



**Interim Financial Report for the  
Fourth Quarter Ended  
30 June 2018**

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

Interim financial report for the fourth quarter ended 30 June 2018

(The figures have not been audited)

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

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
<b>Revenue</b>		<b>93,416</b>	91,633	<b>408,014</b>	361,452
Cost of goods sold		<b>(69,774)</b>	(67,824)	<b>(300,882)</b>	(250,258)
<b>Gross profit</b>		<b>23,642</b>	23,809	<b>107,132</b>	111,194
Other income		<b>407</b>	257	<b>951</b>	2,821
Distribution expenses		<b>(8,959)</b>	(9,439)	<b>(46,050)</b>	(34,779)
Administrative expenses		<b>(11,441)</b>	(10,688)	<b>(44,926)</b>	(38,876)
Other expenses		<b>(733)</b>	(246)	<b>(3,058)</b>	(4,858)
<b>Result from operating activities</b>		<b>2,916</b>	3,693	<b>14,049</b>	35,502
Interest income		<b>292</b>	498	<b>1,480</b>	2,737
Finance costs		<b>(434)</b>	(391)	<b>(1,251)</b>	(1,190)
<b>Net finance (expense)/ income</b>		<b>(142)</b>	107	<b>229</b>	1,547
<b>Profit before tax</b>		<b>2,774</b>	3,800	<b>14,278</b>	37,049
Tax expense	B6	<b>(1,169)</b>	(792)	<b>(4,090)</b>	(8,243)
<b>Profit for the period</b>	<b>B13</b>	<b>1,605</b>	3,008	<b>10,188</b>	28,806
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>1,455</b>	2,900	<b>10,103</b>	27,946
Non-controlling interests		<b>150</b>	108	<b>85</b>	860
<b>Profit for the period</b>		<b>1,605</b>	3,008	<b>10,188</b>	28,806
<b>Earnings per share attributable to owners of the Company (sen):</b>					
- Basic	B11	<b>0.15</b>	0.29	<b>1.01</b>	2.79
- Diluted	B11	<b>0.15</b>	0.29	<b>1.01</b>	2.79

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.

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(The figures have not been audited)

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
<b>Profit for the period</b>		<b>1,605</b>	3,008	<b>10,188</b>	28,806
<b>Other comprehensive (loss)/ profit, net of tax Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		<b>(1,344)</b>	(1,387)	<b>(6,362)</b>	9,713
<b>Total comprehensive income for the period</b>		<b>261</b>	1,621	<b>3,826</b>	38,519
<b>Total comprehensive income/ (expense) attributable to:</b>					
Owners of the Company		<b>72</b>	1,180	<b>3,861</b>	37,625
Non-controlling interests		<b>189</b>	441	<b>(35)</b>	894
<b>Total comprehensive income for the period</b>		<b>261</b>	1,621	<b>3,826</b>	38,519

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.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	<u>Note</u>	AS AT 30.6.2018 RM'000	AS AT 30.6.2017 RM'000
<b>Assets</b>			
Property, plant and equipment		211,038	201,730
Intangible assets		95,004	96,940
Deferred tax assets		841	271
<b>Total non-current assets</b>		<u>306,883</u>	<u>298,941</u>
Inventories		122,277	100,982
Trade and other receivables, including derivatives		98,232	100,788
Tax recoverable		8,980	7,986
Cash and cash equivalents		48,222	85,084
<b>Total current assets</b>		<u>277,711</u>	<u>294,840</u>
<b>Total assets</b>		<u>584,594</u>	<u>593,781</u>
<b>Equity</b>			
Share capital		281,980	281,980
Reserves		201,366	214,664
<b>Total equity attributable to owners of the Company</b>		<u>483,346</u>	<u>496,644</u>
<b>Non-controlling interest</b>		1,030	1,499
<b>Total equity</b>		<u>484,376</u>	<u>498,143</u>
<b>Liabilities</b>			
Loan and borrowings	B8	10,573	11,208
Deferred tax liabilities		8,275	8,629
<b>Total non-current liabilities</b>		<u>18,848</u>	<u>19,837</u>
Trade and other payables		62,715	64,494
Loan and borrowings	B8	17,258	10,230
Taxation		1,397	1,077
<b>Total current liabilities</b>		<u>81,370</u>	<u>75,801</u>
<b>Total liabilities</b>		<u>100,218</u>	<u>95,638</u>
<b>Total equity and liabilities</b>		<u>584,594</u>	<u>593,781</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.48</u>	<u>0.50</u>

