



# **KAREX BERHAD**

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(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

## **Interim Financial Report for the Second Quarter Ended 31 December 2021**

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# KAREX BERHAD

201201034091 (1018579-U)  
(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2021

(The figures have not been audited)

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

|  | 3 MONTHS ENDED |                      | PERIOD-TO-DATE       |                      |                      |
|--|----------------|----------------------|----------------------|----------------------|----------------------|
|  | Note           | 31.12.2021<br>RM'000 | 31.12.2020<br>RM'000 | 31.12.2021<br>RM'000 | 31.12.2020<br>RM'000 |
| <b>Revenue</b>   |                | <b>103,511</b>       | 115,751              | <b>199,495</b>       | 217,484              |
| Cost of goods sold   |                | <b>(81,050)</b>      | (88,111)             | <b>(152,132)</b>     | (161,453)            |
| <b>Gross profit</b>  |                | <b>22,461</b>        | 27,640               | <b>47,363</b>        | 56,031               |
| Other income   |                | <b>587</b>           | 596                  | <b>1,002</b>         | 1,209                |
| Distribution expenses  |                | <b>(12,891)</b>      | (9,376)              | <b>(23,752)</b>      | (18,259)             |
| Administrative expenses  |                | <b>(12,698)</b>      | (14,092)             | <b>(25,203)</b>      | (26,820)             |
| Other expenses   |                | <b>(202)</b>         | (29)                 | <b>(236)</b>         | (32)                 |
| <b>Result from operating activities</b>  |                | <b>(2,743)</b>       | 4,739                | <b>(826)</b>         | 12,129               |
| Interest income  |                | <b>75</b>            | 12                   | <b>167</b>           | 51                   |
| Finance costs  |                | <b>(944)</b>         | (392)                | <b>(1,784)</b>       | (808)                |
| <b>Net finance cost</b>  |                | <b>(869)</b>         | (380)                | <b>(1,617)</b>       | (757)                |
| <b>(Loss)/ Profit before tax</b>   |                | <b>(3,612)</b>       | 4,359                | <b>(2,443)</b>       | 11,372               |
| Tax expense  | B6             | <b>801</b>           | (1,157)              | <b>401</b>           | (2,962)              |
| <b>(Loss)/ Profit for the period</b>   | <b>B13</b>     | <b>(2,811)</b>       | 3,202                | <b>(2,042)</b>       | 8,410                |
| <b>(Loss)/ Profit for the period attributable to:</b>                            |                |                      |                      |                      |                      |
| Owners of the Company  |                | <b>(2,811)</b>       | 2,786                | <b>(2,042)</b>       | 7,244                |
| Non-controlling interests  |                | -                    | 416                  | -                    | 1,166                |
| <b>(Loss)/ Profit for the period</b>   |                | <b>(2,811)</b>       | 3,202                | <b>(2,042)</b>       | 8,410                |
| <b>(Losses)/ Earnings per share attributable to owners of the Company (sen):</b> |                |                      |                      |                      |                      |
| - Basic  | B11            | <b>(0.27)</b>        | 0.28                 | <b>(0.19)</b>        | 0.72                 |
| - Diluted  | B11            | <b>(0.27)</b>        | 0.28                 | <b>(0.19)</b>        | 0.72                 |

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 2021 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           | 31.12.2021<br>RM'000 | 31.12.2020<br>RM'000 | 31.12.2021<br>RM'000 | 31.12.2020<br>RM'000 |
| (Loss)/ Profit for the period                                      |                | <u>(2,811)</u>       | <u>3,202</u>         | <u>(2,042)</u>       | <u>8,410</u>         |
| Other comprehensive income / (expenses),<br>net of tax             |                |                      |                      |                      |                      |
| Items that may be reclassified<br>subsequently to profit or loss   |                |                      |                      |                      |                      |
| Foreign currency translation differences for<br>foreign operations |                | <u>185</u>           | <u>1,140</u>         | <u>(4,233)</u>       | <u>(5,572)</u>       |
| Total comprehensive (expenses)/ income for<br>the period           |                | <u>(2,626)</u>       | <u>4,342</u>         | <u>(6,275)</u>       | <u>2,838</u>         |
| Total comprehensive (expenses)/ income<br>attributable to:         |                |                      |                      |                      |                      |
| Owners of the Company  |                | <u>(2,626)</u>       | <u>4,096</u>         | <u>(6,275)</u>       | <u>1,995</u>         |
| Non-controlling interests  |                | <u>-</u>             | <u>246</u>           | <u>-</u>             | <u>843</u>           |
| Total comprehensive (expenses)/ income for<br>the period           |                | <u>(2,626)</u>       | <u>4,342</u>         | <u>(6,275)</u>       | <u>2,838</u>         |

