KAREX BERHAD

(Incorporated in Malaysia) (1018579-U)

Interim Financial Report for the

First Quarter Ended

30 September 2018

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KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS [1]

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2018 RM'000	30.9.2017 RM'000	30.9.2018 RM'000	30.9.2017 RM'000
Revenue		**92,158**	107,591	**92,158**	107,591
Cost of goods sold		**(67,454)**	(79,551)	**(67,454)**	(79,551)
Gross profit		**24,704**	28,040	**24,704**	28,040
Other income		**157**	96	**157**	96
Distribution expenses		**(10,291)**	(12,547)	**(10,291)**	(12,547)
Administrative expenses		**(11,830)**	(10,551)	**(11,830)**	(10,551)
Other expenses		**(341)**	(29)	**(341)**	(29)
Result from operating activities		**2,399**	5,009	**2,399**	5,009
Interest income		**285**	418	**285**	418
Finance costs		**(296)**	(241)	**(296)**	(241)
Net finance (expense)/ income		**(11)**	177	**(11)**	177
Profit before tax		**2,388**	5,186	**2,388**	5,186
Tax expense	B6	**(615)**	(1,003)	**(615)**	(1,003)
Profit for the period	**B13**	**1,773**	4,183	**1,773**	4,183
Profit for the period attributable to:					
Owners of the Company		**1,978**	4,213	**1,978**	4,213
Non-controlling interests		**(205)**	(30)	**(205)**	(30)
Profit for the period		**1,773**	4,183	**1,773**	4,183
Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	**0.20**	0.42	**0.20**	0.42
- Diluted	B11	**0.20**	0.42	**0.20**	0.42

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 2018 and the accompanying explanatory notes as attached to this interim financial statements.

KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 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	
		30.9.2018 RM'000	30.9.2017 RM'000	**30.9.2018 RM'000**	30.9.2017 RM'000
Profit for the period		**1,773**	4,183	**1,773**	4,183
Other comprehensive profit/ (loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**5,638**	(342)	**5,638**	(342)
Total comprehensive income for the period		**7,411**	3,841	**7,411**	3,841
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**7,593**	3,894	**7,593**	3,894
Non-controlling interests		**(182)**	(53)	**(182)**	(53)
Total comprehensive income for the period		**7,411**	3,841	**7,411**	3,841

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 2018 and the accompanying explanatory notes as attached to this interim financial statements.

KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]

	Note	AS AT 30.9.2018 RM'000	AS AT 30.6.2018 RM'000 Restated[2]
Assets			
Property, plant and equipment		**215,427**	210,643
Intangible assets		**96,051**	95,221
Deferred tax assets		**783**	841
Total non-current assets		**312,261**	306,705
Inventories		**136,082**	119,318
Trade and other receivables		**105,977**	101,464
Tax recoverable		**9,196**	8,980
Cash and cash equivalents		**42,271**	48,222
Total current assets		**293,526**	277,984
Total assets		**605,787**	584,689
Equity			
Share capital		**281,980**	281,980
Reserves		**209,123**	201,530
Total equity attributable to owners of the Company		**491,103**	483,510
Non-controlling interest		**848**	1,030
Total equity		**491,951**	484,540
Liabilities			
Loan and borrowings	B8	**13,333**	10,573
Deferred tax liabilities		**8,354**	8,327
Total non-current liabilities		**21,687**	18,900
Trade and other payables		**70,423**	61,053
Loan and borrowings	B8	**19,964**	17,258
Derivative financial liabilities		**1,752**	1,541
Taxation		**10**	1,397
Total current liabilities		**92,149**	81,249
Total liabilities		**113,836**	100,149
Total equity and liabilities		**605,787**	584,689
Net assets per share attributable to owners of the Company (RM)		**0.49**	0.48

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 2018 and the accompanying explanatory notes as attached to this interim financial statements.

(2) The comparative figures have been restated as a result of the adoption of the new accounting standards on the required effective date.

KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [1]

	← Attributable to owners of the Company →							
	← Non-distributable →				Distributable			
	Share capital 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
30 September 2018								
At 1 July 2018, as previously stated	**281,980**	**63,511**	**3,653**	**718**	**133,484**	**483,346**	**1,030**	**484,376**
Effect of adopting MFRS 15	-	-	-	-	164	164	-	164
At 1 July 2018, restated	**281,980**	**63,511**	**3,653**	**718**	**133,648**	**483,510**	**1,030**	**484,540**
Foreign currency translation differences for foreign operations/								
Total other comprehensive expenses for the period	**-**	**-**	**5,615**	**-**	**-**	**5,615**	**23**	**5,638**
Profit for the period	**-**	**-**	**-**	**-**	**1,978**	**1,978**	**(205)**	**1,773**
Total comprehensive income/ (expenses) for the period	**-**	**-**	**5,615**	**-**	**1,978**	**7,593**	**(182)**	**7,411**
At 30 September 2018	**281,980**	**63,511**	**9,268**	**718**	**135,626**	**491,103**	**848**	**491,951**

