

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 31 DECEMBER 2021**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 31/12/21 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/20 RM'000	CURRENT YEAR TO DATE 31/12/21 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/20 RM'000
Revenue	48,348	38,979	135,306	95,339
Cost of Sales	(40,627)	(32,826)	(116,301)	(80,771)
Gross Profit	7,721	6,153	19,005	14,568
Other Income	(7)	213	810	1,010
Administrative and Operating Expenses	(3,661)	(3,767)	(10,442)	(10,464)
Finance Costs	(74)	(67)	(204)	(208)
Profit Before Tax	3,979	2,532	9,169	4,906
Tax expense	(1,033)	(809)	(2,358)	(1,696)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	2,946	1,723	6,811	3,210
Profit attributable to:				
Owners of the parent	2,946	1,723	6,811	3,210
Total comprehensive income attributable to:				
Owners of the parent	2,946	1,723	6,811	3,210
Earnings per share (sen):				
- Basic	0.62	0.36	1.43	0.67
- Diluted	0.62	0.36	1.43	0.67

(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 5-13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(The figures have not been audited)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	<u>As at 31/12/21</u> <u>RM'000</u>	<u>As at 31/03/21</u> <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	39,367	39,874
Right-of-use assets	592	701
	<u>39,959</u>	<u>40,575</u>
Current assets		
Inventories	32,067	23,198
Trade and other receivables	42,579	32,797
Current tax assets	180	187
Cash and cash equivalents	28,519	33,658
	<u>103,345</u>	<u>89,840</u>
TOTAL ASSETS	<u>143,304</u>	<u>130,415</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	62,539	55,728
TOTAL EQUITY	<u>110,148</u>	<u>103,337</u>
Non-current liabilities		
Borrowings	5,964	6,502
Lease liabilities	116	219
Deferred tax liabilities	2,997	2,675
	<u>9,077</u>	<u>9,396</u>
Current liabilities		
Trade and other payables	19,744	15,629
Borrowings	3,872	1,863
Lease liabilities	145	190
Current tax liabilities	318	-
	<u>24,079</u>	<u>17,682</u>
TOTAL LIABILITIES	<u>33,156</u>	<u>27,078</u>
TOTAL EQUITY AND LIABILITIES	<u>143,304</u>	<u>130,415</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.23</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 5-13)

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

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE 3RD QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

Quarter ended 31 December 2021

Balance as at 01.04.2021
 Total comprehensive income for the period
 Balance as at 31.12.2021

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
-	6,811	6,811
47,609	62,539	110,148

Quarter ended 31 December 2020

Balance as at 01.04.2020
 Total comprehensive income for the period
 Dividend paid
 Balance as at 31.12.2020

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
-	3,210	3,210
-	(4,757)	(4,757)
47,609	54,233	101,842

(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 5-13)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)

	CURRENT YEAR TO DATE 31/12/21 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,169	4,906
Adjustments for:		
Depreciation of:		
- property, plant and equipment	1,033	1,040
- right-of-use assets	109	-
Interest expense	204	208
Interest income	(268)	(641)
Loss on disposal of property, plant and equipment	-	53
Property, plant and equipment written off	4	2
Unrealised loss/(gain) on foreign exchange	46	(16)
Operating profit before changes in working capital	10,297	5,552
Net changes in inventories	(8,869)	5,181
Net changes in trade and other receivables	(9,982)	(5,799)
Net changes in trade and other payables	4,322	(6,259)
CASH USED IN OPERATIONS	(4,232)	(1,325)
Interest received	63	134
Tax paid	(1,711)	(1,522)
Tax refunded	-	1
NET CASH USED IN OPERATING ACTIVITIES	(5,880)	(2,712)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Placements)/Withdrawals of deposits with licensed banks with original maturity date more than three months	(18)	11,745
Interest received	205	507
Proceeds from disposal of property, plant and equipment	-	25
Purchase of property, plant and equipment	(530)	(1,695)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(343)	10,582
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	4,323	667
Repayments of:		
- bankers' acceptance	(2,331)	-
- lease liabilities	(156)	(75)
- term loans	(521)	(495)
Interest paid	(196)	(200)
Dividends paid	-	(4,757)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	1,119	(4,860)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,104)	3,010
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(53)	(45)
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)	26,754	30,119

