KAREX BERHAD

(Incorporated in Malaysia) (1018579-U)

Interim Financial Report for the

Third Quarter Ended

31 March 2018

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KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS [1]

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Revenue		**96,490**	92,216	**314,598**	269,819
Cost of goods sold		**(70,544)**	(61,805)	**(231,108)**	(182,434)
Gross profit		**25,946**	30,411	**83,490**	87,385
Other income		**210**	-	**544**	2,782
Distribution expenses		**(10,857)**	(9,843)	**(37,091)**	(25,340)
Administrative expenses		**(11,755)**	(9,934)	**(33,485)**	(28,188)
Other expenses		**(1,428)**	(1,574)	**(2,325)**	(4,830)
Result from operating activities		**2,116**	9,060	**11,133**	31,809
Interest income		**314**	552	**1,188**	2,239
Finance costs		**(258)**	(213)	**(817)**	(799)
Net finance income		**56**	339	**371**	1,440
Profit before tax		**2,172**	9,399	**11,504**	33,249
Tax expense	B6	**(1,095)**	(2,060)	**(2,921)**	(7,451)
Profit for the period	**B13**	**1,077**	7,339	**8,583**	25,798
Profit for the period attributable to:					
Owners of the Company		**1,268**	6,902	**8,648**	25,046
Non-controlling interests		**(191)**	437	**(65)**	752
Profit for the period		**1,077**	7,339	**8,583**	25,798
Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	**0.13**	0.69	**0.86**	2.50
- Diluted	B11	**0.13**	0.69	**0.86**	2.50

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)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME [1]

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Profit for the period		**1,077**	7,339	**8,583**	25,798
Other comprehensive (loss)/ profit, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**(2,435)**	1,002	**(5,018)**	11,101
Total comprehensive (expense)/ income for the period		**(1,358)**	8,341	**3,565**	36,899
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		**(1,097)**	7,900	**3,789**	36,146
Non-controlling interests		**(261)**	441	**(224)**	753
Total comprehensive (expense)/ income for the period		**(1,358)**	8,341	**3,565**	36,899

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)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

	Note	AS AT 31.3.2018 RM'000	AS AT 30.6.2017 RM'000
Assets			
Property, plant and equipment		**206,123**	201,730
Intangible assets		**93,811**	96,940
Deferred tax assets		**253**	271
Total non-current assets		**300,187**	298,941
Inventories		**113,275**	100,982
Trade and other receivables, including derivatives		**102,324**	100,788
Tax recoverable		**10,123**	7,986
Cash and cash equivalents		**49,889**	85,084
Total current assets		**275,611**	294,840
Total assets		**575,798**	593,781
Equity			
Share capital		**281,980**	281,980
Reserves		**201,294**	214,664
Total equity attributable to owners of the Company		**483,274**	496,644
Non-controlling interest		**877**	1,499
Total equity		**484,151**	498,143
Liabilities			
Loan and borrowings	B8	**10,489**	11,208
Deferred tax liabilities		**7,992**	8,629
Total non-current liabilities		**18,481**	19,837
Trade and other payables		**54,778**	64,494
Loan and borrowings	B8	**18,388**	10,230
Taxation		**-**	1,077
Total current liabilities		**73,166**	75,801
Total liabilities		**91,647**	95,638
Total equity and liabilities		**575,798**	593,781
Net assets per share attributable to owners of the Company (RM)		**0.48**	0.50

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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [1]

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
31 March 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	**-**	**-**	**-**	**(4,859)**	**-**	**-**	**(4,859)**	**(159)**	**(5,018)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**8,648**	**8,648**	**(65)**	**8,583**
Total comprehensive (expenses)/income for the period	**-**	**-**	**-**	**(4,859)**	**-**	**8,648**	**3,789**	**(224)**	**3,565**
Contributions by and distributions to owners of the Company									
Dividend to owners of the Company	**-**	**-**	**-**	**-**	**-**	**(10,024)**	**(10,024)**	**-**	**(10,024)**
Increase in ownership interests in a subsidiary	**-**	**-**	**-**	**-**	**-**	**(7,135)**	**(7,135)**	**(398)**	**(7,533)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(17,159)**	**(17,159)**	**(398)**	**(17,557)**
At 31 March 2018	**281,980**	**-**	**63,511**	**5,036**	**718**	**132,029**	**483,274**	**877**	**484,151**

