



**Interim Financial Report for the  
Second Quarter Ended  
31 December 2017**

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**KAREX BERHAD** (1018579-U)  
(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2017

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS <sup>(1)</sup>**

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
<u>Note</u>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>110,517</b>	97,566	<b>218,108</b>	177,603
Cost of goods sold	<b>(81,013)</b>	(65,023)	<b>(160,564)</b>	(120,629)
<b>Gross profit</b>	<b>29,504</b>	32,543	<b>57,544</b>	56,974
Other income	<b>238</b>	2,076	<b>334</b>	3,279
Distribution expenses	<b>(13,687)</b>	(9,252)	<b>(26,234)</b>	(15,497)
Administrative expenses	<b>(11,179)</b>	(9,994)	<b>(21,730)</b>	(18,254)
Other expenses	<b>(868)</b>	(2,518)	<b>(897)</b>	(3,753)
<b>Result from operating activities</b>	<b>4,008</b>	12,855	<b>9,017</b>	22,749
Interest income	<b>456</b>	831	<b>874</b>	1,687
Finance costs	<b>(318)</b>	(287)	<b>(559)</b>	(586)
<b>Net finance income</b>	<b>138</b>	544	<b>315</b>	1,101
<b>Profit before tax</b>	<b>4,146</b>	13,399	<b>9,332</b>	23,850
Tax expense	B6 <b>(823)</b>	(3,068)	<b>(1,826)</b>	(5,391)
<b>Profit for the period</b>	<b>B13 3,323</b>	10,331	<b>7,506</b>	18,459
<b>Profit for the period attributable to:</b>				
Owners of the Company	<b>3,167</b>	10,007	<b>7,380</b>	18,144
Non-controlling interests	<b>156</b>	324	<b>126</b>	315
<b>Profit for the period</b>	<b>3,323</b>	10,331	<b>7,506</b>	18,459
<b>Earnings per share attributable to owners of the Company (sen):</b>				
- Basic	B11 <b>0.32</b>	1.00	<b>0.74</b>	1.81
- Diluted	B11 <b>0.32</b>	1.00	<b>0.74</b>	1.81

Notes:

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

**KAREX BERHAD** (1018579-U)  
(Incorporated in Malaysia)

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME <sup>(1)</sup>**

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
<u>Note</u>	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<b>3,323</b>	<b>10,331</b>	<b>7,506</b>	<b>18,459</b>
<b>Other comprehensive (loss)/ profit, net of tax Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	<b>(2,241)</b>	<b>6,987</b>	<b>(2,583)</b>	<b>10,098</b>
<b>Total comprehensive income for the period</b>	<b>1,082</b>	<b>17,318</b>	<b>4,923</b>	<b>28,557</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>992</b>	<b>17,012</b>	<b>4,886</b>	<b>28,245</b>
Non-controlling interests	<b>90</b>	<b>306</b>	<b>37</b>	<b>312</b>
<b>Total comprehensive income for the period</b>	<b>1,082</b>	<b>17,318</b>	<b>4,923</b>	<b>28,557</b>

Notes:

- (1) 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 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

**KAREX BERHAD** (1018579-U)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	<u>Note</u>	AS AT 31.12.2017 RM'000	AS AT 30.6.2017 RM'000
<b>Assets</b>			
Property, plant and equipment		204,016	201,730
Intangible assets		95,073	96,940
Deferred tax assets		254	271
<b>Total non-current assets</b>		<u>299,343</u>	<u>298,941</u>
Inventories		99,466	100,982
Trade and other receivables, including derivatives		117,137	100,788
Tax recoverable		8,516	7,986
Cash and cash equivalents		60,239	85,084
<b>Total current assets</b>		<u>285,358</u>	<u>294,840</u>
<b>Total assets</b>		<u><u>584,701</u></u>	<u><u>593,781</u></u>
<b>Equity</b>			
Share capital		281,980	281,980
Reserves		209,526	214,664
<b>Total equity attributable to owners of the Company</b>		<u>491,506</u>	<u>496,644</u>
<b>Non-controlling interest</b>		<u>1,536</u>	<u>1,499</u>
<b>Total equity</b>		<u><u>493,042</u></u>	<u><u>498,143</u></u>
<b>Liabilities</b>			
Loan and borrowings	B8	9,142	11,208
Deferred tax liabilities		7,278	8,629
<b>Total non-current liabilities</b>		<u>16,420</u>	<u>19,837</u>
Trade and other payables		55,316	64,494
Loan and borrowings	B8	19,775	10,230
Taxation		148	1,077
<b>Total current liabilities</b>		<u>75,239</u>	<u>75,801</u>
<b>Total liabilities</b>		<u>91,659</u>	<u>95,638</u>
<b>Total equity and liabilities</b>		<u><u>584,701</u></u>	<u><u>593,781</u></u>
Net assets per share attributable to owners of the Company (RM)		<u><u>0.49</u></u>	<u><u>0.50</u></u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>**

