

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 4TH QUARTER ENDED 31 MARCH 2023**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 31/03/23 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/22 RM'000	CURRENT YEAR TO DATE 31/03/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/22 RM'000
Revenue	36,448	53,006	186,893	188,312
Cost of Sales	(31,689)	(47,740)	(162,679)	(164,041)
Gross Profit	4,759	5,266	24,214	24,271
Other Income	272	78	924	888
Administrative and Operating Expenses	(3,610)	(4,130)	(15,876)	(14,572)
Finance Costs	(65)	(66)	(253)	(270)
Profit Before Tax	1,356	1,148	9,009	10,317
Tax expense	(569)	(402)	(3,002)	(2,760)
PROFIT FOR THE FINANCIAL YEAR/ TOTAL COMPREHENSIVE INCOME	787	746	6,007	7,557
Profit attributable to:				
Owners of the parent	787	746	6,007	7,557
Total comprehensive income attributable to:				
Owners of the parent	787	746	6,007	7,557
Earnings per share (sen):				
- Basic	0.17	0.16	1.26	1.59
- Diluted	0.17	0.16	1.26	1.59

(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 31 MARCH 2023

(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 31/03/23 RM'000	As at 31/03/22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,586	40,084
Right-of-use assets	394	459
	<u>40,980</u>	<u>40,543</u>
Current assets		
Inventories	24,269	34,018
Trade and other receivables	28,524	37,748
Current tax assets	1,141	823
Cash and bank balances	47,868	30,758
	<u>101,802</u>	<u>103,347</u>
TOTAL ASSETS	<u>142,782</u>	<u>143,890</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	67,865	63,285
TOTAL EQUITY	<u>115,474</u>	<u>110,894</u>
Non-current liabilities		
Borrowings	5,079	5,771
Lease liabilities	101	90
Deferred tax liabilities	3,327	3,061
	<u>8,507</u>	<u>8,922</u>
Current liabilities		
Trade and other payables	17,907	21,781
Borrowings	755	2,165
Lease liabilities	139	128
	<u>18,801</u>	<u>24,074</u>
TOTAL LIABILITIES	<u>27,308</u>	<u>32,996</u>
TOTAL EQUITY AND LIABILITIES	<u>142,782</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 5-12)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 4TH QUARTER ENDED 31 MARCH 2023
(The figures have not been audited)

Quarter ended 31 March 2023

	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	-	6,007	6,007
Dividend paid	-	(1,427)	(1,427)
Balance as at 31.03.2023	47,609	67,865	115,474

Quarter ended 31 March 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 01.04.2021	47,609	55,728	103,337
Total comprehensive income for the period	-	7,557	7,557
Balance as at 31.03.2022	47,609	63,285	110,894

(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 4TH QUARTER ENDED 31 MARCH 2023
(The figures have not been audited)

	CURRENT YEAR TO DATE 31/03/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,009	10,317
Adjustments for:		
Depreciation of:		
- property, plant and equipment	1,448	1,379
- right-of-use assets	126	144
Impairment loss on a trade receivable	552	-
Interest expense	252	270
Interest income	(507)	(369)
Property, plant and equipment written off	16	9
Unrealised (gain)/loss on foreign exchange	(30)	121
Operating profit before changes in working capital	10,866	11,871
Net changes in inventories	9,749	(10,820)
Net changes in trade and other receivables	8,676	(5,151)
Net changes in trade and other payables	(3,790)	6,264
CASH GENERATED FROM/(USED IN) OPERATIONS	25,501	2,164
Interest received	93	88
Tax paid	(3,054)	(3,009)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	22,540	(757)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed bank with original maturity date more than three months	(9,278)	(36)
Interest received	414	281
Purchase of property, plant and equipment	(1,858)	(1,501)
NET CASH USED IN INVESTING ACTIVITIES	(10,722)	(1,256)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	461	5,723
Repayments of:		
- bankers' acceptance	(1,861)	(5,444)
- lease liabilities	(155)	(200)
- term loans	(702)	(709)
Interest paid	(244)	(260)
Dividend paid	(1,427)	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(3,928)	(890)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,890	(2,903)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(58)	(33)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	28,975	31,911
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note 1)	36,807	28,975

