

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2022**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 30/09/22 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/21 RM'000	CURRENT YEAR TO DATE 30/09/22 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/21 RM'000
Revenue	49,518	39,565	108,367	86,958
Cost of Sales	(44,141)	(34,768)	(94,229)	(75,674)
Gross Profit	5,377	4,797	14,138	11,284
Other Income	126	53	368	817
Administrative and Operating Expenses	(3,909)	(3,582)	(8,137)	(6,781)
Finance Costs	(63)	(61)	(122)	(130)
Profit Before Tax	1,531	1,207	6,247	5,190
Tax expense	(563)	(378)	(1,752)	(1,325)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	968	829	4,495	3,865
Profit attributable to:				
Owners of the parent	968	829	4,495	3,865
Total comprehensive income attributable to:				
Owners of the parent	968	829	4,495	3,865
Earnings per share (sen):				
- Basic	0.20	0.17	0.94	0.81
- Diluted	0.20	0.17	0.94	0.81

(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 2022 and the accompanying explanatory notes attached to this interim financial statements on page 5-12)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 30/09/22	As at 31/03/22
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,319	40,084
Right-of-use assets	465	459
	<u>40,784</u>	<u>40,543</u>
Current assets		
Inventories	28,673	34,018
Trade and other receivables	36,213	37,748
Current tax assets	711	823
Cash and bank balances	33,141	30,758
	<u>98,738</u>	<u>103,347</u>
TOTAL ASSETS	<u><u>139,522</u></u>	<u><u>143,890</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	66,353	63,285
TOTAL EQUITY	<u><u>113,962</u></u>	<u><u>110,894</u></u>
Non-current liabilities		
Borrowings	5,449	5,771
Lease liabilities	91	90
Deferred tax liabilities	3,140	3,061
	<u>8,680</u>	<u>8,922</u>
Current liabilities		
Trade and other payables	16,004	21,781
Borrowings	750	2,165
Lease liabilities	124	128
Tax liabilities	2	-
	<u>16,880</u>	<u>24,074</u>
TOTAL LIABILITIES	<u><u>25,560</u></u>	<u><u>32,996</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>139,522</u></u>	<u><u>143,890</u></u>
Net assets per share attributable to owners of the parent (RM)	<u><u>0.24</u></u>	<u><u>0.23</u></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 5-12)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

Quarter ended 30 September 2022

	ATTRIBUTABLE TO OWNERS OF THE PARENT		
	SHARE CAPITAL	RETAINED EARNINGS	TOTAL
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 01.04.2022	47,609	63,285	110,894
Total comprehensive income for the period	-	4,495	4,495
Dividend paid	-	(1,427)	(1,427)
Balance as at 30.09.2022	47,609	66,353	113,962

Quarter ended 30 September 2021

	ATTRIBUTABLE TO OWNERS OF THE PARENT		
	SHARE CAPITAL	RETAINED EARNINGS	TOTAL
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance as at 01.04.2021	47,609	55,728	103,337
Total comprehensive income for the period	-	3,865	3,865
Balance as at 30.09.2021	47,609	59,593	107,202

(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 5-12)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/09/22 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/21 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,247	5,190
Adjustments for:		
Depreciation of:		
- property, plant and equipment	700	692
- right-of-use assets	65	73
Interest expense	122	129
Interest income	(166)	(188)
Property, plant and equipment written off	5	2
Unrealised loss on foreign exchange	108	186
Operating profit before changes in working capital	7,081	6,084
Net changes in inventories	5,345	(2,787)
Net changes in trade and other receivables	1,542	699
Net changes in trade and other payables	(5,764)	(2,411)
CASH GENERATED FROM OPERATIONS	8,204	1,585
Interest received	41	50
Tax paid	(1,559)	(1,081)
NET CASH FROM OPERATING ACTIVITIES	6,686	554
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of deposits with licensed bank with original maturity date more than three months	1,254	(18)
Interest received	125	138
Purchase of property, plant and equipment	(940)	(314)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	439	(194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	461	1,210
Repayments of:		
- bankers' acceptance	(1,861)	(2,331)
- lease liabilities	(78)	(108)
- term loans	(337)	(335)
Interest paid	(118)	(124)
Dividend paid	(1,427)	-
NET CASH USED IN FINANCING ACTIVITIES	(3,360)	(1,688)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,765	(1,328)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(128)	(69)
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)	32,612	30,514

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	33,141
Less: Deposits with licensed banks (more than three months)	(529)
Cash and bank balances at the end of the period	32,612

(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 5-12)

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

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 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

The dividend paid during the current and preceding year corresponding financial period-to-date are as follows:

	Company			
	2023		2022	
	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 2023 First interim single-tier dividend of 0.30 sen per ordinary share, declared on 24 August 2022 and paid on 26 September 2022	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 September 2022

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	2,727	51,257	-	53,984
Inter-Segment sales	(2,700)	(1,766)	-	(4,466)
External	27	49,491	-	49,518
RESULT				
Segment result	(1,141)	2,733	2	1,594
Finance costs	-	(63)	-	(63)
(Loss)/Profit before tax	(1,141)	2,670	2	1,531
Tax expense	(222)	(341)	-	(563)
(Loss)/Profit after tax	(1,363)	2,329	2	968
Consolidated Statement of Financial Position				
Segment assets	5,412	134,059	51	139,522
Segment liabilities	738	24,818	4	25,560