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 2021 and the accompanying explanatory notes as attached to this interim financial statements.

# KAREX BERHAD

201201034091 (1018579-U)

(Incorporated in Malaysia)

## Interim financial report for the second quarter ended 31 December 2021

(The figures have not been audited)

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

|   | AS AT<br>31.12.2021<br>RM'000 | AS AT<br>30.6.2021<br>RM'000 |
|---|-------------------------------|------------------------------|
|   | Note                          |                              |
| <b>Assets</b>   |                               |                              |
| Property, plant and equipment   | 261,335                       | 254,812                      |
| Right-of-use assets   | 28,612                        | 30,646                       |
| Intangible assets   | 95,564                        | 95,546                       |
| Deferred tax assets   | 2,223                         | 1,335                        |
| <b>Total non-current assets</b>   | <b>387,734</b>                | <b>382,339</b>               |
| Inventories   | 136,372                       | 131,232                      |
| Trade and other receivables   | 91,916                        | 104,618                      |
| Derivative financial assets   | 90                            | -                            |
| Tax recoverable   | 2,867                         | 2,490                        |
| Cash and cash equivalents   | 53,020                        | 54,129                       |
| <b>Total current assets</b>   | <b>284,265</b>                | <b>292,469</b>               |
| <b>Total assets</b>   | <b>671,999</b>                | <b>674,808</b>               |
| <b>Equity</b>   |                               |                              |
| Share capital   | 324,244                       | 324,244                      |
| Reserves  | 135,237                       | 141,512                      |
| <b>Total equity attributable to owners of the Company/ Total equity</b> | <b>459,481</b>                | <b>465,756</b>               |
| <b>Liabilities</b>  |                               |                              |
| Loan and borrowings   | B8 70,381                     | 48,476                       |
| Deferred tax liabilities  | 3,057                         | 2,832                        |
| <b>Total non-current liabilities</b>                                    | <b>73,438</b>                 | <b>51,308</b>                |
| Trade and other payables  | 74,086                        | 89,448                       |
| Loan and borrowings   | B8 64,994                     | 67,396                       |
| Derivative financial liabilities  | -                             | 375                          |
| Taxation  | -                             | 525                          |
| <b>Total current liabilities</b>  | <b>139,080</b>                | <b>157,744</b>               |
| <b>Total liabilities</b>  | <b>212,518</b>                | <b>209,052</b>               |
| <b>Total equity and liabilities</b>                                     | <b>671,999</b>                | <b>674,808</b>               |
| Net assets per share attributable to owners of the Company (RM)         | <b>0.44</b>                   | <b>0.44</b>                  |

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 2021 and the accompanying explanatory notes as attached to this interim financial statements.

