



Interim Financial Report for the First Quarter Ended 30 September 2017

Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5 - 6
Notes to the Condensed Financial Statements	7 - 15

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

Interim financial report for the first quarter ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2017 RM'000	30.9.2016 RM'000	30.9.2017 RM'000	30.9.2016 RM'000
Revenue		107,591	80,037	107,591	80,037
Cost of goods sold		(79,551)	(55,606)	(79,551)	(55,606)
Gross profit		28,040	24,431	28,040	24,431
Other income		96	1,203	96	1,203
Distribution expenses		(12,547)	(6,245)	(12,547)	(6,245)
Administrative expenses		(10,551)	(8,260)	(10,551)	(8,260)
Other expenses		(29)	(1,235)	(29)	(1,235)
Result from operating activities		5,009	9,894	5,009	9,894
Interest income		418	856	418	856
Finance costs		(241)	(299)	(241)	(299)
Net finance income		177	557	177	557
Profit before tax		5,186	10,451	5,186	10,451
Tax expense	B6	(1,003)	(2,323)	(1,003)	(2,323)
Profit for the period	B13	4,183	8,128	4,183	8,128
Profit for the period attributable to:					
Owners of the Company		4,213	8,137	4,213	8,137
Non-controlling interests		(30)	(9)	(30)	(9)
Profit for the period		4,183	8,128	4,183	8,128
Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	0.42	0.81	0.42	0.81
- Diluted	B11	0.42	0.81	0.42	0.81

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)

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

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
<u>Note</u>	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	4,183	8,128	4,183	8,128
Other comprehensive (loss)/ profit, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	(342)	3,111	(342)	3,111
Total comprehensive income for the period	3,841	11,239	3,841	11,239
Total comprehensive income attributable to:				
Owners of the Company	3,894	11,233	3,894	11,233
Non-controlling interests	(53)	6	(53)	6
Total comprehensive income for the period	3,841	11,239	3,841	11,239

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 first quarter ended 30 September 2017

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	<u>Note</u>	AS AT 30.9.2017 RM'000	AS AT 30.6.2017 RM'000
Assets			
Property, plant and equipment		203,228	201,730
Intangible assets		96,235	96,940
Deferred tax assets		259	271
Total non-current assets		<u>299,722</u>	<u>298,941</u>
Inventories		106,338	100,982
Trade and other receivables, including derivatives		99,275	100,788
Tax recoverable		7,602	7,986
Cash and cash equivalents		78,206	85,084
Total current assets		<u>291,421</u>	<u>294,840</u>
Total assets		<u><u>591,143</u></u>	<u><u>593,781</u></u>
Equity			
Share capital		281,980	281,980
Reserves		218,558	214,664
Total equity attributable to owners of the Company		500,538	496,644
Non-controlling interest		1,446	1,499
Total equity		<u>501,984</u>	<u>498,143</u>
Liabilities			
Loan and borrowings	B8	10,032	11,208
Deferred tax liabilities		7,861	8,629
Total non-current liabilities		<u>17,893</u>	<u>19,837</u>
Trade and other payables		61,674	64,494
Loan and borrowings	B8	9,387	10,230
Taxation		205	1,077
Total current liabilities		<u>71,266</u>	<u>75,801</u>
Total liabilities		<u>89,159</u>	<u>95,638</u>
Total equity and liabilities		<u><u>591,143</u></u>	<u><u>593,781</u></u>
Net assets per share attributable to owners of the Company (RM)		<u><u>0.50</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.

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →								
	← Non-distributable →			Distributable				Non-	
	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	controlling interests RM'000	Total equity 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	-	-	-	(319)	-	-	(319)	(23)	(342)
Profit for the period	-	-	-	-	-	4,213	4,213	(30)	4,183
Total comprehensive (expenses)/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

	← Attributable to owners of the Company →								
	← Non-distributable →			Distributable				Non-	
	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	controlling interests RM'000	Total equity RM'000
30 June 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 income for the period	-	-	-	3,096	-	-	3,096	15	3,111
Profit for the period	-	-	-	-	-	8,137	8,137	(9)	8,128
Total comprehensive income for the period	-	-	-	3,096	-	8,137	11,233	6	11,239
At 30 September 2016	250,594	31,386	63,511	3,312	718	140,779	490,300	611	490,911

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 first quarter ended 30 September 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

