



KAREX BERHAD

(Incorporated in Malaysia)

(1018579-U)

Interim Financial Report for the Fourth Quarter Ended 30 June 2017

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

Interim financial report for the fourth quarter ended 30 June 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
Revenue		91,633	82,722	361,452	343,617
Cost of goods sold		(67,824)	(61,459)	(250,258)	(229,070)
Gross profit		23,809	21,263	111,194	114,547
Other income		257	3,884	2,821	13,225
Distribution expenses		(9,439)	(8,128)	(34,779)	(24,218)
Administrative expenses		(10,688)	(4,376)	(38,876)	(28,490)
Other expenses		(246)	(337)	(4,858)	(599)
Result from operating activities		3,693	12,306	35,502	74,465
Interest income		498	1,845	2,737	5,539
Finance costs		(391)	(92)	(1,190)	(654)
Net finance income		107	1,753	1,547	4,885
Profit before tax	B13	3,800	14,059	37,049	79,350
Tax expense	B6	(792)	(2,016)	(8,243)	(12,927)
Profit for the period		3,008	12,043	28,806	66,423
Profit for the period attributable to:					
Owners of the Company		2,900	12,117	27,946	66,685
Non-controlling interests		108	(74)	860	(262)
Profit for the period		3,008	12,043	28,806	66,423
Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	0.29	1.21	2.79	6.65
- Diluted	B11	0.29	1.21	2.79	6.65

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 2016 and the accompanying explanatory notes as attached to this interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME ⁽¹⁾**

	3 MONTHS ENDED		PERIOD-TO-DATE		
	<u>Note</u>	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
Profit for the period		3,008	12,043	28,806	66,423
Other comprehensive profit /(loss), net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,387)	1,706	9,713	(2,435)
Total comprehensive income for the period		1,621	13,749	38,519	63,988
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company		1,480	13,801	37,625	64,176
Non-controlling interests		141	(52)	894	(188)
Total comprehensive income for the period		1,621	13,749	38,519	63,988

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 2016 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	<u>Note</u>	AS AT 30.6.2017 RM'000	AS AT 30.6.2016 RM'000
Assets			
Property, plant and equipment		201,752	180,934
Intangible assets		69,889	32,571
Goodwill	B7(A)(i)	27,230	-
Deferred tax assets		271	247
Total non-current assets		299,142	213,752
Inventories		100,982	63,790
Trade and other receivables ⁽²⁾		99,831	133,384
Tax recoverable		7,990	2,885
Cash and cash equivalents		85,084	144,269
Total current assets		293,887	344,328
Total assets		593,029	558,080
Equity			
Share capital		250,594	250,594
Reserves		246,050	228,473
Total equity attributable to owners of the Company		496,644	479,067
Non-controlling interest		1,499	605
Total equity		498,143	479,672
Liabilities			
Loan and borrowings (secured)	B8	11,208	16,112
Deferred tax liabilities		8,632	7,755
Total non-current liabilities		19,840	23,867
Trade and other payables		63,739	42,976
Loan and borrowings (secured)	B8	10,230	9,783
Taxation		1,077	1,782
Total current liabilities		75,046	54,541
Total liabilities		94,886	78,408
Total equity and liabilities		593,029	558,080
Net assets per share attributable to owners of the Company (RM)		0.50	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 2016 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) In previous financial year, trade and other receivables include an advance payment of RM34.2 million (GBP 6.0 million) for the purpose of pursuing the proposed acquisition of the entire issued and paid share capital in Pasante Healthcare Limited ("Pasante") as mentioned in B7 (A) (i).

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →						Non-controlling interests	Total equity	
	← 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
30 June 2017									
At 1 July 2016	250,594	31,386	63,511	216	718	132,642	479,067	605	479,672
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)
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	9,679	-	-	9,679	34	9,713
Profit for the period	-	-	-	-	-	27,946	27,946	860	28,806
Total comprehensive income for the period	-	-	-	9,679	-	27,946	37,625	894	38,519
At 30 June 2017	250,594	31,386	63,511	9,895	718	140,540	496,644	1,499	498,143

	← Attributable to owners of the Company →						Non-controlling interests	Total equity	
	← 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
30 June 2016									
At 1 July 2015	167,063	114,917	63,511	2,725	718	82,663	431,597	793	432,390
Contributions by and distributions to owners of the Company									
Bonus Issue	83,531	(83,531)	-	-	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-	(16,706)	(16,706)	-	(16,706)
Total transactions with owners of the Company	83,531	(83,531)	-	-	-	(16,706)	(16,706)	-	(16,706)
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	(2,509)	-	-	(2,509)	74	(2,435)
Profit for the period	-	-	-	-	-	66,685	66,685	(262)	66,423
Total comprehensive income for the period	-	-	-	(2,509)	-	66,685	64,176	(188)	63,988
At 30 June 2016	250,594	31,386	63,511	216	718	132,642	479,067	605	479,672