Notes:

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



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

	Notes	PERIOD-TO-DATE	
		30.6.2018 RM'000	30.6.2017 RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		14,278	37,049
Adjustment for:			
Non-cash items		19,268	10,654
<b>Operating profit before changes in working capital</b>		<b>33,546</b>	<b>47,703</b>
Net changes in current assets		<b>(22,934)</b>	(28,321)
Net changes in current liabilities		<b>(1,325)</b>	12,928
Cash generated from operations		<b>9,287</b>	32,310
Tax paid		<b>(5,688)</b>	(13,199)
<b>Net cash from operating activities</b>		<b>3,599</b>	19,111
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of:			
- Property, plant and equipment		<b>(28,289)</b>	(24,391)
- Subsidiaries, net cash and cash equivalents, acquired		-	4,120
- Intangible asset		<b>(94)</b>	(35,488)
Proceed from disposal of property, plant and equipment		<b>119</b>	74
Increase in ownership interests in a subsidiary		<b>(7,642)</b>	-
Interest received		<b>1,480</b>	2,737
<b>Net cash used in investing activities</b>		<b>(34,426)</b>	(52,948)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Dividend paid to owners of the Company		<b>(10,024)</b>	(20,048)
Net drawdown/(repayment) of borrowings and interest paid		<b>3,439</b>	(6,169)
(Increase)/ Decrease placement in fixed deposits pledged to licensed banks		<b>(353)</b>	232
<b>Net cash used in financing activities</b>		<b>(6,938)</b>	(25,985)
Effect of exchange rate fluctuations on cash held		<b>(265)</b>	883
<b>Net changes in cash and cash equivalents</b>		<b>(38,030)</b>	(58,939)
Cash and cash equivalents at beginning of the period		<b>84,379</b>	143,318
<b>Cash and cash equivalents at end of the period</b>		<b>46,349</b>	84,379

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

**Cash and cash equivalents**

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

	PERIOD-TO-DATE	
	30.6.2018	30.6.2017
	RM'000	RM'000
Cash and bank balances	18,534	35,594
Deposits with licensed banks	1,067	705
Deposit with other corporation	28,621	48,785
	48,222	85,084
Less: Fixed deposit pledged	(1,058)	(705)
Bank Overdraft	(815)	-
	46,349	84,379

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, 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

#### **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

## 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:-

<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.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**A7. Segmental information (continued)**

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b><u>12 months ended 30.6.2018</u></b>					
<u>Revenue</u>					
External revenue	375,452	26,347	6,215	-	408,014
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>375,452</u>	<u>26,347</u>	<u>6,215</u>	<u>-</u>	<u>408,014</u>
<u>Results</u>					
Segment profit	11,576	4,132	259	-	15,967
Interest income					64
Finance cost					(1,251)
Unallocated amounts					(502)
Profit before tax					<u>14,278</u>
Tax expense					(4,090)
Profit after tax					<u>10,188</u>
<u>Total Assets</u>					
Reportable segment assets	527,763	24,911	2,130	-	554,804
Unallocated assets					29,790
Total Assets					<u>584,594</u>
<b><u>12 months ended 30.6.2017</u></b>					
<u>Revenue</u>					
External revenue	328,467	27,255	5,730	-	361,452
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>328,467</u>	<u>27,255</u>	<u>5,730</u>	<u>-</u>	<u>361,452</u>
<u>Results</u>					
Segment profit	32,588	5,837	901	-	39,326
Interest income					84
Finance cost					(1,190)
Unallocated amounts					(1,171)
Profit before tax					<u>37,049</u>
Tax expense					(8,243)
Profit after tax					<u>28,806</u>
<u>Total Assets</u>					
Reportable segment assets	515,492	20,399	2,566	-	538,457
Unallocated assets					55,324
Total Assets					<u>593,781</u>