	Attributable to owners of the Company								
	Non-distributable					Distributable		Non-	Total
	Share capital	Share premium	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	controlling interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2018									
At 1 July 2017	281,980	-	63,511	9,895	718	140,540	496,644	1,499	498,143
Foreign currency translation differences for foreign operations/									
Total other comprehensive expenses for the period	-	-	-	(2,494)	-	-	(2,494)	(89)	(2,583)
Profit for the period	-	-	-	-	-	7,380	7,380	126	7,506
Total comprehensive (expenses)/income for the period	-	-	-	(2,494)	-	7,380	4,886	37	4,923
Contributions by and distributions to owners of the Company									
Dividend to owners of the Company/									
Total transactions with owners of the Company	-	-	-	-	-	(10,024)	(10,024)	-	(10,024)
At 31 December 2017	281,980	-	63,511	7,401	718	137,896	491,506	1,536	493,042

	Attributable to owners of the Company								
	Non-distributable					Distributable		Non-	
	Share capital	Share premium	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 June 2017</b>									
<b>At 1 July 2016</b>	250,594	31,386	63,511	216	718	132,642	479,067	605	479,672
Foreign currency translation differences for foreign operations/									
<b>Total other comprehensive expenses for the period</b>	-	-	-	10,101	-	-	10,101	(3)	10,098
Profit for the period	-	-	-	-	-	18,144	18,144	315	18,459
<b>Total comprehensive income for the period</b>	-	-	-	10,101	-	18,144	28,245	312	28,557
<i>Contributions by and distributions to owners of the Company</i>									
Dividend to owners of the Company/									
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	(20,048)	(20,048)	-	(20,048)
<b>At 31 December 2016</b>	250,594	31,386	63,511	10,317	718	130,738	487,264	917	488,181

Notes:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

Notes	PERIOD-TO-DATE	
	31.12.2017 RM'000	31.12.2016 RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax	9,332	23,850
Adjustment for:		
Non-cash items	7,831	1,953
<b>Operating profit before changes in working capital</b>	<b>17,163</b>	<b>25,803</b>
Net changes in current assets	(16,003)	(14,880)
Net changes in current liabilities	(4,997)	(2,582)
Cash (used in)/generated from operations	(3,837)	8,341
Tax paid	(4,619)	(7,240)
<b>Net cash (used in)/ from operating activities</b>	<b>(8,456)</b>	<b>1,101</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of:		
- Property, plant and equipment	(13,835)	(14,273)
- Subsidiaries, net cash and cash equivalents, acquired	-	4,120
- Intangible asset	-	(320)
Partial payment for proposed acquisition	-	(16,196)
Proceed from disposal of property, plant and equipment	155	5
Interest received	874	1,687
<b>Net cash used in investing activities</b>	<b>(12,806)</b>	<b>(24,977)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Dividend paid to owners of the Company	(10,024)	(20,048)
Net drawdown/(repayment) of borrowings and interest paid	6,920	(2,306)
Increase placement in fixed deposits pledged to licensed banks	(29)	(97)
<b>Net cash used in financing activities</b>	<b>(3,133)</b>	<b>(22,451)</b>
Effect of exchange rate fluctuations on cash held	(479)	353
<b>Net changes in cash and cash equivalents</b>	<b>(24,874)</b>	<b>(45,974)</b>
Cash and cash equivalents at beginning of the period	84,379	143,318
<b>Cash and cash equivalents at end of the period</b>	<b>59,505</b>	<b>97,344</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

**Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

	<b>PERIOD-TO-DATE</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	<b>22,218</b>	21,651
Deposits with licensed banks	<b>734</b>	1,051
Deposit with other corporation	<b>37,287</b>	75,676
	<b>60,239</b>	98,378
Less: Fixed deposit pledged	<b>(734)</b>	(1,034)
	<b>59,505</b>	97,344