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY <sup>(1)</sup>

|  | ← Attributable to owners of the Company → |                |                     |               |                   |                | Non-controlling interests | Total equity |
|--|---|----------------|---------------------|---------------|-------------------|----------------|---------------------------|--------------|
|  | ← Non-distributable →                     |                |                     | Distributable |                   | Total          |                           |              |
|  | Share capital                             | Merger reserve | Translation reserve | Other reserve | Retained earnings |                |                           |              |
|  | RM'000                                    | RM'000         | RM'000              | RM'000        | RM'000            | RM'000         | RM'000                    |              |
| <b>31 December 2021</b>  |   |                |                     |               |                   |                |                           |              |
| <b>At 1 July 2021</b>  | 324,244                                   | 63,511         | 10,370              | 718           | 66,913            | 465,756        | -                         |              |
| Foreign currency translation differences for foreign operations/       |   |                |                     |               |                   |                |                           |              |
| <b>Total other comprehensive expenses for the period</b>               | -   | -              | (4,233)             | -             | -                 | (4,233)        | -                         |              |
| Loss for the period  | -   | -              | -                   | -             | (2,042)           | (2,042)        | -                         |              |
| <b>Total comprehensive expenses for the period</b>                     | -   | -              | (4,233)             | -             | (2,042)           | (6,275)        | -                         |              |
| <b>At 31 December 2021</b>   | <b>324,244</b>                            | <b>63,511</b>  | <b>6,137</b>        | <b>718</b>    | <b>64,871</b>     | <b>459,481</b> | <b>-</b>                  |              |
| <b>31 December 2020</b>  |   |                |                     |               |                   |                |                           |              |
| <b>At 1 July 2020</b>  | 281,980                                   | 63,511         | 17,949              | 718           | 115,991           | 480,149        | 4,951                     |              |
| Foreign currency translation differences for foreign operations/       |   |                |                     |               |                   |                |                           |              |
| <b>Total other comprehensive expenses for the period</b>               | -   | -              | (5,249)             | -             | -                 | (5,249)        | (323)                     |              |
| Profit for the period  | -   | -              | -                   | -             | 7,244             | 7,244          | 1,166                     |              |
| <b>Total comprehensive (expenses)/ income for the period</b>           | -   | -              | (5,249)             | -             | 7,244             | 1,995          | 843                       |              |
| <i>Contributions by and distributions to owners of the Company</i>     |   |                |                     |               |                   |                |                           |              |
| Dividend to owners of the Company/                                     |   |                |                     |               |                   |                |                           |              |
| <b>Total transactions with the owners of the Company</b>               | -   | -              | -                   | -             | (5,245)           | (5,245)        | -                         |              |
| Share issuance pursuant to the acquisition of non-controlling interest | 42,264                                    | -              | -                   | -             | -                 | 42,264         | -                         |              |
| Change in ownership interest in a subsidiary                           | -   | -              | -                   | -             | (43,046)          | (43,046)       | (1,978)                   |              |
| <b>Total changes in ownership a subsidiary</b>                         | <b>42,264</b>                             | <b>-</b>       | <b>-</b>            | <b>-</b>      | <b>(43,046)</b>   | <b>(782)</b>   | <b>(1,978)</b>            |              |
| Dividend to non-controlling interest                                   | -   | -              | -                   | -             | -                 | -              | (3,816)                   |              |
| <b>At 31 December 2020</b>   | <b>324,244</b>                            | <b>63,511</b>  | <b>12,700</b>       | <b>718</b>    | <b>74,944</b>     | <b>476,117</b> | <b>-</b>                  |              |

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 2021 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>

|   | PERIOD-TO-DATE  |                 |
|---|-----------------|-----------------|
|   | 31.12.2021      | 31.12.2020      |
|   | RM'000          | RM'000          |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>        |                 |                 |
| (Loss)/ Profit before tax                                 | (2,443)         | 11,372          |
| Adjustment for:   |                 |                 |
| Non-cash items  | 13,651          | 11,888          |
| <b>Operating profit before changes in working capital</b> | <b>11,208</b>   | <b>23,260</b>   |
|   |                 |                 |
| Net changes in current assets                             | 12,699          | (458)           |
| Net changes in current liabilities                        | (12,578)        | (12,874)        |
| Cash generated from operations                            | 11,329          | 9,928           |
| Tax paid  | (1,164)         | (477)           |
| <b>Net cash from operating activities</b>                 | <b>10,165</b>   | <b>9,451</b>    |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>        |                 |                 |
| Acquisition of:   |                 |                 |
| - Property, plant and equipment                           | (23,849)        | (16,651)        |
| - Intangible asset  | -               | (4)             |
| Proceed from disposal of property, plant and equipment    | -               | 627             |
| Interest received   | 167             | 51              |
| <b>Net cash used in investing activities</b>              | <b>(23,682)</b> | <b>(15,977)</b> |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>        |                 |                 |
| Dividend paid to owners of the Company                    | -               | (5,245)         |
| Dividend paid to non-controlling interest                 | -               | (3,816)         |
| Net drawdown of borrowings and interest paid              | 12,166          | 9,263           |
| Net placement in fixed deposits pledged to licensed banks | (69)            | 100             |
| <b>Net cash from financing activities</b>                 | <b>12,097</b>   | <b>302</b>      |
| Effect of exchange rate fluctuations on cash held         | (130)           | 131             |
| <b>Net changes in cash and cash equivalents</b>           | <b>(1,550)</b>  | <b>(6,093)</b>  |
| Cash and cash equivalents at beginning of the period      | 52,738          | 45,017          |
| <b>Cash and cash equivalents at end of the period</b>     | <b>51,188</b>   | <b>38,924</b>   |

