income	488	248	488	248
Administrative and Operating Expenses	(2,678)	(3,425)	(2,678)	(3,425)
Finance Costs	(74)	(104)	(74)	(104)
Share of Loss of a Joint Venture	-	(123)	-	(123)
Profit Before Tax	183	2,347	183	2,347
Tax expense	(134)	(702)	(134)	(702)
PROFIT FOR THE FINANCIAL PERIOD	49	1,645	49	1,645
OTHER COMPREHENSIVE LOSS				
Foreign currency translation	-	(45)	-	(45)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	49	1,600	49	1,600
Profit attributable to:				
Owners of the parent	49	1,645	49	1,645
Total comprehensive income attributable to:				
Owners of the parent	49	1,600	49	1,600
Earnings per share (sen):				
- Basic	0.01	0.35	0.01	0.35
- Diluted	0.01	0.35	0.01	0.35

(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 2020 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

KARYON INDUSTRIES BERHAD (Registration No: 200301010377 (612797-T))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020
(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 30/06/20 RM'000	As at 31/03/20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,410	39,252
Current assets		
Inventories	18,075	25,123
Trade and other receivables	20,818	25,475
Current tax assets	995	279
Cash and cash equivalents	42,245	41,718
	<u>82,133</u>	<u>92,595</u>
TOTAL ASSETS	<u>121,543</u>	<u>131,847</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	55,829	55,780
TOTAL EQUITY	<u>103,438</u>	<u>103,389</u>
Non-current liabilities		
Borrowings	7,216	7,398
Deferred tax liabilities	2,536	2,492
	9,752	9,890
Current liabilities		
Trade and other payables	7,504	17,745
Borrowings	849	822
Current tax liability	-	1
	8,353	18,568
TOTAL LIABILITIES	<u>18,105</u>	<u>28,458</u>
TOTAL EQUITY AND LIABILITIES	<u>121,543</u>	<u>131,847</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.22</u>	<u>0.22</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 2020 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

KARYON INDUSTRIES BERHAD (Registration No: 200301010377 (612797-T))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 JUNE 2020**
(The figures have not been audited)

Quarter ended 30 June 2020

	ATTRIBUTABLE TO OWNERS OF THE PARENT			
	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 01.04.2020	47,609	-	55,780	103,389
Total comprehensive income for the period	-	-	49	49
Balance as at 30.06.2020	47,609	-	55,829	103,438

Quarter ended 30 June 2019

	ATTRIBUTABLE TO OWNERS OF THE PARENT			
	SHARE CAPITAL	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 01.04.2019	47,609	1,314	51,084	100,007
Total comprehensive (loss)/income for the period	-	(45)	1,645	1,600
Balance as at 30.06.2019	47,609	1,269	52,729	101,607

(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 2020 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

KARYON INDUSTRIES BERHAD (Registration No: 200301010377 (612797-T))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/06/20 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	183	2,347
Adjustments for:		
Depreciation on property, plant and equipment	338	332
Loss on disposal of property, plant and equipment	53	-
Interest expense	74	104
Interest income	(137)	(121)
Share of loss of a joint venture	-	123
Unrealised gain on foreign exchange	(86)	(78)
Operating profit before changes in working capital	425	2,707
Net changes in inventories	7,048	5,683
Net changes in trade and other receivables	4,558	(6,414)
Net changes in trade and other payables	(10,037)	(1,914)
CASH GENERATED FROM OPERATIONS	1,994	62
Tax paid	(808)	(446)
Tax refunded	1	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1,187	(384)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed banks with original maturity date more than three months	(2,149)	-
Interest received	137	121
Proceeds from disposal of property, plant and equipment	25	-
Purchase of property, plant and equipment	(574)	(636)
NET CASH USED IN INVESTING ACTIVITIES	(2,561)	(515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of:		
- hire purchase creditors	-	(29)
- lease liabilities	(17)	-
- term loans	(138)	(199)
Interest paid	(74)	(104)
NET CASH USED IN FINANCING ACTIVITIES	(229)	(332)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,603)	(1,231)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(19)	5
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	27,154	27,468
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 1)	25,532	26,242

