



**Interim Financial Report for the
Fourth Quarter Ended
30 June 2019**

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

Interim financial report for the fourth quarter ended 30 June 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Revenue		89,100	93,416	379,924	408,014
Cost of goods sold		(69,852)	(69,774)	(290,736)	(300,882)
Gross profit		19,248	23,642	89,188	107,132
Other income		1,223	407	2,067	951
Distribution expenses		(7,778)	(8,959)	(36,590)	(46,050)
Administrative expenses		(12,344)	(11,441)	(49,315)	(44,926)
Other expenses		(234)	(733)	(1,140)	(3,058)
Result from operating activities		115	2,916	4,210	14,049
Interest income		249	292	1,018	1,480
Finance costs		(301)	(434)	(1,424)	(1,251)
Net finance (expense)/ income		(52)	(142)	(406)	229
Profit before tax		63	2,774	3,804	14,278
Tax expense	B6	(504)	(1,169)	(747)	(4,090)
(Loss)/ Profit for the period	B13	(441)	1,605	3,057	10,188
(Loss)/ Profit for the period attributable to:					
Owners of the Company		(1,006)	1,455	2,533	10,103
Non-controlling interests		565	150	524	85
(Loss)/ Profit for the period		(441)	1,605	3,057	10,188
(Loss)/ Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	(0.10)	0.15	0.25	1.01
- Diluted	B11	(0.10)	0.15	0.25	1.01

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	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
(Loss)/ Profit for the period		(441)	1,605	3,057	10,188
Other comprehensive income/ (expense), net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		5,046	(1,344)	10,393	(6,362)
Total comprehensive income for the period		4,605	261	13,450	3,826
Total comprehensive income attributable to:					
Owners of the Company		4,034	72	12,904	3,861
Non-controlling interests		571	189	546	(35)
Total comprehensive income for the period		4,605	261	13,450	3,826

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⁾

	<u>Note</u>	AS AT 30.6.2019 RM'000	AS AT 30.6.2018 RM'000 Restated ⁽²⁾
Assets			
Property, plant and equipment		220,735	210,643
Intangible assets		96,562	95,221
Deferred tax assets		1,725	841
Total non-current assets		319,022	306,705
Inventories		119,628	119,318
Trade and other receivables		82,974	101,094
Derivatives financial assets		50	-
Tax recoverable		9,837	8,980
Cash and cash equivalents		63,635	48,222
Total current assets		276,124	277,614
Total assets		595,146	584,319
Equity			
Share capital		281,980	281,980
Reserves		209,052	201,160
Total equity attributable to owners of the Company		491,032	483,140
Non-controlling interest		1,576	1,030
Total equity		492,608	484,170
Liabilities			
Loan and borrowings	B8	9,056	10,573
Deferred tax liabilities		8,064	8,327
Total non-current liabilities		17,120	18,900
Trade and other payables		60,339	61,053
Loan and borrowings	B8	24,612	17,258
Derivative financial liabilities		53	1,541
Taxation		414	1,397
Total current liabilities		85,418	81,249
Total liabilities		102,538	100,149
Total equity and liabilities		595,146	584,319
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 →					Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
30 June 2019								
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 9	-	-	-	-	(332)	(332)	-	(332)
Effect of adopting MFRS 15	-	-	-	-	126	126	-	126
At 1 July 2018, restated	281,980	63,511	3,653	718	133,278	483,140	1,030	484,170
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	-	-	10,371	-	-	10,371	22	10,393
Profit for the period	-	-	-	-	2,533	2,533	524	3,057
Total comprehensive income/ for the period	-	-	10,371	-	2,533	12,904	546	13,450
<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 30 June 2019	281,980	63,511	14,024	718	130,799	491,032	1,576	492,608
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 expense for the period	-	-	(6,242)	-	-	(6,242)	(120)	(6,362)
Profit for the period	-	-	-	-	10,103	10,103	85	10,188
Total comprehensive (expense)/ income for the period	-	-	(6,242)	-	10,103	3,861	(35)	3,826
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/ Increase in ownership interests in a subsidiary Total transactions with owners of the Company	-	-	-	-	(10,024)	(10,024)	-	(10,024)
	-	-	-	-	(7,135)	(7,135)	(434)	(7,569)
	-	-	-	-	(17,159)	(17,159)	(434)	(17,593)
At 30 June 2018	281,980	63,511	3,653	718	133,484	483,346	1,030	484,376

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	
	30.6.2019 RM'000	30.6.2018 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	3,804	14,278
Adjustment for:		
Non-cash items	14,910	19,197
Operating profit before changes in working capital	18,714	33,475
Net changes in current assets	20,636	(22,978)
Net changes in current liabilities	(1,533)	(1,516)
Cash generated from operations	37,817	8,981
Tax paid	(3,734)	(5,688)
Net cash from operating activities	34,083	3,293
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(20,214)	(28,200)
- Intangible asset	(664)	(277)
Increase in ownership interests in a subsidiary	-	(7,569)
Proceed from disposal of property, plant and equipment	1,551	74
Interest received	1,018	1,480
Net cash used in investing activities	(18,309)	(34,492)
<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	5,243	3,796
Increase placement in fixed deposits pledged to licensed banks	(334)	(353)
Net cash used in financing activities	(103)	(6,581)
Effect of exchange rate fluctuations on cash held	238	(265)
Net changes in cash and cash equivalents	15,909	(38,045)
Cash and cash equivalents at beginning of the period	46,334	84,379
Cash and cash equivalents at end of the period	62,243	46,334