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	47,868
Less: Deposits with licensed banks (more than three months)	(11,061)
Cash and bank balances at the end of the year	<u>36,807</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 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 4TH QUARTER ENDED 31 MARCH 2023

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 (“FYE”) 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 FYE 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	Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17)	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 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
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 dividend paid during the current financial quarter and cumulative financial year-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 FYE 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 31 March 2023

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,169	37,657	-	38,826
Inter-Segment sales	(1,140)	(1,238)	-	(2,378)
External	29	36,419	-	36,448
RESULT				
Segment result	(1,167)	2,592	(4)	1,421
Finance costs	-	(65)	-	(65)
(Loss)/Profit before tax	(1,167)	2,527	(4)	1,356
Tax expense	(48)	(521)	-	(569)
(Loss)/Profit after tax	(1,215)	2,006	(4)	787
Consolidated Statement of Financial Position				
Segment assets	5,802	136,877	103	142,782
Segment liabilities	1,235	26,067	6	27,308

3 months ended 31 March 2022

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,515	54,338	-	55,853
Inter-Segment sales	(1,490)	(1,357)	-	(2,847)
External	25	52,981	-	53,006
RESULT				
Segment result	(1,344)	2,557	1	1,214
Finance costs	-	(66)	-	(66)
(Loss)/Profit before tax	(1,344)	2,491	1	1,148
Tax expense	(40)	(362)	-	(402)
(Loss)/Profit after tax	(1,384)	2,129	1	746
Consolidated Statement of Financial Position				
Segment assets	6,212	137,575	103	143,890
Segment liabilities	1,356	31,634	6	32,996

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:

12 months ended 31 March 2023

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	6,064	193,093	-	199,157
Inter-Segment sales	(5,970)	(6,294)	-	(12,264)
External	94	186,799	-	186,893
RESULT				
Segment result	(4,479)	13,746	(5)	9,262
Finance costs	-	(253)	-	(253)
(Loss)/Profit before tax	(4,479)	13,493	(5)	9,009
Tax expense	(339)	(2,663)	-	(3,002)
(Loss)/Profit after tax	(4,818)	10,830	(5)	6,007
Consolidated Statement of Financial Position				
Segment assets	5,802	136,877	103	142,782
Segment liabilities	1,235	26,067	6	27,308

12 months ended 31 March 2022

	Investment Holding	Manufacturing of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	6,368	194,045	-	200,413
Inter-Segment sales	(6,280)	(5,821)	-	(12,101)
External	88	188,224	-	188,312
RESULT				
Segment result	(4,329)	14,919	(3)	10,587
Finance costs	-	(270)	-	(270)
(Loss)/Profit before tax	(4,329)	14,649	(3)	10,317
Tax expense	(365)	(2,393)	(2)	(2,760)
(Loss)/Profit after tax	(4,694)	12,256	(5)	7,557
Consolidated Statement of Financial Position				
Segment assets	6,212	137,575	103	143,890
Segment liabilities	1,356	31,634	6	32,996

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 April 2023 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 March 2023 is as follows:

	<u>RM</u>
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	3,650,344

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Variance	
	31.03.2023	31.03.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	36,448	53,006	(16,558)	(31.24)
Profit before tax ("PBT")	1,356	1,148	208	18.12

The Group's revenue had decreased by RM16.56 million in the current quarter under review, as compared to the corresponding quarter in the preceding financial period. The decrease in the Group's revenue was due mainly to the decrease in average selling price of polymeric products by approximately 25.68% as a result of decrease in cost of raw materials purchased.

