

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2023**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 30/09/23 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/22 RM'000	CURRENT YEAR TO DATE 30/09/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/22 RM'000
Revenue	43,096	49,518	83,414	108,367
Cost of Sales	(36,959)	(44,141)	(71,704)	(94,229)
Gross Profit	6,137	5,377	11,710	14,138
Other Income	152	126	687	368
Administrative and Operating Expenses	(3,730)	(3,909)	(7,121)	(8,137)
Finance Costs	(66)	(63)	(132)	(122)
Profit Before Tax	2,493	1,531	5,144	6,247
Tax expense	(689)	(563)	(1,555)	(1,752)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	1,804	968	3,589	4,495
Profit attributable to:				
Owners of the parent	1,804	968	3,589	4,495
Total comprehensive income attributable to:				
Owners of the parent	1,804	968	3,589	4,495
Earnings per share (sen):				
- Basic	0.38	0.20	0.75	0.94
- Diluted	0.38	0.20	0.75	0.94

(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 5-13)

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

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

	UNAUDITED	AUDITED
	As at 30/09/23 RM'000	As at 31/03/23 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,520	40,586
Right-of-use assets	404	394
	<u>42,924</u>	<u>40,980</u>
Current assets		
Inventories	27,307	24,269
Trade and other receivables	31,488	28,524
Current tax assets	621	1,141
Cash and bank balances	38,261	47,868
	<u>97,677</u>	<u>101,802</u>
TOTAL ASSETS	<u>140,601</u>	<u>142,782</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	69,789	67,865
TOTAL EQUITY	<u>117,398</u>	<u>115,474</u>
Non-current liabilities		
Borrowings	4,737	5,079
Lease liabilities	84	101
Deferred tax liabilities	3,366	3,327
	<u>8,187</u>	<u>8,507</u>
Current liabilities		
Trade and other payables	14,014	17,907
Borrowings	761	755
Lease liabilities	158	139
Current tax liability	83	-
	<u>15,016</u>	<u>18,801</u>
TOTAL LIABILITIES	<u>23,203</u>	<u>27,308</u>
TOTAL EQUITY AND LIABILITIES	<u>140,601</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 5-13)

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 2023****(The figures have not been audited)****Quarter ended 30 September 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 01.04.2023	47,609	67,865	115,474
Total comprehensive income for the period	-	3,589	3,589
Dividend paid	-	(1,665)	(1,665)
Balance as at 30.09.2023	47,609	69,789	117,398

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

(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 5-13)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	CURRENT YEAR TO DATE 30/09/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,144	6,247
Adjustments for:		
Bad debts recovered	(60)	-
Depreciation of:		
- property, plant and equipment	766	700
- right-of-use assets	82	65
Gain on lease modification	(1)	-
Interest expense	132	122
Interest income	(539)	(166)
Property, plant and equipment written off	3	5
Unrealised loss on foreign exchange	6	108
Operating profit before changes in working capital	5,533	7,081
Net changes in inventories	(3,038)	5,345
Net changes in trade and other receivables	(2,894)	1,542
Net changes in trade and other payables	(3,928)	(5,764)
CASH (USED IN)/GENERATED FROM OPERATIONS	(4,327)	8,204
Interest received	60	41
Tax paid	(1,327)	(1,559)
Tax refunded	414	-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(5,180)	6,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of deposits with licensed bank with original maturity date more than three months	5,799	1,254
Interest received	479	125
Purchase of property, plant and equipment	(2,703)	(940)
NET CASH FROM INVESTING ACTIVITIES	3,575	439
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	-	461
Repayments of:		
- bankers' acceptance	-	(1,861)
- lease liabilities	(94)	(78)
- term loans	(336)	(337)
Interest paid	(127)	(118)
Dividend paid	(1,665)	(1,427)
NET CASH USED IN FINANCING ACTIVITIES	(2,222)	(3,360)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,827)	3,765
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	19	(128)
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)	32,999	32,612

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	38,261
Less: Deposits with licensed banks (more than three months)	(5,262)
Cash and bank balances at the end of the period	32,999

(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 5-13)

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

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 2ND QUARTER ENDED 30 SEPTEMBER 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 121	Lack of Exchangeability	1 January 2025
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

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

	Company			
	2024		2023	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
In respect of the financial year ending 31 March 2024 First interim single-tier dividend of 0.35 sen per ordinary share, declared on 25 August 2023 and paid on 26 September 2023	0.35	1,664,998	-	-
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 2023

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,168	44,924	-	46,092
Inter-Segment sales	(1,140)	(1,856)	-	(2,996)
External	28	43,068	-	43,096
RESULT				
Segment result	(1,119)	3,678	-	2,559
Finance costs	-	(66)	-	(66)
(Loss)/Profit before tax	(1,119)	3,612	-	2,493
Tax expense	(101)	(588)	-	(689)
(Loss)/Profit after tax	(1,220)	3,024	-	1,804
Consolidated Statement of Financial Position				
Segment assets	3,752	136,751	98	140,601
Segment liabilities	1,075	22,127	1	23,203