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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	
	30.6.2019 RM'000	30.6.2018 RM'000
Cash and bank balances	41,434	18,543
Deposits with licensed banks	1,392	1,058
Deposits with other corporations	20,809	28,621
	63,635	48,222
Less: Fixed deposits pledged	(1,392)	(1,058)
Bank Overdraft	-	(830)
	62,243	46,334

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 had resulted an opening adjustment to retained earnings by RM332,000.

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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. Based on the assessments, the adoption of MFRS 15 had resulted an opening adjustment to retained earnings by RM126,000.

The Group adopted these new standards on the required effective date using retrospective approach. The initial application of MFRS 15 and MFRS 9 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	101,094
Deferred tax liabilities	8,275	8,327
Retained earnings	133,484	133,278

As at the date of authorisation of these interim financial statements, the Group has not adopted the following revised MFRSs, Interpretations and amendments which have been issued but not yet effective as stated below:-

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

MFRS 16, Leases

IC Interpretation 23, Uncertainty over Income Tax Treatments

Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation

Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement

Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

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

Amendments to MFRS 3, Business Combinations – Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

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.

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 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.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating 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.

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>12 months ended 30.6.2019</u>					
<u>Revenue</u>					
External revenue	345,866	27,899	6,159	-	379,924
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>345,866</u>	<u>27,899</u>	<u>6,159</u>	<u>-</u>	<u>379,924</u>
<u>Results</u>					
Segment profit	2,532	2,973	239	-	5,744
Interest income					97
Finance cost					(1,307)
Unallocated amounts					(730)
Profit before tax					<u>3,804</u>
Tax expense					(747)
Profit after tax					<u>3,057</u>
<u>Total Assets</u>					
Reportable segment assets	539,079	28,979	3,802	-	571,860
Unallocated assets					23,286
Total Assets					<u>595,146</u>
<u>12 months ended 30.6.2018</u>					
<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	11,581	4,127	259	-	15,967
Interest income					64
Finance cost					(1,114)
Unallocated amounts					(639)
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	527,623	24,897	2,130	-	554,650
Unallocated assets					29,669
Total Assets					<u>584,319</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	
	30.6.2019	30.6.2018
	RM'000	RM'000
Asia	112,090	119,517
Africa	93,186	95,969
Americas	110,023	119,642
Europe	64,625	72,886
	379,924	408,014

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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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			
	30.6.2019 RM'000	30.6.2018 RM'000	Variance		30.6.2019 RM'000	30.6.2018 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	89,100	93,416	(4,316)	(4.6)	379,924	408,014	(28,090)	(6.9)
Result from operating activities	115	2,916	(2,801)	(96.1)	4,210	14,049	(9,839)	(70.0)
Profit before tax	63	2,774	(2,711)	(97.7)	3,804	14,278	(10,474)	(73.4)
(Loss)/ Profit after tax	(441)	1,605	(2,046)	(127.5)	3,057	10,188	(7,131)	(70.0)
(Loss)/ Profit attributable to owners of the Company	(1,006)	1,455	(2,461)	(169.1)	2,533	10,103	(7,570)	(74.9)

For the fourth quarter ended 30 June 2019 ("4QFY2019"), revenue decreased by 4.6% in comparison to the quarter in the preceding year. Contribution from Sexual Wellness segment in particular decreased by 6.0% due to lower condom sales from the sluggish tender market environment.

Profitability during current quarter was pressured down by higher raw material prices as well as initiation of payment for social compliance costs resulting in a profit before tax of RM 63,000. Following the taxation on profitable subsidiaries, a loss after tax for the quarter is reported at RM 0.6 million.

For the twelfth months period under review ("12MFY2019"), revenue decreased by 6.9% to RM379.9 million in comparison to the preceding year predominantly due lower sales from the Sexual Wellness segment. Results from operations, and profitability values were also correspondingly lower.

B2. Variance of results for the current quarter ended 30 June 2019 against the immediate preceding quarter

	3 MONTHS ENDED			
	30.6.2019 RM'000	31.3.2019 RM'000	Variance	
			RM'000	%
Revenue	89,100	85,116	3,984	4.7
Result from operating activities	115	(292)	407	(139.4)
Profit/ (Loss) before tax	63	(517)	580	(112.2)
(Loss)/ Profit after tax	(441)	252	(693)	(275.0)
(Loss)/ Profit attributable to owners of the Company	(1,006)	165	(1,171)	(709.7)

Compared to the previous quarter, revenue in 4QFY2019 increased by 4.7% to RM89.1 million supported by a record own brand sales total within Sexual Wellness segment. Higher raw material prices as well as the initiation of payments for social compliance costs negatively impacted profitability within the quarter

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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")

The global condom industry is expected to remain challenging with shifting trends in condom purchasing patterns and uncertainty surrounding humanitarian aid budgets around the world. Erratic raw material prices as well as the rising cost of social compliance are major factors that are expected to challenge condom manufacturers around the world. In spite of this, the Group remains confident in our ability to take advantage of opportunities presented by these challenges and remain optimistic that the long-term prospects of the industry remain intact. We intend to achieve growth through our continued commitment to our strategies by leveraging on our cost advantages via the implementation of automation, as well as persisting with the investment into our branded segment to enable us to capture a greater share of the value within the industry.

