

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 30/06/21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/20 RM'000	CURRENT YEAR TO DATE 30/06/21 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/20 RM'000
Revenue	47,393	21,933	47,393	21,933
Cost of Sales	(40,906)	(19,486)	(40,906)	(19,486)
Gross Profit	6,487	2,447	6,487	2,447
Other Income	764	488	764	488
Administrative and Operating Expenses	(3,199)	(2,678)	(3,199)	(2,678)
Finance Costs	(69)	(74)	(69)	(74)
Profit Before Tax	3,983	183	3,983	183
Tax expense	(947)	(134)	(947)	(134)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	3,036	49	3,036	49
Profit attributable to:				
Owners of the parent	3,036	49	3,036	49
Total comprehensive income attributable to:				
Owners of the parent	3,036	49	3,036	49
Earnings per share (sen):				
- Basic	0.64	0.01	0.64	0.01
- Diluted	0.64	0.01	0.64	0.01

(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 2021 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(The figures have not been audited)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	<u>As at 30/06/21</u> <u>RM'000</u>	<u>As at 31/03/21</u> <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	39,809	39,874
Right-of-use assets	665	701
	<u>40,474</u>	<u>40,575</u>
Current assets		
Inventories	27,245	23,198
Trade and other receivables	37,715	32,797
Current tax assets	112	187
Cash and cash equivalents	27,098	33,658
	<u>92,170</u>	<u>89,840</u>
TOTAL ASSETS	<u>132,644</u>	<u>130,415</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	58,764	55,728
TOTAL EQUITY	<u>106,373</u>	<u>103,337</u>
Non-current liabilities		
Borrowings	6,347	6,502
Lease liabilities	176	219
Deferred tax liabilities	2,685	2,675
	<u>9,208</u>	<u>9,396</u>
Current liabilities		
Trade and other payables	14,660	15,629
Borrowings	1,957	1,863
Lease liabilities	182	190
Current tax liabilities	264	-
	<u>17,063</u>	<u>17,682</u>
TOTAL LIABILITIES	<u>26,271</u>	<u>27,078</u>
TOTAL EQUITY AND LIABILITIES	<u>132,644</u>	<u>130,415</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 2021 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

Quarter ended 30 June 2021

Balance as at 01.04.2021
Total comprehensive income for the period
Balance as at 30.06.2021

ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	RETAINED EARNINGS	TOTAL
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
47,609	55,728	103,337
-	3,036	3,036
47,609	58,764	106,373

Quarter ended 30 June 2020

Balance as at 01.04.2020
Total comprehensive income for the period
Balance as at 30.06.2020

ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	RETAINED EARNINGS	TOTAL
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
47,609	55,780	103,389
-	49	49
47,609	55,829	103,438

(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 2021 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/06/21 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,983	183
Adjustments for:		
Depreciation of:		
- property, plant and equipment	346	338
- right-of-use assets	36	-
Interest expense	69	74
Interest income	(98)	(137)
Loss on disposal of property, plant and equipment	-	53
Property, plant and equipment written off	2	-
Unrealised loss/(gain) on foreign exchange	124	(86)
Operating profit before changes in working capital	4,462	425
Net changes in inventories	(4,047)	7,048
Net changes in trade and other receivables	(5,099)	4,558
Net changes in trade and other payables	(847)	(10,037)
CASH (USED IN)/GENERATED FROM OPERATIONS	(5,531)	1,994
Interest received	25	-
Tax paid	(598)	(808)
Tax refunded	-	1
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(6,104)	1,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed banks with original maturity date more than three months	-	(2,149)
Interest received	73	137
Proceeds from disposal of property, plant and equipment	-	25
Purchase of property, plant and equipment	(283)	(574)
NET CASH USED IN INVESTING ACTIVITIES	(210)	(2,561)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	1,210	-
Repayments of:		
- bankers' acceptance	(1,121)	-
- lease liabilities	(54)	(17)
- term loans	(150)	(138)
Interest paid	(66)	(74)
NET CASH USED IN FINANCING ACTIVITIES	(181)	(229)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,495)	(1,603)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(65)	(19)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	31,911	27,154
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD (Note 1)	25,351	25,532

Note 1: Cash and cash equivalents

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

	RM'000
Cash and bank balances	27,098
Less: Deposits with licensed banks (more than three months)	(1,747)
Cash and bank balances at the end of the period	<u>25,351</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 2021 and the accompanying explanatory notes attached to this interim financial statements on page 5-11)

UNAUDITED QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 JUNE 2021

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 2021.