**Notes:**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

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(The figures have not been audited)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**A. EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting policies and methods of computation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 (Appendix 9B Part 9A) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes as attached to this interim financial statements.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2017.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2017. As at the date of authorisation of these interim financial statements, the Group has not adopted the following revised MFRSs, Interpretations and amendments which have been issued but not yet effective as stated below:-

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9, Financial Instruments (2014)

MFRS 15, Revenue from Contract with Customers – Clarification to MFRS 15

IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standard 2014-2016 Cycle)

Amendments to MFRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4, Insurance Contracts - Applying MFRS 9 Financial Instruments with MRS 4 Insurance Contracts

Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standard 2014-2016 Cycle)

Amendments to MFRS 140, Investment Property - Transfers of Investment Property

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16, Leases

Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9, Financial Instruments - Prepayment Features with Negative Compensation

Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 128, Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

**MFRSs, Interpretations and amendments effective for a date yet to be confirmed**

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plan to apply these accounting standards, amendments and interpretations in the respective financial year when these standards, amendments and interpretations become effective.

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

**MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.



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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**A. EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting policies and methods of computation (continued)**

**MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15, MFRS 9 and MFRS 16.

**A2. Comments about seasonal or cyclical factors**

The Group's performance is not affected by any material seasonal or cyclical factors.

**A3. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period-to-date.

**A4. Changes in estimates**

There were no changes in estimates that have had a material effect in the current quarter and financial period-to-date results.

**A5. Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period-to-date.

**A6. Dividends paid**

Since the end of the previous financial year, the Company paid a final single tier dividend of 1.0 sen per ordinary share totalling RM 10,023,750 in respect of the financial year ended 30 June 2017 on 18 December 2017.

**A7. Segmental information**

The Group's main business activities comprises investment holding, manufacturing and sale of sexual wellness, medical and other health related products. These activities are principally located in Malaysia, Thailand, United States of America, and Europe. Inter-segment pricing is determined based on negotiated terms.

The Group's operating segmental report for the financial period-to-date was as follows:-

**Segment**

Sexual Wellness

Medical

Other segment

**Composition**

Sale of condoms, lubricating jelly and sex toys.

Sale of catheters, probe covers, HIV & pregnancy testkits and other medical related products.

Sale of products not related to Sexual Wellness and Medical.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**A. EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A7. Segmental information (continued)**

	<b>Sexual Wellness RM'000</b>	<b>Medical RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b><u>6 months ended 31.12.2017</u></b>					
<u>Revenue</u>					
External revenue	201,866	13,296	2,946	-	218,108
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>201,866</u>	<u>13,296</u>	<u>2,946</u>	<u>-</u>	<u>218,108</u>
<u>Results</u>					
Segment profit	8,026	2,285	95	-	10,406
Interest income					19
Finance cost					(559)
Unallocated amounts					(534)
Profit before tax					<u>9,332</u>
Tax expense					(1,826)
Profit after tax					<u>7,506</u>
<u>Total Assets</u>					
Reportable segment assets	521,701	22,986	1,689	-	546,376
Unallocated assets					38,325
Total Assets					<u>584,701</u>
<b><u>6 months ended 31.12.2016</u></b>					
<u>Revenue</u>					
External revenue	159,318	15,512	2,773	-	177,603
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>159,318</u>	<u>15,512</u>	<u>2,773</u>	<u>-</u>	<u>177,603</u>
<u>Results</u>					
Segment profit	20,791	3,693	467	-	24,951
Interest income					47
Finance cost					(586)
Unallocated amounts					(562)
Profit before tax					<u>23,850</u>
Tax expense					(5,391)
Profit after tax					<u>18,459</u>
<u>Total Assets</u>					
Reportable segment assets	445,782	15,904	2,194	-	463,880
Unallocated assets					107,466
Total Assets					<u>571,346</u>

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**A. EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A7. Segmental information (continued)**

**Geographical Segments**

The Group's geographical revenue for the financial period-to-date was as follows:-

	<b>PERIOD-TO-DATE</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Asia	<b>62,406</b>	48,924
Africa	<b>53,876</b>	40,210
Americas	<b>65,066</b>	49,932
Europe	<b>36,760</b>	38,537
	<b>218,108</b>	177,603

**A8. Subsequent events**

There are no material events subsequent to the end of the current quarter.