Notwithstanding the decrease in revenue, the Group's PBT had increased by RM0.21 million in the current quarter under review, as compared to the corresponding quarter in the preceding financial period. The improvement in PBT was due mainly to the decrease in operating expenses contributed mainly by lower freight cost, coupled with higher interest income.

Further, the higher revenue recorded for the quarter ended 31 March 2022 was contributed mainly by the increase in selling price of polymeric products as a result of increase in cost of raw materials purchased. The selling price of the Group's polymeric products fluctuates based on the pricing of raw materials.

15. Performance Review (cont'd)

Current Financial Year-To-Date as compared with Previous Year-To-Date

	12 Months Ended		Deviation	
	31.03.2023	31.03.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	186,893	188,312	(1,419)	(0.75)
PBT	9,009	10,317	(1,308)	(12.68)

The Group's revenue had decreased by RM1.42 million or 0.75% for the FYE 31 March 2023 as compared to FYE 31 March 2022. The decrease in the Group's revenue was due mainly to the decrease in average selling price of polymeric products by approximately 5.25% as a result of decrease in cost of raw materials purchased.

The Group's PBT had also decreased by RM1.31 million or 12.68% for the FYE 31 March 2023 as compared to FYE 31 March 2022. This was due mainly to the increase in staff cost, coupled with an impairment loss on a trade receivable amounted to RM0.55 million.

In addition, the higher PBT recorded in FYE 31 March 2022 was also partially contributed by the one-off gain on bad debt recovered of RM0.48 million.

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

	3 Months Ended		Variance	
	31.03.2023	31.12.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	36,448	42,078	(5,630)	(13.38)
PBT	1,356	1,406	(50)	(3.56)

The Group's revenue and PBT had decreased by RM5.63 million and RM0.05 million respectively, as compared to the immediate preceding quarter ended 31 December 2022. The decrease in the Group's revenue and PBT were due mainly to the decrease in average selling price of polymeric products by approximately 7.00% as a result of decrease in cost of raw materials purchased.

17. Future Prospects

The outlook of the Group is expected to be challenging in view of the rising of interest rate, inflationary pressure, as well as the risk of recession in global and local economy.

In order to ensure that the Group is well positioned to navigate through this challenging period, we will continuously remain cautious on the 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.

In the current financial period, the Group has begun selling its products on third party online platforms noting that there is a shift of expanding sales through online ordering and purchasing among consumers. In addition, the Group also plan to expand its sales channel via venturing into wholesale business.

With the abovementioned, the Board expect that the financial performance of the Group would remain satisfactory for the financial year ending 31 March 2024.

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 year-to-date includes the followings:

	Current quarter 31.03.2023 RM'000	Financial Year-To- Date 31.03.2023 RM'000
Current income tax	446	2,734
Under provision of income tax in prior year	-	2
Current deferred tax	123	266
	<u>569</u>	<u>3,002</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 March 2023 are shown below:

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
Long Term Borrowings - secured		
Term loans	5,079	5,771
Short Term Borrowings - secured		
Banker acceptances	-	1,400
Term loans	755	765
	<u>755</u>	<u>2,165</u>
Total	<u>5,834</u>	<u>7,936</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.

The total dividend paid to-date for the FYE 31 March 2023 was RM1,427,139 (31 March 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		12 Months Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	-	(480)
Depreciation of property, plant and equipment	378	346	1,448	1,379
Depreciation of right-of-use assets	29	35	126	144
Impairment loss on a trade receivable	-	-	552	-
Net foreign exchange gain - realised	(15)	-	(307)	(67)
Net foreign exchange (gain)/loss - unrealised	(160)	75	(30)	121
Property, plant and equipment written off	9	5	16	9
Interest income	(191)	(76)	(414)	(281)
Interest expenses	64	66	252	270

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 12-months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the 12-months financial period.

	Current Quarter Ended		12 Months Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to owners of the parent (RM'000)	787	746	6,007	7,557
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.17	0.16	1.26	1.59

Diluted

The diluted EPS for the current financial quarter and the 12-months financial period is equal to the basic EPS for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting year.