3 months ended 30 September 2022

	Investment Holding	Manufacturing and Trading 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

9. Segmental Reporting (cont'd)

6 months ended 30 September 2023

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	4,340	86,378	-	90,718
Inter-Segment sales	(4,280)	(3,024)	-	(7,304)
External	60	83,354	-	83,414
RESULT				
Segment result	(2,243)	7,519	-	5,276
Finance costs	-	(132)	-	(132)
(Loss)/Profit before tax	(2,243)	7,387	-	5,144
Tax expense	(285)	(1,270)	-	(1,555)
(Loss)/Profit after tax	(2,528)	6,117	-	3,589
Consolidated Statement of Financial Position				
Segment assets	3,752	136,751	98	140,601
Segment liabilities	1,075	22,127	1	23,203

6 months ended 30 September 2022

	Investment Holding	Manufacturing and trading 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

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

On 9 November 2023, Hsing Lung Sdn Bhd, a wholly-owned subsidiary of KIB, had entered into a Sale and Purchase Agreement with Premetal Stamping Ind Sdn Bhd for the acquisition of a piece of freehold industrial land held under Geran 250459, Lot 182938 in the Mukim of Plentong, district of Johor Bahru, state of Johor measuring approximately 3,842 square meters in area together with a single storey detached factory annexed with double storey office building erected thereon and known as No. 12, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim for a purchase consideration of RM7.60 million ("**Proposed Acquisition**").

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 1st quarter of year 2024.

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 2023 is as follows:

	<u>RM</u>
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	<u>9,516,601</u>

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Variance	
	30.09.2023	30.09.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	43,096	49,518	(6,422)	(12.97)
Profit before tax ("PBT")	2,493	1,531	962	62.83

The Group's revenue had decreased by RM6.42 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 21.61% as a result of decrease in cost of raw materials purchased.

Notwithstanding the decrease in revenue, the Group's PBT had increased by RM0.96 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 as a result of decrease in unrealised loss on foreign exchange translation.

Current Financial Period as compared with Previous Year Corresponding Period

	6 Months Ended		Variance	
	30.09.2023	30.09.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	83,414	108,367	(24,953)	(23.03)
PBT	5,144	6,247	(1,103)	(17.66)

The Group's revenue and PBT had decreased by RM24.95 million and RM1.10 million respectively, in the current quarter under review as compared to the corresponding period in the preceding financial period. The decrease in the Group's revenue and PBT were due mainly to the decrease in average selling price of polymeric products by approximately 23.76% as a result of decrease in cost of raw materials purchased.

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

	3 Months Ended		Variance	
	30.09.2023	30.06.2023	Amount	%
	RM'000	RM'000	RM'000	
Revenue	43,096	40,318	2,778	6.89
PBT	2,493	2,651	(158)	(5.96)

The Group's revenue had increased by RM2.78 million or 6.89% in the current quarter under review, as compared to the immediate preceding quarter ended 30 June 2023. The increase in the Group's revenue for the current financial quarter under review was due mainly to the higher sales of polymeric products by 750 metric tons.

Notwithstanding the increase in revenue, the Group's PBT had decreased slightly by RM0.16 million for the current quarter under review as compared to the immediate preceding quarter ended 30 June 2023 due mainly to higher freight cost incurred and increase in realised loss in foreign exchange currency transaction.

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 30.09.2023 RM'000	Financial Year-To- Date 30.09.2023 RM'000
Current income tax	650	1,516
Current deferred tax	39	39
	<u>689</u>	<u>1,555</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

Save for the Proposed Acquisition disclosed in Note 11, there are no other corporate proposals announced by the Company 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 2023 are shown below:

	As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
Long Term Borrowings - secured		
Term loans	4,737	5,449
Short Term Borrowings - secured		
Term loans	761	750
Total	5,498	6,199

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 0.35 sen per ordinary share was declared on 25 August 2023 and paid on 26 September 2023 as disclosed in Note 8.

The total dividend declared and paid to-date for the financial year ending 31 March 2024 is RM1,664,998 (31.3.2023: RM 1,427,139).

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	(60)	-	(60)	-
Depreciation of property, plant and equipment	389	354	766	700
Depreciation of right-of-use assets	44	33	82	65
Gain on lease modification	-	-	(1)	-
Net foreign exchange loss/(gain) – realised	57	(37)	(116)	(164)
Net foreign exchange loss – unrealised	14	97	6	108
Property, plant and equipment written off	1	4	3	5
Interest income	(201)	(73)	(479)	(125)
Interest expense	66	63	132	122

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit attributable to owners of the parent (RM'000)	1,804	968	3,589	4,495
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.38	0.20	0.75	0.94

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 period.