		PERIOD-TO-DATE	
	Notes	30.9.2017	30.9.2016
		RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		5,186	10,451
Adjustment for:			
Non-cash items		3,142	1,060
Operating profit before changes in working capital		8,328	11,511
Net changes in current assets		(3,866)	366
Net changes in current liabilities		(970)	(5,682)
Cash generated from operations		3,492	6,195
Tax paid		(2,247)	(3,127)
Net cash from operating activities		1,245	3,068
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of:			
- Property, plant and equipment		(6,211)	(7,649)
- Subsidiaries, net cash and cash equivalents, acquired		-	4,120
- Intangible asset		-	(295)
Advance payment for proposed acquisition		-	(16,196)
Proceed from disposal of property, plant and equipment		10	2
Interest received		418	856
Net cash used in investing activities		(5,783)	(19,162)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net repayment of borrowings and interest paid		(2,260)	(1,266)
Increase placement in fixed deposits pledged to licensed banks		9	(70)
Net cash used in financing activities		(2,251)	(1,336)
Effect of exchange rate fluctuations on cash held		(80)	463
Net changes in cash and cash equivalents		(6,869)	(16,967)
Cash and cash equivalents at beginning of the period		84,379	143,318
Cash and cash equivalents at end of the period		77,510	126,351

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

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

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	
	30.9.2017	30.9.2016
	RM'000	RM'000
Cash and bank balances	29,625	29,371
Deposits with licensed banks	696	1,007
Deposit with other corporation	47,885	96,980
	78,206	127,358
Less: Fixed deposit pledged	(696)	(1,007)
	77,510	126,351

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.

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

Interim financial report for the first quarter ended 30 September 2017

(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

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 Venture

– 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.

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.

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

Interim financial report for the first quarter ended 30 September 2017

(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

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 dividend was proposed in respect of the current financial period.

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:-

<u>Segment</u>	<u>Composition</u>
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.

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

Interim financial report for the first quarter ended 30 September 2017

(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

A7. Segmental information (continued)

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>3 months ended 30.9.2017</u>					
<u>Revenue</u>					
External revenue	99,074	6,959	1,558	-	107,591
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>99,074</u>	<u>6,959</u>	<u>1,558</u>	<u>-</u>	<u>107,591</u>
<u>Results</u>					
Segment profit	4,370	1,122	51	-	5,543
Interest income					10
Finance cost					(241)
Unallocated amounts					(126)
Profit before tax					<u>5,186</u>
Tax expense					(1,003)
Profit after tax					<u>4,183</u>
<u>Total Assets</u>					
Reportable segment assets	518,604	21,895	1,834	-	542,333
Unallocated assets					48,810
Total Assets					<u>591,143</u>
<u>3 months ended 30.9.2016</u>					
<u>Revenue</u>					
External revenue	70,858	6,959	2,220	-	80,037
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>70,858</u>	<u>6,959</u>	<u>2,220</u>	<u>-</u>	<u>80,037</u>
<u>Results</u>					
Segment profit	7,829	1,791	569	-	10,189
Interest income					12
Finance cost					(299)
Unallocated amounts					549
Profit before tax					<u>10,451</u>
Tax expense					(2,323)
Profit after tax					<u>8,128</u>
<u>Total Assets</u>					
Reportable segment assets	423,810	17,864	2,296	-	443,970
Unallocated assets					128,093
Total Assets					<u>572,063</u>

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

Interim financial report for the first quarter ended 30 September 2017

(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

A7. Segmental information (continued)

Geographical Segments

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

	PERIOD-TO-DATE	
	30.9.2017	30.9.2016
	RM'000	RM'000
Asia	32,712	23,360
Africa	24,517	18,307
Americas	31,828	20,471
Europe	18,534	17,899
	<u>107,591</u>	<u>80,037</u>

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.

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

Interim financial report for the first quarter ended 30 September 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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.9.2017 RM'000	30.9.2016 RM'000	Variance RM'000	%	30.9.2017 RM'000	30.9.2016 RM'000	Variance RM'000	%
Revenue	107,591	80,037	27,554	34.4	107,591	80,037	27,554	34.4
Result from operating activities	5,009	9,894	(4,885)	(49.4)	5,009	9,894	(4,885)	(49.4)
Profit before tax	5,186	10,451	(5,265)	(50.4)	5,186	10,451	(5,265)	(50.4)
Profit after tax	4,183	8,128	(3,945)	(48.5)	4,183	8,128	(3,945)	(48.5)
Profit attributable to owners of the Company	4,213	8,137	(3,924)	(48.2)	4,213	8,137	(3,924)	(48.2)

For the first quarter ended 30 September 2017 (1QFY2018), revenue jumped to record high by 34.4% to RM107.6 million in comparison to the quarter in the preceding year due to additional sales contribution from the Sexual Wellness segment.

Sales contributed by Sexual Wellness segment grew by 38.3% to RM99.1 million for the current quarter as compared to the same period a year ago. Competitive pricing strategy to capture tender orders during the challenging climate continued to expand our market share in the tender market. Correspondingly, tender shipments to Asia and Africa regions increased during the quarter.