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**A7. Segmental information (continued)**

**Geographical Segments**

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

	PERIOD-TO-DATE	
	30.6.2018	30.6.2017
	RM'000	RM'000
Asia	119,517	92,776
Africa	95,969	89,553
Americas	119,642	104,932
Europe	72,886	74,191
	<b>408,014</b>	<b>361,452</b>

**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.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**B1. Performance review**

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.6.2018 RM'000	30.6.2017 RM'000	Variance		30.6.2018 RM'000	30.6.2017 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	93,416	91,633	1,783	1.9	408,014	361,452	46,562	12.9
Result from operating activities	2,916	3,693	(777)	(21.0)	14,049	35,502	(21,453)	(60.4)
Profit before tax	2,774	3,800	(1,026)	(27.0)	14,278	37,049	(22,771)	(61.5)
Profit after tax	1,605	3,008	(1,403)	(46.6)	10,188	28,806	(18,618)	(64.6)
Profit attributable to owners of the Company	1,455	2,900	(1,445)	(49.8)	10,103	27,946	(17,843)	(63.8)

For the fourth quarter ended 30 June 2018 (4QFY2018), revenue grew by 1.9% to RM93.4 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 2.1% to RM85.8 million for the current quarter as compared to the same period a year ago, mainly backed by higher sales from the commercial market. Result from operating activities were however negatively affected as rising production costs outpaced the adjustment in selling prices to our customers.

During the quarter, the Malaysian Ringgit weakened slightly against the United States Dollar, resulting in a net foreign exchange gain of RM0.3 million as compared to a net foreign exchange loss of RM0.6 million during the same period a year ago. In spite of this, higher production costs meant that profit before tax, profit after tax and profit attributable to owners of the Company were lower in comparison to corresponding period during the previous year.

For the twelve months period under review (12MFY2018), revenue grew by 12.9% to RM408.0 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 14.3% during the 12MFY2018 to RM375.5 million through condom and lubricating jelly sales volume growth in comparison to the corresponding period in the preceding year. Sales from the tender and commercial markets have expanded by 13.7% and 13.6% respectively, reflecting the successful capture of new business in Asia and Americas regions. Own brand sales maintained an encouraging growth trajectory in line with our recent strategies to expand the market share presence of our own brand products.

Results from operations for the 12MFY2018 were lower due to a less favourable economic climate during the year as well as higher distribution and administrative expenses. 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			
	30.6.2018 RM'000	31.3.2018 RM'000	Variance	
			RM'000	%
Revenue	93,416	96,490	(3,074)	(3.2)
Result from operating activities	2,916	2,116	800	(37.2)
Profit before tax	2,774	2,172	602	(27.1)
Profit after tax	1,605	1,077	528	(47.8)
Profit attributable to owners of the Company	1,455	1,268	187	(21.4)

Revenue in 4QFY2018 remained stable at RM93.4 million as compared to the previous quarter. Although gross profit margins were held back at 25.3% by a less favourable product mix, profit before tax, profit after tax and profit attributable to owners of the Company were improved during the quarter. Distribution and administration expenses remained within control, whilst net foreign exchange gain for the quarter was RM0.3 million as compared to a loss of RM1.3 million in the previous quarter.

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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**

**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 the turbulence in the economic environment that has persisted in recent months. The rising cost of production coupled with 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.

**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	
	30.6.2018 RM'000	30.6.2017 RM'000	30.6.2018 RM'000	30.6.2017 RM'000
Current tax expenses				
- Current period	1,474	710	4,696	8,020
- Prior period	-	638	318	638
	<b>1,474</b>	1,348	<b>5,014</b>	8,658
Deferred taxation:				
- Origination and reversal of temporary differences	(465)	(532)	(1,083)	(391)
- Under/(Over) provision for prior year	160	(24)	159	(24)
	<b>(305)</b>	(556)	<b>(924)</b>	(415)
	<b>1,169</b>	792	<b>4,090</b>	8,243

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.

