



**Interim Financial Report for the
Second Quarter Ended
31 December 2018**

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

Interim financial report for the second quarter ended 31 December 2018
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue		113,550	110,517	205,708	218,108
Cost of goods sold		(89,223)	(81,013)	(156,677)	(160,564)
Gross profit		24,327	29,504	49,031	57,544
Other income		386	238	543	334
Distribution expenses		(10,019)	(13,687)	(20,310)	(26,234)
Administrative expenses		(12,548)	(11,179)	(24,378)	(21,730)
Other expenses		(158)	(868)	(499)	(897)
Result from operating activities		1,988	4,008	4,387	9,017
Interest income		267	456	552	874
Finance costs		(385)	(318)	(681)	(559)
Net finance (expense)/ income		(118)	138	(129)	315
Profit before tax		1,870	4,146	4,258	9,332
Tax expense	B6	(397)	(823)	(1,012)	(1,826)
Profit for the period	B13	1,473	3,323	3,246	7,506
Profit for the period attributable to:					
Owners of the Company		1,396	3,167	3,374	7,380
Non-controlling interests		77	156	(128)	126
Profit for the period		1,473	3,323	3,246	7,506
Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	0.14	0.32	0.34	0.74
- Diluted	B11	0.14	0.32	0.34	0.74

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.

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Profit for the period		1,473	3,323	3,246	7,506
Other comprehensive (expense)/ income, net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(316)	(2,241)	5,322	(2,583)
Total comprehensive income for the period		1,157	1,082	8,568	4,923
Total comprehensive income attributable to:					
Owners of the Company		1,083	992	8,676	4,886
Non-controlling interests		74	90	(108)	37
Total comprehensive income for the period		1,157	1,082	8,568	4,923

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	AS AT 31.12.2018 RM'000	AS AT 30.6.2018 RM'000 Restated ⁽²⁾
Assets			
Property, plant and equipment		214,784	210,643
Intangible assets		96,039	95,221
Deferred tax assets		651	841
Total non-current assets		311,474	306,705
Inventories		119,431	119,318
Trade and other receivables		105,232	101,464
Tax recoverable		9,797	8,980
Cash and cash equivalents		42,104	48,222
Total current assets		276,564	277,984
Total assets		588,038	584,689
Equity			
Share capital		281,980	281,980
Reserves		205,194	201,530
Total equity attributable to owners of the Company		487,174	483,510
Non-controlling interest		922	1,030
Total equity		488,096	484,540
Liabilities			
Loan and borrowings	B8	13,539	10,573
Deferred tax liabilities		8,475	8,327
Total non-current liabilities		22,014	18,900
Trade and other payables		53,101	61,053
Loan and borrowings	B8	23,972	17,258
Derivative financial liabilities		840	1,541
Taxation		15	1,397
Total current liabilities		77,928	81,249
Total liabilities		99,942	100,149
Total equity and liabilities		588,038	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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →							
	← Non-distributable →				Distributable		Non-	
	Share capital 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
31 December 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 income for the period	-	-	5,302	-	-	5,302	20	5,322
Profit for the period	-	-	-	-	3,374	3,374	(128)	3,246
Total comprehensive income/ (expense) for the period	-	-	5,302	-	3,374	8,676	(108)	8,568
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/ Total transactions with owners of the Company	-	-	-	-	(5,012)	(5,012)	-	(5,012)
At 31 December 2018	281,980	63,511	8,955	718	132,010	487,174	922	488,096
31 December 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	-	-	(2,494)	-	-	(2,494)	(89)	(2,583)
Profit for the period	-	-	-	-	7,380	7,380	126	7,506
Total comprehensive (expense) income for the period	-	-	(2,494)	-	7,380	4,886	37	4,923
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/ Total transactions with owners of the Company	-	-	-	-	(10,024)	(10,024)	-	(10,024)
At 31 December 2017	281,980	63,511	7,401	718	137,896	491,506	1,536	493,042

