

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 31 DECEMBER 2023**
(The figures have not been audited)

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 31/12/23 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/22 RM'000	CURRENT YEAR TO DATE 31/12/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/22 RM'000
Revenue	41,263	42,078	124,677	150,445
Cost of Sales	(35,614)	(36,761)	(107,318)	(130,990)
Gross Profit	5,649	5,317	17,359	19,455
Other Income	358	284	1,045	652
Administrative and Operating Expenses	(3,593)	(4,129)	(10,714)	(12,266)
Finance Costs	(64)	(66)	(196)	(188)
Profit Before Tax	2,350	1,406	7,494	7,653
Tax expense	(684)	(681)	(2,239)	(2,433)
PROFIT FOR THE FINANCIAL PERIOD/ TOTAL COMPREHENSIVE INCOME	1,666	725	5,255	5,220
Profit attributable to:				
Owners of the parent	1,666	725	5,255	5,220
Total comprehensive income attributable to:				
Owners of the parent	1,666	725	5,255	5,220
Earnings per share (sen):				
- Basic	0.35	0.15	1.10	1.10
- Diluted	0.35	0.15	1.10	1.10

(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 5-12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(The figures have not been audited)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	<u>As at 31/12/23</u> <u>RM'000</u>	<u>As at 31/03/23</u> <u>RM'000</u>
ASSETS		
Non-current assets		
Property, plant and equipment	42,705	40,586
Right-of-use assets	191	394
	<u>42,896</u>	<u>40,980</u>
Current assets		
Inventories	26,633	24,269
Trade and other receivables	32,372	28,524
Current tax assets	688	1,141
Cash and bank balances	41,245	47,868
	<u>100,938</u>	<u>101,802</u>
TOTAL ASSETS	<u>143,834</u>	<u>142,782</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	47,609	47,609
Retained earnings	71,455	67,865
TOTAL EQUITY	<u>119,064</u>	<u>115,474</u>
Non-current liabilities		
Borrowings	4,541	5,079
Lease liabilities	57	101
Deferred tax liabilities	3,409	3,327
	<u>8,007</u>	<u>8,507</u>
Current liabilities		
Trade and other payables	15,785	17,907
Borrowings	770	755
Lease liabilities	137	139
Current tax liability	71	-
	<u>16,763</u>	<u>18,801</u>
TOTAL LIABILITIES	<u>24,770</u>	<u>27,308</u>
TOTAL EQUITY AND LIABILITIES	<u>143,834</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 5-12)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 31 DECEMBER 2023
(The figures have not been audited)

Quarter ended 31 December 2023

Balance as at 01.04.2023
Total comprehensive income for the period
Dividend paid
Balance as at 31.12.2023

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
-	5,255	5,255
-	(1,665)	(1,665)
47,609	71,455	119,064

Quarter ended 31 December 2022

Balance as at 01.04.2022
Total comprehensive income for the period
Dividend paid
Balance as at 31.12.2022

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
-	5,220	5,220
-	(1,427)	(1,427)
47,609	67,078	114,687

(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 5-12)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 31 DECEMBER 2023**
(The figures have not been audited)

	CURRENT YEAR TO DATE 31/12/23 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,494	7,653
Adjustments for:		
Bad debts recovered	(60)	-
Depreciation of:		
- property, plant and equipment	1,158	1,070
- right-of-use assets	127	97
Gain on lease modification	(1)	-
Impairment loss on a trade receivable	-	552
Interest expense	196	188
Interest income	(787)	(288)
Property, plant and equipment written off	3	7
Unrealised loss on foreign exchange	40	130
Operating profit before changes in working capital	8,170	9,409
Net changes in inventories	(2,364)	7,240
Net changes in trade and other receivables	(3,811)	7,141
Net changes in trade and other payables	(2,170)	(6,403)
CASH (USED IN)/GENERATED FROM OPERATIONS	(175)	17,387
Interest received	77	65
Tax paid	(2,047)	(2,312)
Tax refunded	414	-
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(1,731)	15,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of deposits with licensed bank with original maturity date more than three months	(582)	(5,959)
Interest received	710	223
Purchase of property, plant and equipment	(3,112)	(1,621)
NET CASH USED IN INVESTING ACTIVITIES	(2,984)	(7,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of bankers' acceptance	-	461
Repayments of:		
- bankers' acceptance	-	(1,861)
- lease liabilities	(145)	(114)
- term loans	(523)	(518)
Interest paid	(188)	(183)
Dividend paid	(1,665)	(1,427)
NET CASH USED IN FINANCING ACTIVITIES	(2,521)	(3,642)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,236)	4,141
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	31	(50)
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)	29,602	33,066

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	41,245
Less: Deposits with licensed banks (more than three months)	(11,643)
Cash and bank balances at the end of the period	29,602

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

(Registration No: 200301010377 (612797-T))

(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT FOR THE 3RD QUARTER ENDED 31 DECEMBER 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	Classification of Liabilities as Current or Non Current	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 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 December 2023

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,157	43,042	-	44,199
Inter-Segment sales	(1,140)	(1,796)	-	(2,936)
External	17	41,246	-	41,263
RESULT				
Segment result	(1,102)	3,539	(23)	2,414
Finance costs	-	(64)	-	(64)
(Loss)/Profit before tax	(1,102)	3,475	(23)	2,350
Tax expense	(69)	(615)	-	(684)
(Loss)/Profit after tax	(1,171)	2,860	(23)	1,666
Consolidated Statement of Financial Position				
Segment assets	4,005	139,758	71	143,834
Segment liabilities	1,356	23,413	1	24,770