	← Attributable to owners of the Company							
	← Non-distributable →				Distributable			
	Share capital 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
30 September 2017								
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 expense for the period	-	-	(319)	-	-	(319)	(23)	(342)
Profit for the period	-	-	-	-	4,213	4,213	(30)	4,183
Total comprehensive (expense)/ income for the period	-	-	(319)	-	4,213	3,894	(53)	3,841
At 30 September 2017	281,980	63,511	9,576	718	144,753	500,538	1,446	501,984

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 2018 and the accompanying explanatory notes as attached to this interim financial statements.

KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (1)

	PERIOD-TO-DATE	
	30.9.2018	30.9.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**2,388**	5,186
Adjustment for:		
Non-cash items	**4,869**	3,142
Operating profit before changes in working capital	**7,257**	8,328
Net changes in current assets	**(20,458)**	(3,866)
Net changes in current liabilities	**7,033**	(970)
Cash (used in)/ generated from operations	**(6,168)**	3,492
Tax paid	**(2,133)**	(2,247)
Net cash (used in)/ from operating activities	**(8,301)**	1,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- Property, plant and equipment	**(3,185)**	(6,211)
- Intangible asset	**(166)**	-
Proceed from disposal of property, plant and equipment	**175**	10
Interest received	**285**	418
Net cash used in investing activities	**(2,891)**	(5,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/ (repayment) of borrowings and interest paid	**6,000**	(2,260)
(Increase)/ Decrease placement in fixed deposits pledged to licensed banks	**(130)**	9
Net cash from/ (used in) financing activities	**5,870**	(2,251)
Effect of exchange rate fluctuations on cash held	**71**	(80)
Net changes in cash and cash equivalents	**(5,251)**	(6,869)
Cash and cash equivalents at beginning of the period	**46,334**	84,379
Cash and cash equivalents at end of the period	**41,083**	77,510

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	
	30.9.2018	**30.9.2017**
	RM'000	**RM'000**
Cash and bank balances	**15,693**	29,625
Deposits with licensed banks	**1,188**	696
Deposits with other corporations	**25,390**	47,885
	42,271	78,206
Less: Fixed deposits pledged	**(1,188)**	(696)
	41,083	77,510

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 2018 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 2018 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 2018.

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 2018, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

MFRS 9, Financial Instruments (2014)
MFRS 15, Revenue from Contract with Customers
Clarification to MFRS 15, Revenue from Contracts with Customers
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 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

The adoption of the above MFRSs, amendments/ clarifications to MFRSs and IC Interpretations do not have any significant financial impact on the results and the financial position of the Group for the current quarter except for the following:

MFRS 9, Financial Instruments (2014)
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. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

Under MFRS 9, Financial assets are classified according to their cashflow characteristics and business model which they are managed. The Group has categorised its financial assets measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The financial asset held by the Group includes loan and receivables are measured at amortised cost meet the conditions to be classified under MFRS 9.

Classification and measurement of financial liabilities will remain largely unchange.

For impairment assessment, MFRS 9 replaces the previous Incurred Loss Model with Expected Credit Loss Model. The Expected Credit Loss Model measures financial assets at amortised cost or fair value through other comprehensive income.

The Group has performed an impact assessment of MFRS 9. Based on the assessments, the adoption of MFRS 9 will not have significant financial impact to the Group.

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 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.

Previously, the Group recognises revenue from contracts with customers upon the transfer of risks and rewards of ownership to the customers. Under MFRS 15, the Group recognises revenue from contracts with customers when a performance obligation is satisfied, which is when control of the goods underlying the particular performance obligation is transferred to the customers.

The Group adopted the new standard on the required effective date using retrospective approach. The initial application of MFRS 15 at the beginning of the earliest period presented on 1 July 2018 as below.

	Statement of financial position as at 30.6.2018	
	As currently stated RM'000	After expected restatement RM'000
Inventories	122,277	119,318
Trade and other receivables	98,289	101,464
Deferred tax liabilities	8,275	8,327
Retained earnings	133,484	133,648

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 2019

MFRS 16, Leases
IC Interpretation 23, Uncertainty over Income Tax Treatments
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, Employee Benefits - 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 2021

MFRS 17, Insurance Contracts

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

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 16.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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

No dividends were proposed in respect of the current financial period.