**A9. Changes in composition of the Group**

There are no other changes in the composition of the Group for the current quarter and financial period-to-date.

**A10. Changes in contingent liabilities and contingent assets**

There were no material changes in contingent liabilities or contingent assets as at date of this report.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Performance review**

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	%	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	%
Revenue	110,517	97,566	12,951	13.3	218,108	177,603	40,505	22.8
Result from operating activities	4,008	12,855	(8,847)	(68.8)	9,017	22,749	(13,732)	(60.4)
Profit before tax	4,146	13,399	(9,253)	(69.1)	9,332	23,850	(14,518)	(60.9)
Profit after tax	3,323	10,331	(7,008)	(67.8)	7,506	18,459	(10,953)	(59.3)
Profit attributable to owners of the	3,167	10,007	(6,840)	(68.4)	7,380	18,144	(10,764)	(59.3)

For the second quarter ended 31 December 2017 (2QFY2018), revenue grew by 13.3% in comparison to the quarter in the preceding year to a second consecutive record high of RM110.5 million due to additional sales contribution from the Sexual Wellness segment.

Sales contributed by Sexual Wellness segment increased by 17.2% to RM102.8 million for the current quarter as compared to the same period a year ago. Recent pricing strategy to capture tender orders during the challenging climate resulted in increased contribution from the Africa region during the quarter and a record high sales contribution from the tender segment overall.

Result from operating activities was lower due to lower tender prices and rising production costs. Investment in building the own brand segment continued, with recent efforts culminating in a record sales contribution from the own brand segment during the quarter.

An appreciation of the Malaysian Ringgit against the United States Dollar specifically resulted a higher net foreign exchange loss of RM0.8 million for the current quarter as compared to net gain of RM1.9 million in the same period a year ago. Correspondingly, profit before tax, profit after tax and profit attributable to owners of the Company were also lower.

For the six months period under review (6MFY2018), revenue grew by 22.8% to RM218.1 million backed by additional sales contribution from Sexual Wellness segment as compared to the same period a year ago. Sexual Wellness segment grew by 26.9% to RM201.9 million in comparison to the six month period in the preceding year. Results from operations for the 6MFY2018 were lower due to higher distribution and administrative expenses as well as less favorable foreign exchange rates. Profit after tax and profit attributable to owners of the Company have correspondingly decreased.

**B2. Variance of results for the current quarter ended 30 June 2018 against the immediate preceding quarter**

	3 MONTHS ENDED			
	31.12.2017 RM'000	30.9.2017 RM'000	Variance RM'000	%
Revenue	110,517	107,591	2,926	2.7
Result from operating activities	4,008	5,009	(1,001)	(20.0)
Profit before tax	4,146	5,186	(1,040)	(20.1)
Profit after tax	3,323	4,183	(860)	(20.6)
Profit attributable to owners of the Company	3,167	4,213	(1,046)	(24.8)

Revenue in 2QFY2018 increased by 2.7% or RM2.9 million as compared to the previous quarter. With the recent pricing strategy, sales from the Sexual Wellness segment increased by 3.8% or RM3.7 million due to successful capture of orders from the tender market. Distribution expenses increased during the quarter due to higher freight costs. Net foreign exchange losses for the quarter was RM0.8 million as compared to losses of RM41,000 in the previous quarter. As a result, profit before tax, profit after tax and profit attributable to owners of the Company were lower during the quarter.

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(The figures have not been audited)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B3. a) Group's Prospects for the financial year ending 30 June 2018 ("FYE 2018")**

The Group remains optimistic about the prospects in FYE 2018 and that the challenging climate experienced over the last few months will result in industry consolidation in the long run. We are encouraged by the tender orders that we have captured due to our pricing strategy over the last few months and are optimistic that we will be in an advantageous position when pricing in the tender market recovers in the medium term. New innovations including the production of ultrathin condoms is expected to contribute positively to our OEM business segment in the form of higher selling prices. Our branded segment is also expected to expand via new product launches such as the recently launched MyOne range of fitted condoms in the US as well as new market entries that are constantly expected throughout the course of the FYE2018.

**b) Forecast or target previously announced**

The disclosure requirements are not applicable for the current quarter and financial period-to-date.

**B4. Statement of the Board of Directors' opinion on achievement of forecast or target**

The disclosure requirements are not applicable for the current quarter and financial period-to-date.

**B5. Profit forecast or profit guarantee**

No profit forecast or profit guarantee was published.

