

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 JUNE 2022**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER 30/06/22 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER 30/06/21 RM'000</u>	<u>CURRENT YEAR TO DATE 30/06/22 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD 30/06/21 RM'000</u>
Revenue	58,849	47,393	58,849	47,393
Cost of Sales	(50,088)	(40,906)	(50,088)	(40,906)
Gross Profit	8,761	6,487	8,761	6,487
Other Income	242	764	242	764
Administrative and Operating Expenses	(4,228)	(3,199)	(4,228)	(3,199)
Finance Costs	(59)	(69)	(59)	(69)
Profit Before Tax	4,716	3,983	4,716	3,983
Tax expense	(1,189)	(947)	(1,189)	(947)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	3,527	3,036	3,527	3,036
Profit attributable to:				
Owners of the parent	3,527	3,036	3,527	3,036
Total comprehensive income attributable to:				
Owners of the parent	3,527	3,036	3,527	3,036
Earnings per share (sen):				
- Basic	0.74	0.64	0.74	0.64
- Diluted	0.74	0.64	0.74	0.64

(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 2022 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 2022
(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 30/06/22	As at 31/03/22
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,993	40,084
Right-of-use assets	427	459
	<u>40,420</u>	<u>40,543</u>
Current assets		
Inventories	34,792	34,018
Trade and other receivables	40,321	37,748
Current tax assets	580	823
Cash and bank balances	29,869	30,758
	<u>105,562</u>	<u>103,347</u>
TOTAL ASSETS	<u>145,982</u>	<u>143,890</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	66,812	63,285
TOTAL EQUITY	<u>114,421</u>	<u>110,894</u>
Non-current liabilities		
Borrowings	5,640	5,771
Lease liabilities	71	90
Deferred tax liabilities	3,123	3,061
	<u>8,834</u>	<u>8,922</u>
Current liabilities		
Trade and other payables	21,421	21,781
Borrowings	1,202	2,165
Lease liabilities	104	128
	<u>22,727</u>	<u>24,074</u>
TOTAL LIABILITIES	<u>31,561</u>	<u>32,996</u>
TOTAL EQUITY AND LIABILITIES	<u>145,982</u>	<u>143,890</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.24</u>	<u>0.23</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 2022 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 2022**
(The figures have not been audited)

Quarter ended 30 June 2022

Balance as at 01.04.2022
Total comprehensive income for the period
Balance as at 30.06.2022

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	63,285	110,894
-	3,527	3,527
47,609	66,812	114,421

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

(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 2022 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 2022
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/06/22 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,716	3,983
Adjustments for:		
Depreciation of:		
- property, plant and equipment	346	346
- right-of-use assets	32	36
Interest expense	59	69
Interest income	(66)	(98)
Property, plant and equipment written off	1	2
Unrealised loss on foreign exchange	11	124
Operating profit before changes in working capital	5,099	4,462
Net changes in inventories	(774)	(4,047)
Net changes in trade and other receivables	(2,536)	(5,099)
Net changes in trade and other payables	(350)	(847)
CASH GENERATED FROM/(USED IN) OPERATIONS	1,439	(5,531)
Interest received	14	25
Tax paid	(884)	(598)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	569	(6,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	52	73
Purchase of property, plant and equipment	(256)	(283)
NET CASH USED IN INVESTING ACTIVITIES	(204)	(210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	461	1,210
Repayments of:		
- bankers' acceptance	(1,400)	(1,121)
- lease liabilities	(45)	(54)
- term loans	(155)	(150)
Interest paid	(57)	(66)
NET CASH USED IN FINANCING ACTIVITIES	(1,196)	(181)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(831)	(6,495)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(58)	(65)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	28,975	31,911
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD (Note 1)	28,086	25,351

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	29,869
Less: Deposits with licensed banks (more than three months)	(1,783)
Cash and bank balances at the end of the period	28,086

(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 2022 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 2022

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 2022.