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	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current period	1,071	1,476	2,330	4,696
- Prior period	145	-	(537)	318
	1,216	1,476	1,793	5,014
Deferred taxation:				
- Origination and reversal of temporary differences	(650)	(465)	(1,012)	(1,083)
- Under/(Over) provision for prior year	(62)	158	(34)	159
	(712)	(307)	(1,046)	(924)
	504	1,169	747	4,090

The Group effective tax rate for the current quarter and period-to-date are 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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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

B8. Loans and borrowings (secured)

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

	Denominated in	30.6.2019		30.6.2018	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	1,691	N/A	1,924
	Thai Baht ⁽¹⁾	N/A	-	18,302	2,231
	USD ⁽¹⁾	1,655	6,834	1,398	5,650
			8,525		9,805
Hire Purchase	RM	N/A	531	N/A	768
			9,056		10,573
Current					
Term Loan	RM	N/A	221	N/A	245
	Thai Baht ⁽¹⁾	18,672	2,517	21,600	2,633
	USD ⁽¹⁾	1,040	4,296	391	1,578
			7,034		4,456
Hire Purchase	RM	N/A	276	N/A	403
	Banker acceptance	Thai Baht ⁽¹⁾	101,632	13,700	57,219
	USD ⁽¹⁾	-	-	1,137	4,594
Trust Receipt	USD ⁽¹⁾	115	475	-	-
Export Financing	USD ⁽¹⁾	196	812	-	-
Revolving Credit	USD ⁽¹⁾	474	1,963	-	-
Multi Currency Trade Loan	GBP ⁽¹⁾	67	352	-	-
Bank Overdraft	RM	N/A	-	N/A	58
	Thai Baht ⁽¹⁾	-	-	6,333	772
			24,612		17,258
Total					
Term Loan	RM	N/A	1,912	N/A	2,169
	Thai Baht ⁽¹⁾	18,672	2,517	39,902	4,864
	USD ⁽¹⁾	2,695	11,130	1,789	7,228
			15,559		14,261
Hire Purchase	RM	N/A	807	N/A	1,171
	Banker acceptance	Thai Baht ⁽¹⁾	101,632	13,700	57,219
	USD ⁽¹⁾	-	-	1,137	4,594
Trust Receipt	USD ⁽¹⁾	115	475	-	-
Export Financing	USD ⁽¹⁾	196	812	-	-
Revolving Credit	USD ⁽¹⁾	474	1,963	-	-
Multi Currency Trade Loan	GBP ⁽¹⁾	67	352	-	-
Bank Overdraft	RM	N/A	-	N/A	58
	Thai Baht ⁽¹⁾	-	-	6,333	772
			33,668		27,831
	100 Thai Baht to RM		13.48		12.19
	1 USD to RM		4.13		4.04
	1 GBP to RM		5.25		5.32

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.

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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

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.

B11. (Loss)/ Earnings per share ("EPS")

Basic EPS is calculated by dividing the (loss)/ 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	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
(Loss)/ Profit attributable to ordinary shareholders of the Company (RM'000)	<u>(1,006)</u>	1,455	<u>2,533</u>	10,103
Weighted average number of ordinary shares ('in million)	<u>1,002</u>	1,002	<u>1,002</u>	1,002
Basic EPS (sen)	<u>(0.10)</u>	0.15	<u>0.25</u>	1.01

The basic EPS and the diluted EPS are the same for the period as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

B12. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Company and its subsidiaries for the financial year ended 30 June 2018 were not qualified.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	249	292	1,018	1,480
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(301)	(434)	(1,424)	(1,251)
(d) Depreciation and amortization	(4,445)	(3,705)	(15,813)	(14,015)
(e) Impairment loss on receivables	(57)	(239)	(177)	(330)
(f) Provision for and write off of inventories	(142)	(1,192)	(312)	(3,552)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/ (loss)	2,133	3,767	825	(272)
(j) (Loss)/ Gain on derivatives	(1,055)	(3,411)	23	(1,541)
(k) Rental expenses	(1,122)	(1,009)	(4,336)	(3,793)
(l) Exceptional items	-	-	-	-

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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 30.6.2019 RM'000	AS AT 30.6.2018 RM'000 Restated
Total retained earnings of the Company and subsidiary companies:		
- Realised	249,773	257,953
- Unrealised	(377)	(4,259)
	249,396	253,694
Consolidated adjustments	(118,597)	(120,416)
Total retained earnings	130,799	133,278

By order of the Board
28 Aug 2019