Revenue contribution from Medical and Other segments remain stable at RM7.0 million and RM1.5 million respectively for the current quarter as compared to the same period a year ago.

Result from operating activities was lower due to pressure on tender prices and rising production costs coupled with higher distribution and administrative expenses. Distribution and administrative expenses pertaining to efforts to build Own Brands through advertisement, hiring of human capital and expansion of our distribution network continued to impact profitability. Net foreign exchange losses was minimal at RM41,000 for the current quarter as compared to net gain of RM1.1 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.

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

	3 MONTHS ENDED			
	30.9.2017 RM'000	30.6.2017 RM'000	Variance RM'000	%
Revenue	107,591	91,633	15,958	17.4
Result from operating activities	5,009	3,693	1,316	35.6
Profit before tax	5,186	3,800	1,386	36.5
Profit after tax	4,183	3,008	1,175	39.1
Profit attributable to owners of the Company	4,213	2,900	1,313	45.3

Revenue in 1QFY2018 increased by 17.4% or RM16.0 million as compared to the previous quarter. Sales from the Sexual Wellness segment increased by 18.5% or RM15.1 million due to stronger demand for condoms. Gross profit margin remained stable at 26% due to pricing pressures in the tender segment. Distribution expenses had increased due to higher freight costs for shipments to Africa and Asia as well as the marketing cost for the launch of the MyOne range of condoms in US via an e-commerce platform. Net foreign exchange losses was minimal at RM41,000 in the current quarter as compared to losses of RM0.6 million in the previous quarter. Profit before tax, profit after tax and profit attributable to owners of the Company were higher as a result of better performance during the quarter.

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

Interim financial report for the first quarter ended 30 September 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

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 aggressive 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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current period	1,759	2,299	1,759	2,299
Deferred taxation:				
- Origination and reversal of temporary differences	(756)	24	(756)	24
	<u>1,003</u>	<u>2,323</u>	<u>1,003</u>	<u>2,323</u>

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.

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

Interim financial report for the first quarter ended 30 September 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

B8. Loans and borrowings (secured)

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

		30.9.2017		30.9.2016	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	2,111	N/A	2,724
	Thai Baht ⁽¹⁾	35,458	4,488	64,706	7,696
	USD ⁽¹⁾	690	2,913	893	3,665
			9,512		14,085
Hire Purchase	RM	N/A	520		804
			10,032		14,889
Current					
Term Loan	RM	N/A	679	N/A	1,383
	Thai Baht ⁽¹⁾	29,050	3,677	38,953	4,633
	USD ⁽¹⁾	280	1,182	153	629
			5,538		6,645
Hire Purchase	RM		602		992
	Thai Baht ⁽¹⁾	25,653	3,247	-	-
Banker acceptance	USD ⁽¹⁾	-	-	594	2,449
			9,387		10,086
Total					
Term Loan	RM	N/A	2,790	N/A	4,107
	Thai Baht ⁽¹⁾	64,508	8,165	103,659	12,329
	USD ⁽¹⁾	970	4,095	1,046	4,294
			15,050		20,730
Hire Purchase	RM	N/A	1,122	N/A	1,796
	Thai Baht ⁽¹⁾	25,653	3,247	-	-
Banker acceptance	USD ⁽¹⁾	-	-	594	2,449
			19,419		24,975
100 Thai Baht to 1 RM			12.66		11.89
1 USD to 1 RM			4.22		4.11

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 installments.

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

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

Interim financial report for the first quarter ended 30 September 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

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	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
Profit attributable to ordinary shareholders of the Company (RM'000)	4,213	8,137	4,213	8,137
Weighted average number of ordinary shares ('in million)	1,002	1,002	1,002	1,002
Basic EPS (sen)	0.42	0.81	0.42	0.81

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)

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	418	856	418	856
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(241)	(299)	(241)	(299)
(d) Depreciation and amortization	(3,478)	(2,098)	(3,478)	(2,098)
(e) Impairment loss on receivables	(6)	-	(6)	-
(f) Provision for and write off of inventories	(26)	-	(26)	-
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss) / gain	(354)	1,621	(354)	1,621
(j) Gain / (Loss) on derivatives	313	(491)	313	(491)
(k) Rental expenses	(995)	(813)	(995)	(813)
(m) Exceptional items	-	-	-	-

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

Interim financial report for the first quarter ended 30 September 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 30.9.2017 RM'000	AS AT 30.6.2017 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	270,401	263,211
- Unrealised	(2,913)	(3,119)
	267,488	260,092
Consolidated adjustments	(122,735)	(119,552)
Total retained earnings	144,753	140,540

By order of the Board
24 Nov 2017