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**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	30.6.2018		30.6.2017	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
<b>Non-current</b>					
Term Loan	RM	N/A	1,924	N/A	2,158
	Thai Baht <sup>(1)</sup>	18,302	2,231	39,925	5,043
	USD <sup>(1)</sup>	1,398	5,650	760	3,263
			9,805		10,464
Hire Purchase	RM	N/A	768		744
			10,573		11,208
<b>Current</b>					
Term Loan	RM	N/A	674	N/A	974
	Thai Baht <sup>(1)</sup>	21,600	2,633	33,481	4,232
	USD <sup>(1)</sup>	391	1,578	280	1,202
			4,885		6,408
Hire Purchase	RM		403		655
Banker acceptance	Thai Baht <sup>(1)</sup>	57,219	6,975	25,055	3,167
	USD <sup>(1)</sup>	1,035	4,180	-	-
Bank Overdraft	RM		43		-
	Thai Baht	6,333	772	-	-
			17,258		10,230
<b>Total</b>					
Term Loan	RM	N/A	2,598	N/A	3,132
	Thai Baht <sup>(1)</sup>	39,902	4,864	73,406	9,275
	USD <sup>(1)</sup>	1,789	7,228	1,040	4,465
			14,690		16,872
Hire Purchase	RM	N/A	1,171	N/A	1,399
Banker acceptance	Thai Baht <sup>(1)</sup>	57,219	6,975	25,055	3,167
	USD <sup>(1)</sup>	1,035	4,180	-	-
Bank Overdraft	RM		43		-
	Thai Baht	6,333	772	-	-
			27,831		21,438
	100 Thai Baht to 1 RM		12.19		12.64
	1 USD to 1 RM		4.04		4.29

Notes:

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

Additional term loan of USD 1.13 million 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

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

Interim financial report for the fourth quarter ended 30 June 2018

(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	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
Profit attributable to ordinary shareholders of the Company (RM'000)	<b>1,455</b>	2,900	<b>10,103</b>	27,946
Weighted average number of ordinary shares ('in million)	<b>1,002</b>	1,002	<b>1,002</b>	1,002
Basic EPS (sen)	<b>0.15</b>	0.29	<b>1.01</b>	2.79

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	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	<b>292</b>	498	<b>1,480</b>	2,737
(b) Other income including investment income	-	-	-	-
(c) Interest expense	<b>(434)</b>	(391)	<b>(1,251)</b>	(1,190)
(d) Depreciation and amortization	<b>(3,726)</b>	(3,337)	<b>(14,036)</b>	(11,538)
(e) Impairment loss on receivables	<b>(239)</b>	(264)	<b>(330)</b>	(538)
(f) Provision for and write off of inventories	<b>(465)</b>	(947)	<b>(3,825)</b>	(973)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/ (loss)	<b>3,711</b>	(1,284)	<b>(328)</b>	1,997
(j) (Loss)/ Gain on derivatives	<b>(3,396)</b>	678	<b>(1,526)</b>	347
(k) Rental expenses	<b>(1,009)</b>	(683)	<b>(3,793)</b>	(3,273)
(l) Exceptional items	-	-	-	-

**KAREX BERHAD (1018579-U)**  
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Interim financial report for the fourth quarter ended 30 June 2018

(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**

	<b>AS AT 30.6.2018 RM'000</b>	<b>AS AT 30.6.2017 RM'000</b>
Total retained earnings of the Company and subsidiary companies:		
- Realised	<b>258,159</b>	263,211
- Unrealised	<b>(4,259)</b>	(3,119)
	<b>253,900</b>	260,092
Consolidated adjustments	<b>(120,416)</b>	(119,552)
Total retained earnings	<b>133,484</b>	140,540

By order of the Board  
27 Aug 2018