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 2016 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	Notes	PERIOD-TO-DATE	
		30.6.2017	30.6.2016
		RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		37,049	79,350
Adjustment for:			
Non-cash items		9,271	(609)
Operating profit before changes in working capital		46,320	78,741
Net changes in current assets		(24,522)	(21,448)
Net changes in current liabilities		13,016	1,726
Cash generated from operations		34,814	59,019
Tax paid		(13,200)	(15,270)
Net cash from operating activities		21,614	43,749
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
- Property, plant and equipment		(27,372)	(44,052)
- Subsidiaries, net cash and cash equivalents, acquired	B7(A)(i)	4,120	(13,000)
- Intangible asset		(35,477)	(5,705)
Advance payment for proposed acquisition		-	(34,217)
Proceed from disposal of property, plant and equipment		5	482
Interest received		2,737	5,539
Net cash used in investing activities		(55,987)	(90,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		(20,048)	(16,706)
Net repayment of borrowings and interest paid		(5,632)	675
Increase placement in fixed deposits pledged to licensed banks		232	(700)
Net cash used in financing activities		(25,448)	(16,731)
Effect of exchange rate fluctuations on cash held		882	(228)
Net changes in cash and cash equivalents		(58,939)	(64,163)
Cash and cash equivalents at beginning of the period		143,318	207,481
Cash and cash equivalents at end of the period		84,379	143,318

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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	
	30.6.2017	30.6.2016
	RM'000	RM'000
Cash and bank balances	35,594	50,187
Deposits with licensed banks	705	944
Deposit with other corporation	48,785	93,138
	85,084	144,269
Less: Fixed deposit pledged	(705)	(937)
Bank Overdraft	-	(14)
	84,379	143,318

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 2016 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 2016 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 2016.

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 2016. 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 2017

Amendments to MFRS 12, Disclosure of Interests in Other Entities

Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses

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

MFRS 15, Revenue from Contract with Customers

– Clarification to MFRS 15

MFRS 9, Financial Instruments (2014)

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards

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

Amendments to MFRS 12, Disclosure of Interests in Other Entities

Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

Amendments to MFRS 128, Investments in Associates and Joint Ventures

Amendments to MFRS 140, Investment Property

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

MFRS 16, Leases

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.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group upon their first adoption except as mentioned below:

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.

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 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 2.0 sen per ordinary share totaling RM 20,047,500 in respect of the financial year ended 30 June 2016 on 16 December 2016.

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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

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

	Sexual Wellness	Medical	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 30.6.2017</u>					
Revenue					
External revenue	328,467	27,255	5,730	-	361,452
Inter-segment revenue	-	-	-	-	-
Total revenue	328,467	27,255	5,730	-	361,452
Results					
Segment profit	32,049	6,537	740	-	39,326
Interest income					2,737
Finance cost					(1,190)
Unallocated amounts					(3,824)
Profit before tax					37,049
Tax expenses					(8,243)
Profit after tax					28,806
Total Assets					
Reportable segment assets	514,186	21,099	2,405	-	537,690
Unallocated assets					55,339
Total Assets					593,029
<u>12 months ended 30.6.2016</u>					
Revenue					
External revenue	322,138	21,479	-	-	343,617
Inter-segment revenue	-	-	-	-	-
Total revenue	322,138	21,479	-	-	343,617
Results					
Segment profit	66,778	4,509	-	-	71,287
Interest income					5,539
Finance cost					(654)
Unallocated amounts					3,178
Profit before tax					79,350
Tax expenses					(12,927)
Profit after tax					66,423
Total Assets					
Reportable segment assets	397,053	14,553	-	-	411,606
Unallocated assets					146,474
Total Assets					558,080

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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, other than as disclosed below.

- a) On 1 July 2016, the Group has acquired 100% of the issued and paid-up share capital in Pasante Healthcare Limited for a cash consideration of GBP 6.0 million.
- b) On 29 September 2016, the Group has subscribed for 249,997 new ordinary shares of THB 100.00 per share in Karex Polymers Limited ("KPL") representing 99.99% of the issued share capital of KPL for a cash consideration of THB6,249,925. The intended principal activity of KPL is manufacturing of pre-vulcanised latex for use in the manufacturing facilities of the Group.
- c) On 9 January 2017, the Group has incorporated a subsidiary, Global Protection Corp UK Limited ("GPU") with 1,000 issued share capital at GBP1.00 each. GPU is directly owned by Global Protection Corporation ("GPC"), a 55%-owned subsidiary of the Group. The intended principal activity of GPU is to facilitate the localisation of operations of GPC on the distribution of sexual wellness products in the United Kingdom.