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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 |            |
|------------------------------|----------------|------------|
|                              | 31.12.2021     | 31.12.2020 |
|                              | RM'000         | RM'000     |
| Cash and bank balances       | 40,727         | 38,924     |
| Short-term deposits          | 12,222         | 1,406      |
|                              | 52,949         | 40,330     |
| Less: Fixed deposits pledged | (1,460)        | (1,406)    |
| Bank Overdraft               | (301)          | -          |
|                              | 51,188         | 38,924     |

### 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 2021 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 2021 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 2021.

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 2021, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

- Amendments to MFRS 9, Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instrument Disclosures, MFRS 4, Insurance Contracts, MFRS 16, Leases – Interest Rate Benchmark Reform,
- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

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 2022**

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments MFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Initial Application of MFRS 17 and MFRS 9—Comparative Information (Amendment to MFRS 17 Insurance Contracts)
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**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.

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**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 dividends were proposed in respect of the current financial period.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**A7. Segmental information**

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

| <b>Segment</b>  | <b>Composition</b>  |
|-----------------|---|
| 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.                                  |

|   | <b>Sexual<br/>Wellness<br/>RM'000</b> | <b>Medical<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---------------------------------------|---------------------------|--------------------------|--------------------------------|-------------------------|
| <b><u>6 months ended 31.12.2021</u></b> |                                       |                           |                          |                                |                         |
| <b><u>Revenue</u></b>                   |                                       |                           |                          |                                |                         |
| External revenue                        | 180,556                               | 14,572                    | 4,367                    | -                              | 199,495                 |
| Inter-segment revenue                   | -                                     | -                         | -                        | -                              | -                       |
| Total revenue                           | <u>180,556</u>                        | <u>14,572</u>             | <u>4,367</u>             | <u>-</u>                       | <u>199,495</u>          |
| <b><u>Results</u></b>                   |                                       |                           |                          |                                |                         |
| Segment (loss)/ profit                  | (3,176)                               | 1,989                     | 1,084                    | -                              | (103)                   |
| Interest income                         |                                       |                           |                          |                                | 6                       |
| Finance cost                            |                                       |                           |                          |                                | (1,777)                 |
| Unallocated amounts                     |                                       |                           |                          |                                | (569)                   |
| Loss before tax                         |                                       |                           |                          |                                | (2,443)                 |
| Tax expense                             |                                       |                           |                          |                                | 401                     |
| Loss after tax                          |                                       |                           |                          |                                | <u>(2,042)</u>          |
| <b><u>Total Assets</u></b>              |                                       |                           |                          |                                |                         |
| Reportable segment assets               | 610,844                               | 31,318                    | 6,583                    | -                              | 648,745                 |
| Unallocated assets                      |                                       |                           |                          |                                | 23,254                  |
| Total Assets                            |                                       |                           |                          |                                | <u>671,999</u>          |
| <b><u>6 months ended 31.12.2020</u></b> |                                       |                           |                          |                                |                         |
| <b><u>Revenue</u></b>                   |                                       |                           |                          |                                |                         |
| External revenue                        | 198,616                               | 14,841                    | 4,027                    | -                              | 217,484                 |
| Inter-segment revenue                   | -                                     | -                         | -                        | -                              | -                       |
| Total revenue                           | <u>198,616</u>                        | <u>14,841</u>             | <u>4,027</u>             | <u>-</u>                       | <u>217,484</u>          |
| <b><u>Results</u></b>                   |                                       |                           |                          |                                |                         |
| Segment profit                          | 10,931                                | 2,108                     | 846                      | -                              | 13,885                  |
| Interest income                         |                                       |                           |                          |                                | 11                      |
| Finance cost                            |                                       |                           |                          |                                | (802)                   |
| Unallocated amounts                     |                                       |                           |                          |                                | (1,722)                 |
| Profit before tax                       |                                       |                           |                          |                                | 11,372                  |
| Tax expense                             |                                       |                           |                          |                                | (2,962)                 |
| Profit after tax                        |                                       |                           |                          |                                | <u>8,410</u>            |
| <b><u>Total Assets</u></b>              |                                       |                           |                          |                                |                         |
| Reportable segment assets               | 579,761                               | 31,408                    | 4,831                    | -                              | 616,000                 |
| Unallocated assets                      |                                       |                           |                          |                                | 2,524                   |
| Total Assets                            |                                       |                           |                          |                                | <u>618,524</u>          |

