

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 30 JUNE 2023**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 30/06/23 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/22 RM'000	CURRENT YEAR TO DATE 30/06/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/22 RM'000
Revenue	40,318	58,849	40,318	58,849
Cost of Sales	(34,745)	(50,088)	(34,745)	(50,088)
Gross Profit	5,573	8,761	5,573	8,761
Other Income	535	242	535	242
Administrative and Operating Expenses	(3,391)	(4,228)	(3,391)	(4,228)
Finance Costs	(66)	(59)	(66)	(59)
Profit Before Tax	2,651	4,716	2,651	4,716
Tax expense	(866)	(1,189)	(866)	(1,189)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	1,785	3,527	1,785	3,527
Profit attributable to:				
Owners of the parent	1,785	3,527	1,785	3,527
Total comprehensive income attributable to:				
Owners of the parent	1,785	3,527	1,785	3,527
Earnings per share (sen):				
- Basic	0.38	0.74	0.38	0.74
- Diluted	0.38	0.74	0.38	0.74

(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 2023 and the accompanying explanatory notes attached to this interim financial statements on page 5-10)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(The figures have not been audited)

	UNAUDITED	AUDITED
	As at 30/06/23 RM'000	As at 31/03/23 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,241	40,586
Right-of-use assets	448	394
	<u>42,689</u>	<u>40,980</u>
Current assets		
Inventories	23,856	24,269
Trade and other receivables	29,445	28,524
Current tax assets	980	1,141
Cash and bank balances	46,619	47,868
	<u>100,900</u>	<u>101,802</u>
TOTAL ASSETS	<u>143,589</u>	<u>142,782</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	69,650	67,865
TOTAL EQUITY	<u>117,259</u>	<u>115,474</u>
Non-current liabilities		
Borrowings	4,952	5,079
Lease liabilities	119	101
Deferred tax liabilities	3,327	3,327
	<u>8,398</u>	<u>8,507</u>
Current liabilities		
Trade and other payables	17,006	17,907
Borrowings	730	755
Lease liabilities	171	139
Current tax liability	25	-
	<u>17,932</u>	<u>18,801</u>
TOTAL LIABILITIES	<u>26,330</u>	<u>27,308</u>
TOTAL EQUITY AND LIABILITIES	<u>143,589</u>	<u>142,782</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.25</u>	<u>0.24</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 2023 and the accompanying explanatory notes attached to this interim financial statements on page 5-10)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)

Quarter ended 30 June 2023

Balance as at 01.04.2023	47,609	67,865	115,474
Total comprehensive income for the period	-	1,785	1,785
Balance as at 30.06.2023	47,609	69,650	117,259

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	67,865	115,474
-	1,785	1,785
47,609	69,650	117,259

Quarter ended 30 June 2022

Balance as at 01.04.2022	47,609	63,285	110,894
Total comprehensive income for the period	-	3,527	3,527
Balance as at 30.06.2022	47,609	66,812	114,421

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

(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 2023 and the accompanying explanatory notes attached to this interim financial statements on page 5-10)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/06/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,651	4,716
Adjustments for:		
Depreciation of:		
- property, plant and equipment	377	346
- right-of-use assets	38	32
Gain on lease modification	(1)	-
Interest expense	66	59
Interest income	(310)	(66)
Property, plant and equipment written off	2	1
Reversal of impairment loss on a trade receivable	(60)	-
Unrealised (gain)/loss on foreign exchange	(8)	11
Operating profit before changes in working capital	2,755	5,099
Net changes in inventories	413	(774)
Net changes in trade and other receivables	(826)	(2,536)
Net changes in trade and other payables	(989)	(350)
CASH GENERATED FROM OPERATIONS	1,353	1,439
Interest received	32	14
Tax paid	(680)	(884)
NET CASH FROM OPERATING ACTIVITIES	705	569
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed bank with original maturity date more than three months	6,199	-
Interest received	278	52
Purchase of property, plant and equipment	(2,034)	(256)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	4,443	(204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	-	461
Repayments of:		
- bankers' acceptance	-	(1,400)
- lease liabilities	(44)	(45)
- term loans	(152)	(155)
Interest paid	(63)	(57)
NET CASH USED IN FINANCING ACTIVITIES	(259)	(1,196)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,889	(831)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	61	(58)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	36,807	28,975
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD (Note 1)	41,757	28,086

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	46,619
Less: Deposits with licensed banks (more than three months)	(4,862)
Cash and bank balances at the end of the year	<u>41,757</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 2023 and the accompanying explanatory notes attached to this interim financial statements on page 5-10)

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

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 1ST QUARTER ENDED 30 JUNE 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 2023.