	Attributable to owners of the Company								
	Non-distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
31 March 2017									
At 1 July 2016	250,594	31,386	63,511	216	718	132,642	479,067	605	479,672
Foreign currency translation differences for foreign operations/									
Total other comprehensive expenses for the period	-	-	-	11,100	-	-	11,100	1	11,101
Profit for the period	-	-	-	-	-	25,046	25,046	752	25,798
Total comprehensive income for the period	-	-	-	11,100	-	25,046	36,146	753	36,899
Contributions by and distributions to owners of the Company									
Dividend to owners of the Company/									
Total transactions with owners of the Company	-	-	-	-	-	(20,048)	(20,048)	-	(20,048)
At 31 March 2017	250,594	31,386	63,511	11,316	718	137,640	495,165	1,358	496,523

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.

KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (1)

	Notes	PERIOD-TO-DATE 31.3.2018 RM'000	PERIOD-TO-DATE 31.3.2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**11,504**	33,249
Adjustment for:			
Non-cash items		**15,220**	4,703
Operating profit before changes in working capital		**26,724**	37,952
Net changes in current assets		**(19,992)**	(18,593)
Net changes in current liabilities		**(4,403)**	(2,175)
Cash generated from operations		**2,329**	17,184
Tax paid		**(6,754)**	(12,326)
Net cash (used in)/ from operating activities		**(4,425)**	4,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
- Property, plant and equipment		**(20,656)**	(15,833)
- Subsidiaries, net cash and cash equivalents, acquired		**-**	4,120
- Intangible asset		**-**	(34,100)
Proceed from disposal of property, plant and equipment		**159**	205
Increase in ownership interests in a subsidiary		**(7,642)**	-
Interest received		**1,188**	2,239
Net cash used in investing activities		**(26,951)**	(43,369)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		**(10,024)**	(20,048)
Net drawdown/(repayment) of borrowings and interest paid		**6,622**	(2,336)
Increase placement in fixed deposits pledged to licensed banks		**(123)**	(200)
Net cash used in financing activities		**(3,525)**	(22,584)
Effect of exchange rate fluctuations on cash held		**(417)**	180
Net changes in cash and cash equivalents		**(35,318)**	(60,915)
Cash and cash equivalents at beginning of the period		**84,379**	143,318
Cash and cash equivalents at end of the period		**49,061**	82,403

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (1)

Cash and cash equivalents

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

	PERIOD-TO-DATE	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Cash and bank balances	**25,061**	25,216
Deposits with licensed banks	**828**	1,137
Deposit with other corporation	**24,000**	57,187
	49,889	83,540
Less: Fixed deposit pledged	**(828)**	(1,137)
	49,061	82,403

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.

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
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 MFRS 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 119, Plan Amendment Curtailment or Settlement
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 annual periods beginning on or after 1 January 2020

Amendments to MFRS 2, Share-based Payment
Amendments to MFRS 3, Business Combinations
Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14, Regulatory Deferral Accounts
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts
Amendments to MFRS 101, Presentation of Financial Statements
Amendments to MFRS 138, Intangible Assets

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

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)

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 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.

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 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 9, MFRS 15 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	Composition
Sexual Wellness	Sale of condoms, lubricating jelly and sex toys.
Medical	Sale of catheters, probe covers, HIV & pregnancy testkits and other medical related products.
Other segment	Sale of products not related to Sexual Wellness and Medical.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

A7. Segmental information (continued)

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
9 months ended 31.3.2018					
Revenue					
External revenue	**289,663**	**20,261**	**4,674**	**-**	**314,598**
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**
Total revenue	**289,663**	**20,261**	**4,674**	**-**	**314,598**
Results					
Segment profit	**9,911**	**3,314**	**160**	**-**	**13,385**
Interest income					**19**
Finance cost					**(817)**
Unallocated amounts					**(1,083)**
Profit before tax					**11,504**
Tax expense					**(2,921)**
Profit after tax					**8,583**
Total Assets					
Reportable segment assets	**519,387**	**23,930**	**2,370**	**-**	**545,687**
Unallocated assets					**30,111**
Total Assets					**575,798**
9 months ended 31.3.2017					
Revenue					
External revenue	244,473	21,277	4,069	-	269,819
Inter-segment revenue	-	-	-	-	-
Total revenue	244,473	21,277	4,069	-	269,819
Results					
Segment profit	29,919	4,829	632	-	35,380
Interest income					94
Finance cost					(799)
Unallocated amounts					(1,426)
Profit before tax					33,249
Tax expense					(7,451)
Profit after tax					25,798
Total Assets					
Reportable segment assets	502,509	17,150	1,856	-	521,515
Unallocated assets					57,233
Total Assets					578,748