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201201034091 (1018579-U)  
(Incorporated in Malaysia)

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(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 revenue for the financial period-to-date is as follows:-

|          | PERIOD-TO-DATE |                |
|----------|----------------|----------------|
|          | 31.12.2021     | 31.12.2020     |
|          | RM'000         | RM'000         |
| Asia     | 46,969         | 60,094         |
| Africa   | 32,416         | 45,963         |
| Americas | 81,640         | 73,327         |
| Europe   | 38,470         | 38,100         |
|          | <u>199,495</u> | <u>217,484</u> |

**A8. Subsequent events**

There were 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.

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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 |            |          |         |
|--|----------------|------------|----------|---------|----------------|------------|----------|---------|
|  | 31.12.2021     | 31.12.2020 | Variance |         | 31.12.2021     | 31.12.2020 | Variance |         |
|  | RM'000         | RM'000     | RM'000   | %       | RM'000         | RM'000     | RM'000   | %       |
| Revenue  | 103,511        | 115,751    | (12,240) | (10.6)  | 199,495        | 217,484    | (17,989) | (8.3)   |
| Result from operating activities                     | (2,743)        | 4,739      | (7,482)  | (157.9) | (826)          | 12,129     | (12,955) | (106.8) |
| (Loss)/ Profit before tax                            | (3,612)        | 4,359      | (7,971)  | (182.9) | (2,443)        | 11,372     | (13,815) | (121.5) |
| (Loss)/ Profit after tax                             | (2,811)        | 3,202      | (6,013)  | (187.8) | (2,042)        | 8,410      | (10,452) | (124.3) |
| (Loss)/ Profit attributable to owners of the Company | (2,811)        | 2,786      | (5,597)  | (200.9) | (2,042)        | 7,244      | (9,286)  | (128.2) |

Revenue for the second quarter ended 31 December 2021 ("2QFY2022") was RM103.5 million, representing a reduction of 10.6% in comparison to the same period in the previous year. Rising raw material cost combined with a higher sales contribution from the tender segment have negatively affected profit margins during the quarter. In addition, persistent disruptions to global logistics networks resulted in additional distribution costs of RM 0.8 million that also pressured profitability during the quarter. As a result of these factors, the loss after tax for the quarter was RM 2.8 million.

For the six months under review (6MFY2022), revenue decreased by 8.3% to RM199.5 million in comparison to the same period during the preceding year, primarily due to slower condom sales to the tender market in the Asia and Africa regions. Higher raw material costs alongside continuing disruptions to global logistics networks and persistent Covid-19 related expenditure negatively affected our profitability and resulted in a loss of RM 2.0 million after tax in 6MFY2022.