A7. Segmental information

The Group's main business activities comprise of 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, personal lubricants 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
3 months ended 30.9.2018					
Revenue					
External revenue	**83,346**	**7,382**	**1,430**	**-**	**92,158**
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**
Total revenue	**83,346**	**7,382**	**1,430**	**-**	**92,158**
Results					
Segment profit/ (loss)	**2,156**	**866**	**(161)**	**-**	**2,861**
Interest income					**13**
Finance cost					**(296)**
Unallocated amounts					**(190)**
Profit before tax					**2,388**
Tax expense					**(615)**
Profit after tax					**1,773**
Total Assets					
Reportable segment assets	**549,372**	**27,124**	**3,310**	**-**	**579,806**
Unallocated assets					**25,981**
Total Assets					**605,787**
3 months ended 30.9.2017					
Revenue					
External revenue	99,074	6,959	1,558	-	107,591
Inter-segment revenue	-	-	-	-	-
Total revenue	99,074	6,959	1,558	-	107,591
Results					
Segment profit	4,370	1,122	51	-	5,543
Interest income					10
Finance cost					(241)
Unallocated amounts					(126)
Profit before tax					5,186
Tax expense					(1,003)
Profit after tax					4,183
Total Assets					
Reportable segment assets	521,242	21,895	1,834	-	544,971
Unallocated assets					48,810
Total Assets					593,781

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 is as follows:-

	PERIOD-TO-DATE	
	30.9.2018	**30.9.2017**
	RM'000	**RM'000**
Asia	**28,087**	32,712
Africa	**21,976**	24,517
Americas	**27,016**	31,828
Europe	**15,079**	18,534
	92,158	107,591

A8. Subsequent events

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

A9. Changes in composition of the Group

There were 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			
	30.9.2018 RM'000	30.9.2017 RM'000	Variance RM'000	%	30.9.2018 RM'000	30.9.2017 RM'000	Variance RM'000	%
Revenue	**92,158**	107,591	(15,433)	(14.3)	**92,158**	107,591	(15,433)	(14.3)
Result from operating activities	**2,399**	5,009	(2,610)	(52.1)	**2,399**	5,009	(2,610)	(52.1)
Profit before tax	**2,388**	5,186	(2,798)	(54.0)	**2,388**	5,186	(2,798)	(54.0)
Profit after tax	**1,773**	4,183	(2,410)	(57.6)	**1,773**	4,183	(2,410)	(57.6)
Profit attributable to owners of the Company	**1,978**	4,213	(2,235)	(53.1)	**1,978**	4,213	(2,235)	(53.1)

For the first quarter ended 30 September 2018 (1QFY2019), revenue was held back by 14.3% to RM 92.2 million in comparison to the quarter in the preceding year primarily due to lower sales from Sexual Wellness segment.

Sales contributed by Sexual Wellness segment was scaled back by 15.9% to RM83.8 million mainly due to timing issues that delayed several large tender orders from being shipped out in time for the close of 1QFY2019. Correspondingly, our inventories increased from RM 119.3 million to RM136.1 million since the end of the previous financial year. Lower sales meant that results from operation, profit before tax, profit after tax and profit attributable to owners of the Company were lower in comparison to corresponding period a year ago.

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

	3 MONTHS ENDED			
	30.9.2018 RM'000	30.6.2018 RM'000	Variance RM'000	%
Revenue	**92,158**	93,416	(1,258)	(1.3)
Result from operating activities	**2,399**	2,916	(517)	(17.7)
Profit before tax	**2,388**	2,774	(386)	(13.9)
Profit after tax	**1,773**	1,605	168	10.5
Profit attributable to owners of the Company	**1,978**	1,455	523	35.9

Revenue in 1QFY2019 remained stable at RM92.2 million, consistent with the previous quarter. Gross profit margins improved to 26.8% due to the stronger US Dollar against Malaysian Ringgit while distribution and administration expenses remained within control. However, result from operating activities have decreased during the quarter mainly due to recognition of a net foreign exchange loss totalling RM 0.3 milion as compared to a gain of RM 0.3 milion in the previous quarter. Nevertheless, profit after tax improved from RM 1.6 million to RM 1.8 million due to a lower effective tax rate.