Notes:

RM'000

1) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise of the following:

Cash and bank balances	42,245
Less: Deposits with licensed banks (more than three months)	(16,713)
Cash and bank balances at the end of the period	25,532

(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 2020 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

KARYON INDUSTRIES BERHAD (“KIB” OR “COMPANY”)

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 JUNE 2020

Explanatory notes to the Interim Financial Statements

1. Accounting Policies and Basis of Preparation

The interim financial statements have 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 2020.

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 audited financial statements for the financial year ended 31 March 2020 except for the MFRS, Amendments to MFRS and IC Interpretations which are effective for the annual period beginning on 1 January 2020. The adoption of these MFRS, Amendments to MFRS and Interpretations will have no material impact on the financial statements of the Group.

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 16	Covid-19-Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 and financial year-to-date.

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 and financial year-to-date.

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 quarter under review and financial year-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 and financial year-to-date.

8. Dividend Paid

The dividends paid during the current financial quarter and cumulative financial year-to-date are as follows:

	Company			
	2021		2020	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
In respect of the financial year ending 31 March 2021 First interim single-tier dividend of 0.30 sen per ordinary share, declared on 25 June 2020 and paid on 24 July 2020	0.30	1,427,139		
In respect of the financial year ended 31 March 2020 First interim single-tier dividend of 0.30 sen per ordinary share, declared on 28 August 2019 and paid on 30 September 2019	-	-	0.30	1,427,139
Special single-tier dividend of 0.15 sen per ordinary share, declared on 28 August 2019 and paid on 30 September 2019	-	-	0.15	713,568

9. Segmental Reporting

The segmental result of the Group for the current financial quarter under review and the preceding year corresponding quarter are set out below:

3 months ended 30 June 2020

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,015	22,960	-	23,975
Inter-Segment sales	(990)	(1,052)	-	(2,042)
External	25	21,908	-	21,933
RESULT				
Segment result	(669)	927	(1)	257
Finance costs	-	(74)	-	(74)
(Loss)/Profit before tax	(669)	853	1	183
Tax expense	(90)	(44)	-	(134)
(Loss)/Profit after tax	(759)	809	(1)	49
Consolidated Statement of Financial Position				
Segment assets	12,745	108,372	426	121,543
Segment liabilities	1,002	17,096	7	18,105

3 months ended 30 June 2019

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,054	39,857	-	40,911
Inter-Segment sales	(990)	(2,223)	-	(3,213)
External	64	37,634	-	37,698
RESULT				
Segment result	(871)	3,442	3	2,574
Finance costs	-	(104)	-	(104)
Share of loss of a joint venture	(123)	-	-	(123)
(Loss)/Profit before tax	(994)	3,338	3	2,347
Tax expense	(85)	(617)	-	(702)
(Loss)/Profit after tax	(1,079)	2,721	3	1,645
Consolidated Statement of Financial Position				
Segment assets	12,968	110,866	424	124,258
Segment liabilities	910	21,737	4	22,651

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. Events Subsequent to the End of the Current Financial Quarter

There were no material events that have occurred from 1 July 2020 to the date of this 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

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

14. Capital Commitment

Capital commitment as at 30 June 2020 is as follows:

Capital expenditure in respect of purchase of property, plant and equipment:	RM
Contracted but not provided for	188,000

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Deviation	
	30.06.2020	30.06.2019	Amount	%
	RM'000	RM'000	RM'000	
Revenue	21,933	37,698	(15,765)	(41.82)
Profit before tax	183	2,347	(2,164)	(92.20)