**B2. Variance of results for the current quarter ended 31 December 2021 against the immediately preceding quarter**

|  | 3 MONTHS ENDED |           |          |         |
|--|----------------|-----------|----------|---------|
|  | 31.12.2021     | 30.9.2021 | Variance |         |
|  | RM'000         | RM'000    | RM'000   | %       |
| Revenue  | 103,511        | 95,894    | 7,617    | (7.9)   |
| Result from operating activities                     | (2,743)        | 1,917     | (4,660)  | (243.1) |
| (Loss)/ Profit before tax                            | (3,612)        | 1,169     | (4,781)  | (409.0) |
| (Loss)/ Profit after tax                             | (2,811)        | 769       | (3,580)  | (465.5) |
| (Loss)/ Profit attributable to owners of the Company | (2,811)        | 769       | (3,580)  | (465.5) |

In 2Q2021, revenue totals grew by approximately 7.9% to RM 103.5 million in comparison to the immediately preceding quarter driven by higher condom sales volume from the tender market in particular. However, the less favourable sales mix coupled with higher raw material costs impacted our profitability margins compared to the previous quarter resulting in a loss after tax of RM 2.8 million for the 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 2022 ("FYE 2022")**

The exceptional measures that governments and health authorities around the world implemented during the COVID-19 pandemic, such as lockdowns, quarantines or reorganizing health services drastically impacted the sexual health and medical devices industries. According to the World Health Organization, access to birth control is one of the sexual and reproductive health issues that has been most impacted by the pandemic.

Yet, in spite of this, the Group continues to make strides in establishing its position as a global leader in these industries with a commendable sales growth during the last few years. We continue to leverage on our manufacturing expertise and cost competitiveness to capture orders in markets where many governments have shifted the onus of family planning from a state-provided model to the private sector in recent years.

As vaccination rates ramp up around the world, more economies continue to relax restrictions and societies begin to adapt to post-pandemic life. The recommencement of social interactions that have been absent for over a year in many countries is expected to drive the immediate term demand for condoms and lubricants. This transition is also expected to present unique opportunities arising from greater e-commerce literacy as well as a heightened awareness of personal hygiene and disease prevention. In order to capitalize on new market trends that are expected to arise, the Group is poised to expand its product portfolio in terms of capacity as well as variety to offer products such as medical gloves in the near 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 |            |
|---|----------------|------------|----------------|------------|
|   | 31.12.2021     | 31.12.2020 | 31.12.2021     | 31.12.2020 |
|   | RM'000         | RM'000     | RM'000         | RM'000     |
| Current tax expenses                                |                |            |                |            |
| - Current period                                    | 35             | 520        | <b>262</b>     | 3,102      |
| Deferred taxation:                                  |                |            |                |            |
| - Origination and reversal of temporary differences | (836)          | 637        | <b>(663)</b>   | (140)      |
|   | <b>(801)</b>   | 1,157      | <b>(401)</b>   | 2,962      |

The Group effective tax rate for the period-to-date are lower than the statutory tax rate mainly due to recognition of deferred tax assets in relation to unutilised business losses by foreign subsidiaries with lower tax rates.