B3. a) Group's Prospects for the financial year ending 30 June 2019 ("FYE 2019")

Global condom demand is expected to continue to maintain an encouraging growth trajectory. However, the Group remains wary of turbulence in the economic environment that has persisted in recent months. Erratic condom purchasing patterns have presented a challenging climate to condom manufacturers around the world. In spite of this, we remain optimistic as our long-term prospects remain intact, as our Group continues to capture orders from new markets whilst implementing additional automation into our manufacturing processes to remain cost competitive. Moreover, our branded segment has continued to develop, both in terms of product offerings and market coverage, providing a platform for sustainable growth in the future.

b) Forecast or target previously announced

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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	
	30.9.2018 RM'000	**30.9.2017 RM'000**	**30.9.2018 RM'000**	**30.9.2017 RM'000**
Current tax expenses				
- Current period	**700**	1,759	**700**	1,759
Deferred taxation:				
- Origination and reversal of temporary differences	**(85)**	(756)	**(85)**	(391)
	615	1,003	**615**	1,003

The Group has an effective tax rate which is higher than statutory tax rate mainly because losses incurred by a subsidiary is not permitted to be offset with taxable profits 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 are as follows :

			30.9.2018		30.9.2017	
	Denominated in		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current						
Term Loan	RM		**N/A**	**1,877**	N/A	2,111
	Thai Baht	(1)	**18,311**	**2,342**	35,464	4,488
	USD	(1)	**2,051**	**8,494**	690	2,913
				12,713		9,512
Hire Purchase	RM		**N/A**	**620**		520
				13,333		10,032
Current						
Term Loan	RM		**N/A**	**233**	N/A	679
	Thai Baht	(1)	**16,200**	**2,072**	29,044	3,677
	USD	(1)	**388**	**1,605**	280	1,182
				3,910		5,538
Hire Purchase	RM			**431**		602
Banker acceptance	Thai Baht	(1)	**88,858**	**11,365**	25,648	3,247
Trust Receipt	USD		**110**	**455**	-	-
Export Financing	USD		**569**	**2,355**	-	-
Revolving Credit	USD		**350**	**1,448**	-	-
				19,964		9,387
Total						
Term Loan	RM		**N/A**	**2,110**	N/A	2,790
	Thai Baht	(1)	**34,511**	**4,414**	64,508	8,165
	USD	(1)	**2,439**	**10,099**	970	4,095
				16,623	N/A	15,050
Hire Purchase	RM		**N/A**	**1,051**	57,219	1,122
Banker acceptance	Thai Baht	(1)	**88,858**	**11,365**	25,648	3,247
Trust Receipt	USD		**110**	**455**	-	-
Export Financing	USD		**569**	**2,355**	-	-
Revolving Credit	USD		**350**	**1,448**	-	-
				33,297		19,419
	100 Thai Baht to RM			**12.79**		12.66
	1 USD to RM			**4.14**		4.22

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

Additional term loan of USD 0.93 million was drawndown during the period. Loan and borrowings were paid based on the agreed installments.

B9. Changes in material litigation

There was no material litigation as 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

B10. Dividend proposed

No dividend was proposed in respect of the current financial period.

On 8 October 2018, the Board of Directors had proposed a final dividend of 0.5 sen per ordinary share amounting to RM5,011,875.00 for the financial year ended 30 June 2018. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

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	
	30.9.2018	**30.9.2017**	**30.9.2018**	**30.9.2017**
Profit attributable to ordinary shareholders of the Company (RM'000)	**1,978**	4,213	**1,978**	4,213
Weighted average number of ordinary shares ('in million)	**1,002**	1,002	**1,002**	1,002
Basic EPS (sen)	**0.20**	0.42	**0.20**	0.42

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 2018 were not qualified.

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

		3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2018	**30.9.2017**	**30.9.2018**	**30.9.2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(a)	Interest income	**285**	418	**285**	418
(b)	Other income including investment income	**-**	-	**-**	-
(c)	Interest expense	**(296)**	(241)	**(296)**	(241)
(d)	Depreciation and amortization	**(3,819)**	(3,478)	**(3,819)**	(3,478)
(e)	Impairment loss on receivables	**-**	(6)	**-**	(6)
(f)	Provision for and write off of inventories	**(359)**	(26)	**(359)**	(26)
(g)	Gain on loss on disposal of quoted or unquoted investments or properties	**-**	-	**-**	-
(h)	Impairment of assets	**-**	-	**-**	-
(i)	Foreign exchange gain/ (loss)	**1,149**	(354)	**1,149**	(354)
(j)	(Loss)/ Gain on derivatives	**(1,446)**	313	**(1,446)**	313
(k)	Rental expenses	**(1,031)**	(995)	**(1,031)**	(995)
(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 30.9.2018 RM'000	AS AT 30.6.2018 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	**258,824**	258,323
- Unrealised	**(3,293)**	(4,259)
	255,531	254,064
Consolidated adjustments	**(119,905)**	(120,416)
Total retained earnings	**135,626**	133,648

By order of the Board
26 Nov 2018