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	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	91,633	82,722	361,452	343,617
Result from operating activities	3,693	12,306	35,502	74,465
Profit before tax	3,800	14,059	37,049	79,350
Profit after tax	<u>3,008</u>	<u>12,043</u>	<u>28,806</u>	<u>66,423</u>

For the fourth quarter ended 30 June 2017 (4QFY2017), revenue increased by 10.8% or RM8.9 million as compared to the corresponding quarter in the previous year to RM91.6 million due to additional sales contributed by the sexual wellness segment. However, result from operating activities was lower due to higher distribution and administrative expenses. Correspondingly, profit before tax and profit after tax were lower as compared to the corresponding quarter in the previous year.

For the twelve months period under review (12MFY2017), revenue increased by 5.2% to RM361.5 million. Profit after tax decreased to RM 28.8 million as compared to previous year due to lower gross profit margin and other one-off expenses in relation to corporate exercises.

B2. Variance of results for the current quarter ended 30 June 2017 against the immediate preceding quarter

	3 MONTHS ENDED	
	30.6.2017	31.3.2017
	RM'000	RM'000
Revenue	91,633	92,216
Result from operating activities	3,693	9,060
Profit before tax	3,800	9,399
Profit after tax	<u>3,008</u>	<u>7,339</u>

Revenue in 4QFY2017 remained stable as compared to the previous quarter. However, profit before tax was lower by RM5.6 million mainly due to lower gross profit margin.

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

The Group continues to focus development of its new product developments, expansion into new markets and own brand business. The Group remains optimistic about the progress in FYE 2018 and the prospects for growth within the condom industry overall.

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.

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

B5. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

B6. Tax expense

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.6.2017 RM'000	30.6.2016 RM'000	30.6.2017 RM'000	30.6.2016 RM'000
Estimated tax payable:				
- Current provision	(563)	874	6,665	12,046
- Under provision for prior year/period	87	81	725	260
	(476)	955	7,390	12,306
Deferred taxation:				
- Current provision	1,629	862	1,238	512
- Over provision for prior year/period	(361)	199	(385)	109
	1,268	1,061	853	621
	792	2,016	8,243	12,927

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

(A) Corporate proposals

i) Acquisition

On 1 July 2016, the Group has acquired 100% of the issued and paid-up share capital in Pasante Healthcare Limited for a cash consideration of GBP 6.0 million (equivalent to RM 34.2 million).

	RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	299
Inventories	6,206
Trade and other receivables	5,493
Cash and cash equivalents	4,120
Trade and other payables	(9,131)
Net assets acquired	6,987
Goodwill	27,230
Consideration paid by the Group	34,217

Net cash arising from Acquisitions are as follows:-

Purchase consideration settled in cash and cash equivalents	34,217 ⁽¹⁾
Cash and cash equivalents acquired	(4,120)
	30,097

(1) Purchase consideration was previously paid in advance during the financial year 2016.

ii) Proposed Acquisition

On 30 August 2016, the Group has entered into a conditional asset purchase agreement ("APA") with Line One Laboratories, Inc ("Line One") for the rights, title and interests to certain assets of Line One for a cash consideration of USD 8.0 million (RM 34.1 million). The acquisition was completed on 10 January 2017.

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

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

B8. Loans and borrowings

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

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
Secured	10,230	11,208	21,438

The Group's loans and borrowings were denominated in the following currencies:

	Foreign	
	Currency	RM'000
- Ringgit Malaysia	'000	4,530
- US Dollar	N/A	4,466
- Thai Baht	98,461	12,442
		<u>21,438</u>

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.

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
Profit attributable to ordinary shareholders of the Company (RM'000)	2,900	12,117	27,946	66,685
Weighted average number of ordinary shares in issue ('000)	1,002,375	1,002,375	1,002,375	1,002,375
Basic EPS (sen)	0.29	1.21	2.79	6.65

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 2016 were not qualified.

B13. Profit before tax

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	498	1,845	2,737	5,539
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(391)	(92)	(1,190)	(654)
(d) Depreciation and amortization	(3,337)	(2,511)	(11,538)	(9,164)
(e) Impairment loss on receivables	-	(48)	(274)	(75)
(f) Provision for and write off of inventories	(681)	(488)	(707)	(488)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss) / gain	(1,284)	6,234	1,997	8,877
(j) Gain / (Loss) on derivatives	675	(716)	344	537
(k) Rental expenses	(581)	(1,362)	(3,171)	(2,876)
(l) Gain from a bargain purchase	-	-	-	(3,956)
(m) Exceptional items	-	-	-	-
	-	-	-	-

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

Interim financial report for the fourth quarter ended 30 June 2017
(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

B14. Realised and unrealised profit/(losses) disclosure

	AS AT 30.6.2017 RM'000	AS AT 30.6.2016 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	263,211	248,132
- Unrealised	(3,119)	(4,410)
	260,092	243,722
Consolidated adjustments	(119,552)	(111,080)
Total retained earnings	140,540	132,642

By order of the Board
28 Aug 2017