3 months ended 31 December 2022

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	1,164	43,584	-	44,748
Inter-Segment sales	(1,140)	(1,530)	-	(2,670)
External	24	42,054	-	42,078
RESULT				
Segment result	(1,047)	2,519	-	1,472
Finance costs	-	(66)	-	(66)
(Loss)/Profit before tax	(1,047)	2,453	-	1,406
Tax expense	(69)	(612)	-	(681)
(Loss)/Profit after tax	(1,116)	1,841	-	725
Consolidated Statement of Financial Position				
Segment assets	5,764	133,702	51	139,517
Segment liabilities	1,065	23,761	4	24,830

9. Segmental Reporting (*cont'd*)

9 months ended 31 December 2023

	Investment Holding	Manufacturing and Trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	5,497	129,420	-	134,917
Inter-Segment sales	(5,420)	(4,820)	-	(10,240)
External	77	124,600	-	124,677
RESULT				
Segment result	(3,345)	11,058	(23)	7,690
Finance costs	-	(196)	-	(196)
(Loss)/Profit before tax	(3,345)	10,862	(23)	7,494
Tax expense	(354)	(1,885)	-	(2,239)
(Loss)/Profit after tax	(3,699)	8,977	(23)	5,255
Consolidated Statement of Financial Position				
Segment assets	4,005	139,758	71	143,834
Segment liabilities	1,356	23,413	1	24,770

9 months ended 31 December 2022

	Investment Holding	Manufacturing and trading of Polymeric Product	Others	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales (Gross)	4,895	155,436	-	160,331
Inter-Segment sales	(4,830)	(5,056)	-	(9,886)
External	65	150,380	-	150,445
RESULT				
Segment result	(3,312)	11,154	(1)	7,841
Finance costs	-	(188)	-	(188)
(Loss)/Profit before tax	(3,312)	10,966	(1)	7,653
Tax expense	(291)	(2,142)	-	(2,433)
(Loss)/Profit after tax	(3,603)	8,824	(1)	5,220
Consolidated Statement of Financial Position				
Segment assets	5,764	133,702	51	139,517
Segment liabilities	1,065	23,761	4	24,830

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 January 2024 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 December 2023 is as follows:

	<u>RM</u>
Capital expenditure in respect of purchase of property, plant and equipment:	
Contracted but not provided for	<u>8,960,975</u>

15. Performance Review

Current Financial Quarter as compared with Previous Year Corresponding Quarter

	3 Months Ended		Variance	
	31.12.2023	31.12.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	41,263	42,078	(815)	(1.94)
Profit before tax ("PBT")	2,350	1,406	944	67.14

The Group's revenue had decreased by RM0.82 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 7.73% as a result of decrease in cost of raw materials purchased.

Notwithstanding the decrease in revenue, the Group's PBT had increased by RM0.94 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 freight cost, coupled with higher interest income gain from placement of fixed deposits.

In addition, the lower PBT recorded for the quarter ended 31 December 2022 was due mainly by an impairment loss on a trade receivable amounted to RM0.55 million.

15. Performance Review (cont'd)**Current Financial Period as compared with Previous Year Corresponding Period**

	9 Months Ended		Variance	
	31.12.2023	31.12.2022	Amount	%
	RM'000	RM'000	RM'000	
Revenue	124,677	150,445	(25,768)	(17.13)
PBT	7,494	7,653	(159)	(2.08)

The Group's revenue and PBT had decreased by RM25.77 million and RM0.16 million respectively, in the current financial period-to-date 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 18.88% 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	
	31.12.2023	30.09.2023	Amount	%
	RM'000	RM'000	RM'000	
Revenue	41,263	43,096	(1,833)	(4.25)
PBT	2,350	2,493	(143)	(5.74)

The Group's revenue and PBT had decreased by RM1.83 million and RM0.14 million respectively in the current quarter under review as compared to the immediate preceding quarter ended 30 September 2023. The decrease in the Group's revenue and PBT was due mainly to the decrease in sales of polymeric products by approximately 639 metric tons as a result of lower orders from existing customers.

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 31.12.2023 RM'000	Financial Year-To-Date 31.12.2023 RM'000
Current income tax	615	2,131
Under provision of income tax in prior year	26	26
Current deferred tax	43	82
	<u>684</u>	<u>2,239</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

On 9 November 2023, Hsing Lung Sdn Bhd, a wholly-owned subsidiary of KIB, had entered into a Sale and Purchase Agreement ("SPA") 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").

The Proposed Acquisition has been completed on 22 February 2024 in accordance with the terms and conditions of the SPA.

Save for the above, 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 31 December 2023 are shown below:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Long Term Borrowings - secured		
Term loans	4,541	5,281
Short Term Borrowings - secured		
Term loans	770	737
Total	<u>5,311</u>	<u>6,018</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 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		9 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	(60)	-
Depreciation of property, plant and equipment	392	370	1,158	1,070
Depreciation of right-of-use assets	45	32	127	97
Gain on lease modification	-	-	(1)	-
Impairment loss on a trade receivable	-	552	-	552
Net foreign exchange loss/(gain) – realised	(114)	(128)	(230)	(292)
Net foreign exchange loss – unrealised	34	22	40	130
Property, plant and equipment written off	-	2	3	7
Interest income	(231)	(98)	(710)	(223)
Interest expense	64	66	196	188

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 9-months financial period, divided by the weighted average number of ordinary shares of KIB during the current financial quarter and the 9-months financial period.

	Current Quarter Ended		9 Months Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to owners of the parent (RM'000)	1,666	725	5,255	5,220
Weighted average number of ordinary shares in issue ('000)	475,713	475,713	475,713	475,713
Basic EPS (sen)	0.35	0.15	1.10	1.10

Diluted

The diluted EPS for the current financial quarter and the 9-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.