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:-

	PERIOD-TO-DATE	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Asia	**88,518**	72,310
Africa	**75,638**	64,541
Americas	**92,636**	74,135
Europe	**57,806**	58,833
	314,598	269,819

A8. Subsequent events

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

A9. Changes in composition of the Group

On 16 March 2018, the Group has acquired additional 15% equity stake in Global Protection Corporation for a cash consideration of RM 7.64 million (USD 1.95 million).

Other than as disclosed above, 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.

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			
	31.3.2018 RM'000	31.3.2017 RM'000	Variance RM'000	%	31.3.2018 RM'000	31.3.2017 RM'000	Variance RM'000	%
Revenue	**96,490**	92,216	4,274	4.6	**314,598**	269,819	44,779	16.6
Result from operating activities	**2,116**	9,060	(6,944)	(76.6)	**11,133**	31,809	(20,676)	(65.0)
Profit before tax	**2,172**	9,399	(7,227)	(76.9)	**11,504**	33,249	(21,745)	(65.4)
Profit after tax	**1,077**	7,339	(6,262)	(85.3)	**8,583**	25,798	(17,215)	(66.7)
Profit attributable to owners of the Company	**1,268**	6,902	(5,634)	(81.6)	**8,648**	25,046	(16,398)	(65.5)

For the third quarter ended 31 March 2018 (3QFY2018), revenue grew by 4.6% to RM 96.5 million in comparison to the quarter in the preceding year primarily due to additional sales contribution from the Sexual Wellness and Medical segments.

Sales contributed by Sexual Wellness segment increased by 3.1% to RM87.8 million for the current quarter as compared to the same period a year ago. Result from operating activities were however affected by lower tender prices and rising production costs.

An appreciation of the Malaysian Ringgit against the United States Dollar during the quarter resulted in a higher net foreign exchange loss of RM1.3 million as compared to a net foreign exchange loss of RM99,000 during 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 nine month period under review (9MFY2018), revenue grew by 16.6% to RM314.6 million backed by additional sales contribution from Sexual Wellness segment as compared to the same period a year ago.

The Sexual Wellness segment grew by 18.5% to RM289.7 million in comparison to the corresponding period in the preceding year. Own brand sales remained encouraging in line with recent strategies that have resulted in record contributions over the preceding two quarters and an overall segmental improvement of 22.7% compared to the corresponding nine-month period in the preceding year. Sales from the commercial segment have also expanded by 10.8% over the same period reflecting the successful capture of new business as well as more favourable product mix.

Results from operations for the 9MFY2018 were lower due to higher distribution and administrative expenses as well as less favourable foreign exchange rates. Profit after tax and profit attributable to owners of the Company also correspondingly decreased.

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

	3 MONTHS ENDED			
	31.3.2018 RM'000	31.12.2017 RM'000	Variance RM'000	%
Revenue	**96,490**	110,517	(14,027)	(12.7)
Result from operating activities	**2,116**	4,008	(1,892)	(47.2)
Profit before tax	**2,172**	4,146	(1,974)	(47.6)
Profit after tax	**1,077**	3,323	(2,246)	(67.6)
Profit attributable to owners of the Company	**1,268**	3,167	(1,899)	(60.0)

Revenue in 3QFY2018 decreased by 12.7% to RM96.5 million as compared to the previous quarter's record sales mark. In spite of unfavourable foreign exchange rate movements, gross profit margin improved from the previous quarter to 26.9% due to more favourable product mix. Whilst our distribution and administration expenses remained at a consistent level, net foreign exchange losses for the quarter was RM1.3 million as compared to losses of RM0.8 million 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.