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	31.12.2018 RM'000	31.12.2017 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	4,258	9,332
Adjustment for:		
Non-cash items	8,410	7,831
Operating profit before changes in working capital	12,668	17,163
Net changes in current assets	(4,854)	(16,003)
Net changes in current liabilities	(7,748)	(4,997)
Cash generated/ (used in) from operations	66	(3,837)
Tax paid	(2,873)	(4,619)
Net cash used in operating activities	(2,807)	(8,456)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(8,925)	(13,835)
- Intangible asset	(166)	-
Proceed from disposal of property, plant and equipment	1,213	155
Interest received	552	874
Net cash used in investing activities	(7,326)	(12,806)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividend paid to owners of the Company	(5,012)	(10,024)
Net drawdown of borrowings and interest paid	9,829	6,920
Increase placement in fixed deposits pledged to licensed banks	(450)	(29)
Net cash from/ (used in) financing activities	4,367	(3,133)
Effect of exchange rate fluctuations on cash held	28	(479)
Net changes in cash and cash equivalents	(5,738)	(24,874)
Cash and cash equivalents at beginning of the period	46,334	84,379
Cash and cash equivalents at end of the period	40,596	59,505

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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	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash and bank balances	20,171	22,218
Deposits with licensed banks	1,508	734
Deposits with other corporations	20,425	37,287
	42,104	60,239
Less: Fixed deposits pledged	(1,508)	(734)
	<u>40,596</u>	<u>59,505</u>

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.

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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 unchanged.

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.

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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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3, Business Combinations

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 101, Presentation of Financial Statements

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.

A2. Comments about seasonal or cyclical factors

The Group's performance is not affected by any material seasonal or cyclical factors.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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 0.5 sen per ordinary share totalling RM 5,011,875 in respect of the financial year ended 30 June 2018 on 20 December 2018.

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:-

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

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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>6 months ended 31.12.2018</u>					
<u>Revenue</u>					
External revenue	187,838	15,083	2,787	-	205,708
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>187,838</u>	<u>15,083</u>	<u>2,787</u>	<u>-</u>	<u>205,708</u>
<u>Results</u>					
Segment profit/ (loss)	3,408	1,799	(51)	-	5,156
Interest income					13
Finance cost					(681)
Unallocated amounts					(230)
Profit before tax					<u>4,258</u>
Tax expense					(1,012)
Profit after tax					<u>3,246</u>
<u>Total Assets</u>					
Reportable segment assets	535,215	27,273	3,695	-	566,183
Unallocated assets					21,855
Total Assets					<u>588,038</u>
<u>6 months ended 31.12.2017</u>					
<u>Revenue</u>					
External revenue	201,866	13,296	2,946	-	218,108
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>201,866</u>	<u>13,296</u>	<u>2,946</u>	<u>-</u>	<u>218,108</u>
<u>Results</u>					
Segment profit	8,026	2,285	95	-	10,406
Interest income					19
Finance cost					(559)
Unallocated amounts					(534)
Profit before tax					9,332
Tax expense					(1,826)
Profit after tax					<u>7,506</u>
<u>Total Assets</u>					
Reportable segment assets	521,701	22,986	1,689	-	546,376
Unallocated assets					38,325
Total Assets					<u>584,701</u>

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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	
	31.12.2018	31.12.2017
	RM'000	RM'000
Asia	62,029	62,406
Africa	54,184	53,876
Americas	58,592	65,066
Europe	30,903	36,760
	205,708	218,108

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.

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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.12.2018	31.12.2017	Variance		31.12.2018	31.12.2017	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	113,550	110,517	3,033	2.7	205,708	218,108	(12,400)	(5.7)
Result from operating activities	1,988	4,008	(2,020)	(50.4)	4,387	9,017	(4,630)	(51.3)
Profit before tax	1,870	4,146	(2,276)	(54.9)	4,258	9,332	(5,074)	(54.4)
Profit after tax	1,473	3,323	(1,850)	(55.7)	3,246	7,506	(4,260)	(56.8)
Profit attributable to owners of the Company	<u>1,396</u>	<u>3,167</u>	<u>(1,771)</u>	<u>(55.9)</u>	<u>3,374</u>	<u>7,380</u>	<u>(4,006)</u>	<u>(54.3)</u>

For the second quarter ended 31 December 2018 (2QFY2019), revenue grew by 2.7% in comparison to the quarter in the preceding year to a record high total of RM113.6 million surpassing the previous quarterly revenue record in previous year, primarily contributed by higher sales from Sexual Wellness.

Sales contributed by Sexual Wellness segment grew by 1.7% to RM104.5 million mainly due to more tender orders being shipped out in 2QFY2019. In comparison to the corresponding period a year ago, results from operations were lowered by a less favourable sales mix leading to a lower profit before tax, profit after tax and profit attributable to owners of the Company.

For the six months period under review (6MFY2019), revenue lowered by 5.7% to RM205.7 million due to lower contribution from Sexual Wellness. Results from operations for the 6MFY2019 were held back by a less favorable sales mix. Profit after tax and profit attributable to owners of the Company have correspondingly decreased.