3 months ended 30 September 2021

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,015	40,761	-	41,776
Inter-Segment sales	(990)	(1,221)	-	(2,211)
External	25	39,540	-	39,565
RESULT				
Segment result	(955)	2,223	-	1,268
Finance costs	-	(61)	-	(61)
(Loss)/Profit before tax	(955)	2,162	-	1,207
Tax expense	(81)	(296)	(1)	(378)
(Loss)/Profit after tax	(1,036)	1,866	(1)	829
Consolidated Statement of Financial Position				
Segment assets	5,574	124,168	726	130,468
Segment liabilities	1,076	22,185	5	23,266

9. Segmental Reporting (cont'd)

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

6 months ended 30 September 2022

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	3,731	111,852	-	115,583
Inter-Segment sales	(3,690)	(3,526)	-	(7,216)
External	41	108,326	-	108,367
RESULT				
Segment result	(2,265)	8,635	(1)	6,369
Finance costs	-	(122)	-	(122)
(Loss)/Profit before tax	(2,265)	8,513	(1)	6,247
Tax expense	(222)	(1,530)	-	(1,752)
(Loss)/Profit after tax	(2,487)	6,983	(1)	4,495
Consolidated Statement of Financial Position				
Segment assets	5,412	134,059	51	139,522
Segment liabilities	738	24,818	4	25,560

6 months ended 30 September 2021

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	3,230	89,767	-	92,997
Inter-Segment sales	(3,180)	(2,859)	-	(6,039)
External	50	86,908	-	86,958
RESULT				
Segment result	(1,700)	7,021	(1)	5,320
Finance costs	-	(130)	-	(130)
(Loss)/Profit before tax	(1,700)	6,891	(1)	5,190
Tax expense	(255)	(1,069)	(1)	(1,325)
(Loss)/Profit after tax	(1,955)	5,822	(2)	3,865
Consolidated Statement of Financial Position				
Segment assets	5,574	124,168	726	130,468
Segment liabilities	1,076	22,185	5	23,266

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 October 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 September 2022 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		Variance	
	30.09.2022	30.09.2021	Amount	%
	RM'000	RM'000	RM'000	
Revenue	49,518	39,565	9,953	25.16
Profit before tax ("PBT")	1,531	1,207	324	26.84

The Group's revenue and PBT had increased by RM9.95 million and RM0.32 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 1,274 metric tons.

15. Performance Review (cont'd)

Current Financial Period as compared with Previous Year Corresponding Period

	6 Months Ended		Deviation	
	30.09.2022	30.09.2021	Amount	%
	RM'000	RM'000	RM'000	
Revenue	108,367	86,958	21,409	24.62
PBT	6,247	5,190	1,057	20.37

The Group's revenue and PBT had increased by RM21.41 million and RM1.06 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 sales of polymeric products by 1,817 metric tons, coupled with the increase in selling price of polymeric products by approximately 11.00% 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	
	30.09.2022	30.06.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	49,518	58,849	(9,331)	(15.86)
PBT	1,531	4,716	(3,185)	(67.54)

The Group's revenue and PBT had decreased by RM9.33 million and RM3.19 million respectively, in the current quarter under review as compared to the immediate preceding quarter ended 30 June 2022 due mainly to the decrease in sales of polymeric products by 808 metric tons as a result of lower production output, coupled with decrease in selling price of polymeric products by approximately 8.80% as a result of decrease in cost of raw materials purchased.

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.

In view that the overall market sentiment has slowed down, the Board would continuously 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 30.09.2022 RM'000	Financial Period-To- Date 30.09.2022 RM'000
Current income tax	546	1,673
Current deferred tax	17	79
	<u>563</u>	<u>1,752</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 September 2022 are shown below:

	As at 30.09.2022 RM'000	As at 30.09.2021 RM'000
Long Term Borrowings - secured		
Term loans	5,449	6,156
Short Term Borrowings - secured		
Term loans	750	753
Total	<u>6,199</u>	<u>6,909</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

First interim single-tier dividend of 0.30 sen per ordinary share was declared on 24 August 2022 and paid on 26 September 2022 as disclosed in Note 8.

The total dividend declared and paid to-date for the financial year ending 31 March 2023 is RM1,427,139 (31.3.2022: RM Nil).

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		6 Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	-	(480)
Depreciation of property, plant and equipment	354	346	700	692
Depreciation of right-of-use assets	33	37	65	73
Net foreign exchange (gain)/loss - realised	(37)	17	(164)	(164)
Net foreign exchange loss - unrealised	97	62	108	186
Property, plant and equipment written off	4	-	5	2
Interest income	(73)	(65)	(125)	(138)
Interest expenses	63	60	122	129

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 6-months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the 6-months financial period.

	Current Quarter Ended		6 Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to owners of the parent (RM'000)	968	829	4,495	3,865
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.20	0.17	0.94	0.81

Diluted

The diluted EPS for the current financial quarter and the 6-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.