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 2021 except for the MFRS, Amendments to MFRS and IC Interpretations which are effective for the annual period beginning on 1 January 2021. 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 Beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9 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 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
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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 period-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 period-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 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 and financial period-to-date.

8. Dividends Paid

The dividends paid during the current and previous corresponding financial period-to-date are as follows:

	Company			
	2022		2021	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
In respect of the financial year ended 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

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 2021

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	2,215	49,006	-	51,221
Inter-Segment sales	(2,190)	(1,638)	-	(3,828)
External	25	47,368	-	47,393
RESULT				
Segment result	(747)	4,798	1	4,052
Finance costs	-	(69)	-	(69)
(Loss)/Profit before tax	(747)	4,729	1	3,983
Tax expense	(174)	(773)	-	(947)
(Loss)/Profit after tax	(921)	3,956	1	3,036
Consolidated Statement of Financial Position				
Segment assets	5,672	126,546	426	132,644
Segment liabilities	825	25,441	5	26,271

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

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 2021 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 2021 is as follows:

Capital expenditure in respect of purchase of property, plant and equipment:	<u>RM</u>
Contracted but not provided for	<u>485,000</u>

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Deviation	
	30.06.2021	30.06.2020	Amount	%
	RM'000	RM'000	RM'000	
Revenue	47,393	21,933	25,460	>100.00
Profit before tax ("PBT")	3,983	183	3,800	>100.00

The Group's revenue and PBT had increased by RM25.46 million and RM3.80 million, respectively, in the current quarter under review as compared to the corresponding quarter in the preceding financial period.

The increased revenue in the current quarter under review was contributed mainly by the higher selling price of polymeric products and higher production output as compared to the corresponding quarter ended 30 June 2020.

The significant lower revenue and production output in the corresponding quarter ended 30 June 2020 were due to the sudden closure of the Group's factory on 18 March 2020 as a result of the implementation of the movement control order. The Group only resumed its production in stages from April 2020.

16. Material Changes in PBT as Compared with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	30.06.2021	31.03.2021	Amount	%
	RM'000	RM'000	RM'000	
Revenue	47,393	41,249	6,144	14.89
PBT	3,983	2,423	1,560	64.38

The Group's revenue had increased by RM6.14 million or 14.89% as compared to the immediate preceding quarter ended 31 March 2021 due mainly to the increase in selling price of polymeric products by approximately 15.80% as a result of increase in cost of raw materials purchased.

The Group's PBT had increased by RM1.56 million or 64.38% for the current quarter under review as compared to the immediate preceding quarter due mainly to the increase in revenue as mentioned above as well as the recovery of bad debts amounted to RM0.48 million.

17. Future Prospects

With the commencement of Phase 1 of the National Recovery Plan from 1 June 2021 onwards, factories that have been classified as essential services by the Ministry of International Trade and Industries, Malaysia are allowed to operate with a maximum workforce of 60%. The sudden lock down of most businesses in Malaysia to contain the spread of COVID-19 had disrupted the sales and delivery of goods to our customers.

As the full impact arising from 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 meet its delivery commitments with best effort in protection of the safety and health of its employees in order to ensure minimal disruption to its business operations.

Notwithstanding the abovementioned, the Board is cautiously optimistic of the Group's financial performance in the coming financial year ending 31 March 2022.

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 30.06.2021 RM'000	Financial Period- To-Date 30.06.2021 RM'000
Current income tax	937	937
Deferred tax liabilities	10	10
	<u>947</u>	<u>947</u>

The Group's effective tax rate was lower than the statutory tax rate due mainly to certain incomes which are not subject to income tax.

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 2021 are shown below:

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Long Term Borrowings - secured		
Term loans	6,347	7,061
Short Term Borrowings - secured		
Banker acceptances	1,210	-
Term loans	747	724
	<u>1,957</u>	<u>724</u>
Total	<u>8,304</u>	<u>7,785</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. Dividends Payable

No dividend was declared or payable for the current financial quarter under review.

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

PBT is arrived at after charging/(crediting) the following items:

	Current Quarter Ended		3 Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	(480)	-	(480)	-
Depreciation of property, plant and equipment	346	338	346	338
Depreciation of right-of-use assets	36	-	36	-
Loss on disposal of property, plant and equipment	-	53	-	53
Net foreign exchange gain - realised	(181)	(76)	(181)	(76)
Net foreign exchange loss/(gain) - unrealised	124	(86)	124	(86)
Property, plant and equipment written off	2	-	2	-
Interest income	(73)	(137)	(73)	(137)
Interest expenses	69	74	69	74

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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Profit attributable to owners of the parent (RM'000)	3,036	49	3,036	49
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.64	0.01	0.64	0.01

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.