B2. Variance of results for the current quarter ended 31 December 2018 against the immediate preceding quarter

	3 MONTHS ENDED			
	31.12.2018	30.9.2018	Variance	
	RM'000	RM'000	RM'000	%
Revenue	113,550	92,158	21,392	23.2
Result from operating activities	1,988	2,399	(411)	(17.1)
Profit before tax	1,870	2,388	(518)	(21.7)
Profit after tax	1,473	1,773	(300)	(16.9)
Profit attributable to owners of the Company	<u>1,396</u>	<u>1,978</u>	<u>(582)</u>	<u>(29.4)</u>

Revenue in 2QFY2019 expanded by 23.2% to RM113.6 million in comparison with previous quarter. Sales contributed by Sexual Wellness segment grew by 25.4% to RM104.5 million mainly due to more tender orders being shipped out in 2QFY2019 including some that were delayed in the preceding quarter. While distribution and administration expenses remained within control, result from operating activities and profit before tax were impacted by a less favourable sales mix. However, profit after tax stood firm at RM1.5 million due to a lower effective tax rate.

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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 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.

B4. Statement of the Board of Directors' opinion on achievement of forecast or target

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

B5. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

B6. Tax expense

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current period	563	1,401	1,263	3,160
Deferred taxation:				
- Origination and reversal of temporary differences	(166)	(578)	(251)	(1,334)
	397	823	1,012	1,826

The Group has an effective tax rate which is lower than statutory tax rate mainly due to profit generated by foreign subsidiaries with lower tax rates for the current quarter.

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 are as follows :

	Denominated in	31.12.2018		31.12.2017	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	1,818	N/A	2,024
	Thai Baht ⁽¹⁾	18,311	2,342	29,332	3,643
	USD ⁽¹⁾	2,153	8,911	620	2,510
			13,071		8,177
Hire Purchase	RM	N/A	468	N/A	965
			13,539		9,142
Current					
Term Loan	RM	N/A	2,722	N/A	341
	Thai Baht ⁽¹⁾	12,604	1,612	24,589	3,054
	USD ⁽¹⁾	404	1,673	292	1,182
			6,007		4,577
Hire Purchase	RM		431		490
Banker acceptance	Thai Baht ⁽¹⁾	107,834	13,792	118,422	14,708
Trust Receipt	USD	115	476	-	-
Export Financing	USD	314	1,301	-	-
Revolving Credit	USD	475	1,965	-	-
			23,972		19,775
Total					
Term Loan	RM	N/A	4,540	N/A	2,365
	Thai Baht ⁽¹⁾	30,915	3,954	53,921	6,697
	USD ⁽¹⁾	2,557	10,584	912	3,692
			19,078		12,754
Hire Purchase	RM	N/A	899	N/A	1,455
Banker acceptance	Thai Baht ⁽¹⁾	107,834	13,792	118,422	14,708
Trust Receipt	USD	115	476	-	-
Export Financing	USD	314	1,301	-	-
Revolving Credit	USD	475	1,965	-	-
			37,511		28,917
	100 Thai Baht to RM		12.79		12.42
	1 USD to RM		4.14		4.05

Notes:

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

Additional term loan of USD 0.93 million was drawdown during the period. Loans 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 second quarter ended 31 December 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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit attributable to ordinary shareholders of the Company (RM'000)	1,396	3,167	3,374	7,380
Weighted average number of ordinary shares ('in million)	1,002	1,002	1,002	1,002
Basic EPS (sen)	0.14	0.32	0.34	0.74

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	267	456	552	874
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(385)	(318)	(681)	(559)
(d) Depreciation and amortization	(3,919)	(3,524)	(7,738)	(7,002)
(e) Impairment loss on receivables	(93)	(40)	(135)	(46)
(f) Provision for and write off of inventories	(552)	(269)	(911)	(295)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/ (loss)	(1,391)	(1,624)	(242)	(1,978)
(j) (Loss)/ Gain on derivatives	1,633	836	187	1,149
(k) Rental expenses	(1,051)	(813)	(2,082)	(1,808)
(l) Exceptional items	-	-	-	-

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

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(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 31.12.2018 RM'000	AS AT 30.6.2018 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	254,120	258,323
- Unrealised	(2,857)	(4,259)
	251,263	254,064
Consolidated adjustments	(119,253)	(120,416)
Total retained earnings	132,010	133,648

By order of the Board
25 Feb 2019