2. Significant Accounting Policies

The significant accounting policies adopted by KIB and its subsidiaries (“Group”) in this interim financial statement are consistent with those adopted in the audited financial statements for the FYE 31 March 2023 except for the MFRS, Amendments to MFRS and IC Interpretations which are effective for the annual period beginning on 1 January 2023. 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	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 107 and MFRS 7	Statement of Cash Flows and Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - 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 2023

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	3,172	41,454	-	44,626
Inter-Segment sales	(3,140)	(1,168)	-	(4,308)
External	32	40,286	-	40,318
RESULT				
Segment result	(1,124)	3,841	-	2,717
Finance costs	-	(66)	-	(66)
(Loss)/Profit before tax	(1,124)	3,775	-	2,651
Tax expense	(184)	(682)	-	(866)
(Loss)/Profit after tax	(1,308)	3,093	-	1,785
Consolidated Statement of Financial Position				
Segment assets	5,787	137,699	103	143,589
Segment liabilities	1,372	24,957	1	26,330

9. Segmental Reporting (cont'd)

3 months ended 30 June 2022

	Investment Holding	Manufacturing and Trading 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

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 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 30 June 2023 is as follows:

	RM
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	2,224,629

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Variance	
	30.06.2023	30.06.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	40,318	58,849	(18,531)	(31.49)
Profit before tax ("PBT")	2,651	4,716	(2,065)	(43.79)

The Group's revenue had decreased by RM18.53 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 25.19% as a result of decrease in cost of raw materials purchased.

The Group's PBT had also decreased by RM2.07 million in the current quarter under review, as compared to the corresponding quarter in the preceding financial period. The decrease in PBT was due mainly to the decrease in revenue as mentioned above.

Further, a higher revenue was recorded for the quarter ended 30 June 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 cost of raw materials.

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

	3 Months Ended		Variance	
	30.06.2023	31.03.2023	Amount	%
	RM'000	RM'000	RM'000	
Revenue	40,318	36,448	3,870	10.62
PBT	2,651	1,356	1,295	95.50

The Group's revenue and PBT had increased by RM3.87 million and RM1.30 million respectively, as compared to the immediate preceding quarter ended 31 March 2023. The increase in the Group's revenue and PBT were attributed mainly by the higher sales of polymeric products by 604 metric tons coupled with a slight increase in average selling price of polymeric products by approximately 1.33% as a result of increase in cost of raw materials purchased.

17. Future Prospects

The outlook of the Group is expected to remain competitive and challenging as the Group continue to face the issues of 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.

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 30.06.2023 RM'000	Financial Year-To- Date 30.06.2023 RM'000
Current income tax	<u>866</u>	<u>866</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 2023 are shown below:

	As at 30.06.2023 RM'000	As at 30.06.2022 RM'000
Long Term Borrowings - secured		
Term loans	4,952	5,640
Short Term Borrowings - secured		
Banker acceptances	-	461
Term loans	730	741
	<u>730</u>	<u>1,202</u>
Total	<u>5,682</u>	<u>6,842</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 25 August 2023, the Board declared an interim single tier dividend of RM0.0035 per ordinary share in respect of the financial year ending 31 March 2024. The interim single tier dividend will be paid on 26 September 2023 to the shareholders whose names appear in the Record of Depositors on 12 September 2023.

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	377	346	377	346
Depreciation of right-of-use assets	38	32	38	32
Gain on lease modification	(1)	-	(1)	-
Net foreign exchange gain – realised	(173)	(127)	(173)	(127)
Net foreign exchange (gain)/loss – unrealised	(8)	11	(8)	11
Property, plant and equipment written off	2	1	2	1
Reversal of impairment loss on a trade receivable	(60)	-	(60)	-
Interest income	(278)	(52)	(278)	(52)
Interest expense	66	59	66	59

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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit attributable to owners of the parent (RM'000)	1,785	3,527	1,785	3,527
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.38	0.74	0.38	0.74

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.