**B6. Tax expense**

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expenses				
- Current period	<b>1,401</b>	2,951	<b>3,160</b>	5,250
Deferred taxation:				
- Origination and reversal of temporary differences	<b>(578)</b>	117	<b>(1,334)</b>	141
	<b>823</b>	3,068	<b>1,826</b>	5,391

The Group effective tax rate is lower than statutory tax rate mainly due to profit generated by foreign subsidiaries with lower tax rates for the current quarter and financial period-to-date.

**B7. Status of corporate proposals**

There were no other corporate proposals pending completion at the date of this report.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B8. Loans and borrowings (secured)**

The Group's loans and borrowings as at end of the reporting year were as follows :

		31.12.2017		31.12.2016	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current	Denominated in				
	Term Loan				
	RM	N/A	2,024	N/A	2,518
	Thai Baht <sup>(1)</sup>	29,332	3,643	56,754	7,109
	USD <sup>(1)</sup>	620	2,510	828	3,707
			8,177		13,334
Hire Purchase	RM	N/A	965		804
			9,142		14,138
Current	Term Loan				
	RM	N/A	11,067	N/A	1,319
	Thai Baht <sup>(1)</sup>	29,605	3,677	37,005	4,633
	USD <sup>(1)</sup>	292	1,182	140	629
			15,926		6,581
Hire Purchase	RM		602		992
	Banker acceptance				
	Thai Baht <sup>(1)</sup>	26,143	3,247	-	-
	USD <sup>(1)</sup>	-	-	547	2,449
			19,775		10,022
Total	Term Loan				
	RM	N/A	13,091	N/A	3,837
	Thai Baht <sup>(1)</sup>	58,937	7,320	93,759	11,742
	USD <sup>(1)</sup>	912	3,692	968	4,336
			24,103		19,915
Hire Purchase	RM	N/A	1,567	N/A	1,796
	Banker acceptance				
	Thai Baht <sup>(1)</sup>	26,143	3,247	-	-
	USD <sup>(1)</sup>	-	-	547	2,449
			28,917		24,160
100 Thai Baht to 1 RM			12.42		12.52
1 USD to 1 RM			4.05		4.48

Notes:

(1) Converted at the respective exchange rate prevailing as at period ended

There is no new term loan drawdown during the period. Loan and borrowings were paid based on the agreed instalments.

**B9. Changes in material litigation**

There was no material litigation as at the date of this report.

**B10. Dividend proposed**

No dividend was proposed in respect of the current financial period

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B11. Earnings per share ("EPS")**

Basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial period.

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Profit attributable to ordinary shareholders of the Company (RM'000)	<b>3,167</b>	10,007	<b>7,380</b>	18,144
Weighted average number of ordinary shares ('in million)	<b>1,002</b>	1,002	<b>1,002</b>	1,002
Basic EPS (sen)	<b>0.32</b>	1.00	<b>0.74</b>	1.81

The basic EPS and the diluted EPS are the same for the period as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

**B12. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 30 June 2017 were not qualified.

**B13. Profit for the period is arrived at after crediting / (charging)**

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Interest income	<b>456</b>	831	<b>874</b>	1,687
(b) Other income including investment income	-	-	-	-
(c) Interest expense	<b>(318)</b>	(287)	<b>(559)</b>	(586)
(d) Depreciation and amortization	<b>(3,524)</b>	(2,516)	<b>(7,002)</b>	(4,614)
(e) Impairment loss on receivables	<b>(40)</b>	(17)	<b>(46)</b>	(17)
(f) Provision for and write off of inventories	<b>(269)</b>	-	<b>(295)</b>	-
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss) / gain	<b>(1,624)</b>	4,684	<b>(1,978)</b>	6,305
(j) Gain / (Loss) on derivatives	<b>836</b>	(2,765)	<b>1,149</b>	(3,256)
(k) Rental expenses	<b>(813)</b>	(855)	<b>(1,808)</b>	(1,668)
(l) Exceptional items	-	-	-	-

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B14. Realised and unrealised profit/(losses) disclosure**

	AS AT 31.12.2017 RM'000	AS AT 30.6.2017 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	265,091	263,211
- Unrealised	(3,507)	(3,119)
	261,584	260,092
Consolidated adjustments	(123,688)	(119,552)
Total retained earnings	137,896	140,540

By order of the Board  
27 Feb 2018