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 ultra thin 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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.3.2018 RM'000	**31.3.2017 RM'000**	**31.3.2018 RM'000**	**31.3.2017 RM'000**
Current tax expenses				
- Current period	**62**	1,978	**3,222**	7,228
- Prior period	**318**	638	**318**	638
	380	2,616	**3,540**	7,866
Deferred taxation:				
- Origination and reversal of temporary differences	**716**	(532)	**(618)**	(391)
- Under provision for prior year	**(1)**	(24)	**(1)**	(24)
	715	(556)	**(619)**	(415)
	1,095	2,060	**2,921**	7,451

The Group effective tax rate is higher than statutory tax rate mainly due to loss incurred by a subsidiary is not permitted to offset with taxable profit generated by another subsidiary.

B7. Status of corporate proposals

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

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 :

	Denominated in		31.3.2018 Foreign Currency in'000	31.3.2018 RM'000	31.3.2017 Foreign Currency in'000	31.3.2017 RM'000
Non-current						
Term Loan	RM		**N/A**	**1,994**	N/A	2,147
	Thai Baht	(1)	**23,229**	**2,878**	47,456	6,098
	USD	(1)	**1,219**	**4,704**	898	3,971
				9,576		12,216
Hire Purchase	RM		**N/A**	**913**		714
				10,489		12,930
Current						
Term Loan	RM		**N/A**	**223**	N/A	1,327
	Thai Baht	(1)	**23,567**	**2,920**	35,837	4,605
	USD	(1)	**280**	**1,092**	142	629
				4,235		6,561
Hire Purchase	RM			**384**		907
Banker acceptance	Thai Baht	(1)	**97,111**	**12,032**	30,700	3,945
	USD	(1)	**450**	**1,737**	-	-
				18,388		11,413
Total						
Term Loan	RM		**N/A**	**2,217**	N/A	3,474
	Thai Baht	(1)	**46,796**	**5,798**	83,293	10,703
	USD	(1)	**1,499**	**5,796**	1,040	4,600
				13,811		18,777
Hire Purchase	RM		**N/A**	**1,297**	N/A	1,621
Banker acceptance	Thai Baht	(1)	**97,111**	**12,032**	30,700	3,945
	USD	(1)	**450**	**1,737**	-	-
				28,877		24,343
	100 Thai Baht to 1 RM			**12.39**		12.85
	1 USD to 1 RM			**3.86**		4.42

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

Additional term loan of USD 665k was 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

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.

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.3.2018	**31.3.2017**	**31.3.2018**	**31.3.2017**
Profit attributable to ordinary shareholders of the Company (RM'000)	**1,268**	6,902	**8,648**	25,046
Weighted average number of ordinary shares ('in million)	**1,002**	1,002	**1,002**	1,002
Basic EPS (sen)	**0.13**	0.69	**0.86**	2.50

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)

		3 MONTHS ENDED		PERIOD-TO-DATE	
		31.3.2018	**31.3.2017**	**31.3.2018**	**31.3.2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(a)	Interest income	**314**	552	**1,188**	2,239
(b)	Other income including investment income	**-**	-	**-**	-
(c)	Interest expense	**(258)**	(213)	**(817)**	(799)
(d)	Depreciation and amortization	**(3,308)**	(3,587)	**(10,310)**	(8,201)
(e)	Impairment loss on receivables	**(45)**	(257)	**(91)**	(274)
(f)	Provision for and write off of inventories	**(2,065)**	(26)	**(2,360)**	(26)
(g)	Gain on loss on disposal of quoted or unquoted investments or properties	**-**	-	**-**	-
(h)	Impairment of assets	**-**	-	**-**	-
(i)	Foreign exchange (loss) / gain	**(2,061)**	(3,024)	**(4,039)**	3,281
(j)	Gain / (Loss) on derivatives	**721**	2,925	**1,870**	(331)
(k)	Rental expenses	**(976)**	(922)	**(2,784)**	(2,590)
(l)	Exceptional items	**-**	-	**-**	-

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 31.3.2018 RM'000	AS AT 30.6.2017 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	**260,054**	263,211
- Unrealised	**(5,157)**	(3,119)
	254,897	260,092
Consolidated adjustments	**(122,868)**	(119,552)
Total retained earnings	**132,029**	140,540

By order of the Board
30 May 2018