Note 1: Cash and cash equivalents

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

Cash and bank balances	28,519
Less: Deposits with licensed banks (more than three months)	(1,765)
Cash and bank balances at the end of the period	<u>26,754</u>

RM'000

(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 5-13)

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

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 DECEMBER 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 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 financial quarter and cumulative 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
Second interim single-tier dividend of 0.70 sen per ordinary share, declared on 1 October 2020 and paid on 30 October 2020	-	-	0.70	3,329,992

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 31 December 2021

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,623	49,940	-	51,563
Inter-Segment sales	(1,610)	(1,605)	-	(3,215)
External	13	48,335	-	48,348
RESULT				
Segment result	(1,285)	5,341	(3)	4,053
Finance costs	-	(74)	-	(74)
(Loss)/Profit before tax	(1,285)	5,267	(3)	3,979
Tax expense	(70)	(962)	(1)	(1,033)
(Loss)/Profit after tax	(1,355)	4,305	(4)	2,946
Consolidated Statement of Financial Position				
Segment assets	5,708	137,490	106	143,304
Segment liabilities	958	32,189	9	33,156

3 months ended 31 December 2020

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	4,559	40,477	-	45,036
Inter-Segment sales	(4,530)	(1,527)	-	(6,057)
External	29	38,950	-	38,979
RESULT				
Segment result	(1,172)	3,771	-	2,599
Finance costs	-	(67)	-	(67)
(Loss)/Profit before tax	(1,172)	3,704	-	2,532
Tax expense	(224)	(585)	-	(809)
(Loss)/Profit after tax	(1,396)	3,119	-	1,723
Consolidated Statement of Financial Position				
Segment assets	12,679	111,011	427	124,117
Segment liabilities	975	21,295	5	22,275

9. Segmental Reporting (cont'd)

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

Cumulative 9 months ended 31 December 2021

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	4,853	139,707	-	144,560
Inter-Segment sales	(4,790)	(4,464)	-	(9,254)
External	63	135,243	-	135,306
RESULT				
Segment result	(2,985)	12,362	(4)	9,373
Finance costs	-	(204)	-	(204)
(Loss)/Profit before tax	(2,985)	12,158	(4)	9,169
Tax expense	(325)	(2,031)	(2)	(2,358)
(Loss)/Profit after tax	(3,310)	10,127	(6)	6,811
Consolidated Statement of Financial Position				
Segment assets	5,708	137,490	106	143,304
Segment liabilities	958	32,189	9	33,156

Cumulative 9 months ended 31 December 2020

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	8,204	99,103	-	107,307
Inter-Segment sales	(8,070)	(3,898)	-	(11,968)
External	134	95,205	-	95,339
RESULT				
Segment result	(2,575)	7,686	3	5,114
Finance costs	-	(208)	-	(208)
(Loss)/Profit before tax	(2,575)	7,478	3	4,906
Tax expense	(543)	(1,151)	(2)	(1,696)
(Loss)/Profit after tax	(3,118)	6,327	1	3,210
Consolidated Statement of Financial Position				
Segment assets	12,679	111,011	427	124,117
Segment liabilities	975	21,295	5	22,275

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 January 2022 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 31 December 2021 is as follows:

	RM
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	141,000

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Deviation	
	31.12.2021	31.12.2020	Amount	%
	RM'000	RM'000	RM'000	
Revenue	48,348	38,979	9,369	24.04
Profit before tax ("PBT")	3,979	2,532	1,447	57.15

The Group's revenue and PBT had increased by RM9.37 million and RM1.45 million respectively, in the current quarter under review, as compared to the corresponding quarter in the preceding financial period. This was contributed mainly by the 40.74% increase in selling price of polymeric products as a result of increase in cost of raw materials purchased.