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 2022 except for the MFRS, Amendments to MFRS and IC Interpretations which are effective for the annual period beginning on 1 January 2022. 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
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. Dividend Paid

No dividend was paid for the current financial quarter and cumulative financial period-to-date, as well as the preceding year corresponding period.

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 2022

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,004	60,595	-	61,599
Inter-Segment sales	(990)	(1,760)	-	(2,750)
External	14	58,835	-	58,849
RESULT				
Segment result	(1,124)	5,902	(3)	4,775
Finance costs	-	(59)	-	(59)
(Loss)/Profit before tax	(1,124)	5,843	(3)	4,716
Tax expense	-	(1,189)	-	(1,189)
(Loss)/Profit after tax	(1,124)	4,654	(3)	3,527
Consolidated Statement of Financial Position				
Segment assets	5,911	139,968	103	145,982
Segment liabilities	1,192	30,362	8	31,562

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

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 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 30 June 2022 is as follows:

	<u>RM</u>
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	<u>546,000</u>

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Variance	
	30.06.2022	30.06.2021	Amount	%
	RM'000	RM'000	RM'000	
Revenue	58,849	47,393	11,456	24.17
Profit before tax ("PBT")	4,716	3,983	733	18.40

The Group's revenue and PBT had increased by RM11.46 million and RM0.73 million respectively, in the current quarter under review, as compared to the corresponding quarter in the preceding financial period. The increase in the Group's revenue and PBT were due mainly to higher sales of polymeric products by 543 metric tons, coupled with the increase in selling price of polymeric products by approximately 18.67% as a result of increase in cost of raw materials purchased.

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

	3 Months Ended		Variance	
	30.06.2022	31.03.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	58,849	53,006	5,843	11.02
PBT	4,716	1,148	3,568	310.80

The Group's revenue and PBT had increased by RM5.84 million and RM3.57 million respectively, in the current quarter under review, as compared to the preceding corresponding quarter in the preceding financial year. The increase in the Group's revenue and PBT were attributed mainly by the higher sales of polymeric products by 885 metric tons in the current financial quarter under review.

17. Future Prospects

We foresee that the market outlook for the remaining quarters would remain challenging in view of the inflationary pressure, resurgence of Covid-19 infection and scarcity of raw materials due to the Russia-Ukraine conflict, as well as China's Covid-19 lockdowns.

The Board would remain cautious on capacity expansion as well as the spending on capital expenditure. We will also continue to enhance our operational and cost efficiency in order to gain a better position in the current competitive and uncertain market.

Notwithstanding the abovementioned, the Board is of the opinion that the financial performance of the Group would remain satisfactory for the financial year ending 31 March 2023.

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 30.06.2022 RM'000	Financial Period- To-Date 30.06.2022 RM'000
Current income tax	1,127	1,127
Current deferred tax	62	62
	<u>1,189</u>	<u>1,189</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 2022 are shown below:

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
Long Term Borrowings - secured		
Term loans	5,647	6,347
Short Term Borrowings - secured		
Banker acceptances	461	1,210
Term loans	741	747
	<u>1,202</u>	<u>1,957</u>
Total	<u>6,842</u>	<u>8,304</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

On 24 August 2022, the Board declared an interim single tier dividend of RM0.003 per share in respect of the financial year ending 31 March 2023. The interim single tier dividend will be paid on 26 September 2022 to the shareholders whose names appear in the Record of Depositors on 12 September 2022.

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	(480)	-	(480)
Depreciation of property, plant and equipment	346	346	346	346
Depreciation of right-of-use assets	32	36	32	36
Net foreign exchange gain - realised	(127)	(181)	(127)	(181)
Net foreign exchange loss - unrealised	11	124	11	124
Property, plant and equipment written off	1	2	1	2
Interest income	(52)	(73)	(52)	(73)
Interest expenses	59	69	59	69

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to owners of the parent (RM'000)	3,527	3,036	3,527	3,036
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.74	0.64	0.74	0.64

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 year.