The World Health Organisation had on 11 March 2020, declared the Coronavirus disease ("COVID-19") outbreak as a global pandemic. The subsequent containment measures by the Government, i.e. the Movement Control Order ("MCO") on 18 March 2020 had resulted in the temporary halt of business operations with a sudden closure of the Group's factory. The Group has only resumed its production in stages from April 2020. This has affected the Group's production and sales volume for the current quarter with a 41.82% decrease in the revenue to RM21.93 million as compared to the corresponding quarter in the preceding financial period. The significant decrease in revenue had consequently affected the profit before tax with a 92.20% decrease in the profit before tax to RM0.18 million in the current quarter under review as compared to the corresponding quarter in the financial period.

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

	3 Months Ended		Deviation	
	30.06.2020	31.03.2020	Amount	%
	RM'000	RM'000	RM'000	
Revenue	21,933	33,162	(11,229)	(33.86)
Profit before tax	183	358	(175)	(48.88)

As mentioned earlier, the COVID-19 pandemic as well as the subsequent MCO had affected the Group's revenue for the current quarter with a 33.86% decrease in revenue to RM21.93 million as compared to the immediate preceding quarter. The significant decrease in revenue had consequently affected the profit before tax with a 48.88% decrease in the profit before tax to RM0.18 million in the current quarter as compared to the immediate preceding quarter.

17. Future Prospects

The COVID-19 pandemic has brought the economy to a standstill and disrupted the supply chain. The impact of MCO has been felt immediately in this quarter with lower sale revenue and output as a result of the closure of the Group's factory. However, the Group has resumed its production in stages from April 2020.

As the full extent and impact of the COVID-19 pandemic remains to be seen, the Board and management of the Group will continue to exercise due care and prudence in view of the uncertainties and challenges ahead.

The Group will continue to focus and expand on its existing revenue generating business units by developing competitive products and related downstream industries. The Group will also focus on elements that are within its control which include improving its efficiency and cost management in order to maintain price competitiveness on its products in order to improve the Group's overall performance for the financial year ending 31 March 2021.

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 30.06.2020 RM'000	Financial Period- To-Date 30.06.2020 RM'000
Current income tax	90	90
Deferred tax liabilities	44	44
	<u>134</u>	<u>134</u>

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

20. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at the reporting date.

21. Group Borrowings and Debt Securities

The Group's borrowings, which are all denominated in Ringgit Malaysia, as at 30 June 2020 are shown below:

	As at 30.06.2020 RM'000	As at 30.06.2019 RM'000
Long Term Borrowings - secured		
Hire purchase creditors	-	267
Lease liabilities	155	-
Term loans	7,061	7,786
	<u>7,216</u>	<u>8,053</u>
Short Term Borrowings - secured		
Hire purchase creditors	-	119
Lease liabilities	125	-
Term loans	724	804
	<u>849</u>	<u>923</u>
Total	<u>8,065</u>	<u>8,976</u>

22. Material Litigation

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

23. Dividend Payable

As disclosed in Note 8, the first single tier interim dividend of 0.30 sen per share in respect of the financial year ending 31 March 2021 was declared on 25 June 2020 and paid on 24 July 2020 to Depositors who are registered in the Record of Depositors of the Company on 10 July 2020.

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		3 Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation on property, plant and equipment	338	332	338	332
Loss on disposal of property, plant and equipment	53	-	53	-
Net foreign exchange gain - realised	(76)	(32)	(76)	(32)
Net foreign exchange gain - unrealised	(86)	(78)	(86)	(78)
Interest income	(137)	(121)	(137)	(121)
Interest expenses	74	104	74	104

Save as disclosed above, the other items required under Paragraph 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 3 months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the 3 months financial period.

	Current Quarter Ended		3 Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to owners of the parent (RM'000)	49	1,645	49	1,645
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.01	0.35	0.01	0.35

Diluted

The diluted EPS for the current financial quarter and the 3 months financial period is equal to the basic EPS for the respective financial period as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.