15. Performance Review (cont'd)

Current Financial Period as compared with Previous Year Corresponding Period

	9 Months Ended		Deviation	
	31.12.2021	31.12.2020	Amount	%
	RM'000	RM'000	RM'000	
Revenue	135,306	95,339	39,967	41.92
PBT	9,169	4,906	4,263	86.89

The Group's revenue and PBT had increased by RM39.97 million and RM4.26 million, respectively, in the current quarter under review as compared to the corresponding period in the preceding financial period. The increase in the Group's revenue and PBT were attributed mainly by the higher selling price of polymeric products as mentioned above, coupled with higher production output in the current financial year under review.

Besides, the lower revenue and production output for the corresponding period in the preceding financial period 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	
	31.12.2021	30.09.2021	Amount	%
	RM'000	RM'000	RM'000	
Revenue	48,348	39,565	8,783	22.20
PBT	3,979	1,207	2,772	229.66

The Group's revenue and PBT had increased by RM8.78 million and RM2.77 million respectively, as compared to the immediate preceding quarter ended 30 September 2021. This was due mainly to the increase in sales of polymeric products by 1,098 metric tons as a result of higher production output in the current financial quarter under review where the Group has resumed its workforce of 100%.

The lower production output in the immediate preceding quarter was due to the implementation of Phase 1 of the National Recovery Plan ("NRP") from June 2021 onwards, where the Group is only allowed to operate with a maximum workforce of 60%. There was also a disruption in the Group sales and delivery of goods to customers as all sectors are not allowed to operate except for those in the essential economic and service sectors during the Phase 1 of the NRP. Further, the shortage and delay in shipments of raw materials has also resulted in the Group's production output being affected accordingly.

17. Future Prospects

A new highly contagious coronavirus variant, Omicron emerged in late November 2021 has caused a rapid surge of COVID-19 cases in global recently. In view of this, the Government of Malaysia has schedule booster dose to curb the Omicron.

The Group will continue to adhere to all standard operating procedures to safeguard the health and safety of all employees and to ensure its business continuity amid the ongoing COVID-19 pandemic. In addition to the existing standard operating procedures, all employees are required to conduct the RTK Antigen Testing once every two weeks as a proactive measure to curb the spread of COVID-19 virus amongst employees.

The Group is seeing healthy orders from existing customers. Therefore, 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 and 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 31.12.2021 RM'000	Financial Period- To-Date 31.12.2021 RM'000
Current income tax	951	2,275
Over provision of income tax in prior year	(239)	(239)
Current deferred tax	321	322
	<u>1,033</u>	<u>2,358</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 31 December 2021 are shown below:

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Long Term Borrowings - secured		
Term loans	5,964	6,698
Short Term Borrowings - secured		
Banker acceptances	3,113	667
Term loans	759	730
	<u>3,872</u>	<u>1,397</u>
Total	<u>9,836</u>	<u>8,095</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		9 Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	(480)	(127)
Depreciation of property, plant and equipment	341	357	1,033	1,040
Depreciation of right-of-use assets	36	-	109	-
Loss on disposal of property, plant and equipment	-	-	-	53
Net foreign exchange loss/(gain) - realised	97	117	(67)	268
Net foreign exchange (gain)/loss - unrealised	(140)	8	46	(16)
Property, plant and equipment written off	2	-	4	2
Interest income	(67)	(169)	(205)	(641)
Interest expenses	75	67	204	208

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 9-months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the 9-months financial period.

	Current Quarter Ended		9 Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the parent (RM'000)	2,946	1,723	6,811	3,210
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.62	0.36	1.43	0.67

Diluted

The diluted EPS for the current financial quarter and the 9-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.