**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           | 31.12.2021              |        | 31.12.2020              |        |
|-------------------|--------------------------|-------------------------|--------|-------------------------|--------|
|                   |                          | Foreign Currency in'000 | RM'000 | Foreign Currency in'000 | RM'000 |
| Non-current       |                          |                         |        |                         |        |
| Term Loan         | RM                       | N/A                     | 25,186 | N/A                     | 1,347  |
|                   | USD <sup>(1)</sup>       | 6,750                   | 28,147 | 840                     | 3,379  |
|                   |                          |                         | 53,333 |                         | 4,726  |
| Hire Purchase     | RM                       | N/A                     | 110    | N/A                     | 238    |
| Lease Liabilities | RM                       | N/A                     | 262    |                         | 680    |
|                   | Thai Baht                | 81,949                  | 10,219 | 58,874                  | 7,895  |
|                   | USD                      | 559                     | 2,330  | 606                     | 2,439  |
|                   | GBP                      | 733                     | 4,127  | 875                     | 4,806  |
|                   |                          |                         | 16,938 |                         | 15,820 |
|                   |                          |                         | 70,381 |                         | 20,784 |
| Current           |                          |                         |        |                         |        |
| Term Loan         | RM                       | N/A                     | 6,971  | N/A                     | 1,172  |
|                   | USD <sup>(1)</sup>       | 1,102                   | 4,597  | 772                     | 3,102  |
|                   |                          |                         | 11,568 |                         | 4,274  |
| Hire Purchase     | RM                       | N/A                     | 558    | N/A                     | 260    |
| Banker acceptance | RM                       | N/A                     | 7,591  | N/A                     | 1,149  |
|                   | Thai Baht <sup>(1)</sup> | 201,965                 | 25,185 | 215,817                 | 28,941 |
|                   |                          |                         | 32,776 |                         | 30,090 |
| Export Financing  | USD <sup>(1)</sup>       | 2,477                   | 10,317 | 563                     | 2,263  |
|                   | GBP <sup>(1)</sup>       | 356                     | 2,007  | -                       | -      |
|                   |                          |                         | 12,324 |                         | 2,263  |
| Revolving Credit  | RM                       | N/A                     | 4,000  | N/A                     | 1,000  |
| Bank Overdraft    | RM                       | N/A                     | 232    | N/A                     | -      |
|                   | Thai Baht <sup>(1)</sup> | 553                     | 69     | -                       | -      |
|                   |                          |                         | 301    |                         | -      |
| Lease Liabilities | RM                       | N/A                     | 665    | N/A                     | 1,013  |
|                   | Thai Baht <sup>(1)</sup> | 289                     | 36     | 1,126                   | 151    |
|                   | USD <sup>(1)</sup>       | 458                     | 1,910  | 472                     | 1,897  |
|                   | GBP <sup>(1)</sup>       | 152                     | 856    | 152                     | 835    |
|                   |                          |                         | 3,467  |                         | 3,896  |
|                   |                          |                         | 64,994 |                         | 41,783 |

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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) (continued)**

|                   | Denominated in           | 31.12.2021                    |         | 31.12.2020                    |        |
|-------------------|--------------------------|-------------------------------|---------|-------------------------------|--------|
|                   |                          | Foreign<br>Currency<br>in'000 | RM'000  | Foreign<br>Currency<br>in'000 | RM'000 |
| Total             |                          |                               |         |                               |        |
| Term Loan         | RM                       | N/A                           | 32,157  | N/A                           | 2,519  |
|                   | USD <sup>(1)</sup>       | 7,852                         | 32,744  | 1,612                         | 6,481  |
|                   |                          |                               | 64,901  |                               | 9,000  |
| Hire Purchase     | RM                       | N/A                           | 668     | N/A                           | 498    |
| Banker acceptance | RM                       | N/A                           | 7,591   | N/A                           | 1,149  |
|                   | Thai Baht <sup>(1)</sup> | 201,965                       | 25,185  | 215,817                       | 28,941 |
|                   |                          |                               | 32,776  |                               | 30,090 |
| Export Financing  | USD <sup>(1)</sup>       | 2,477                         | 10,317  | 563                           | 2,263  |
|                   | GBP <sup>(1)</sup>       | 356                           | 2,007   | -                             | -      |
|                   |                          |                               | 12,324  |                               | 2,263  |
| Revolving Credit  | RM <sup>(1)</sup>        | N/A                           | 4,000   | N/A                           | 1,000  |
| Bank Overdraft    | RM <sup>(1)</sup>        | N/A                           | 232     | -                             | -      |
|                   | Thai Baht <sup>(1)</sup> | 553                           | 69      | -                             | -      |
|                   |                          |                               | 301     |                               | -      |
| Lease Liabilities | RM                       | N/A                           | 927     | N/A                           | 1,693  |
|                   | Thai Baht                | 82,238                        | 10,255  | 60,000                        | 8,046  |
|                   | USD                      | 1,017                         | 4,240   | 1,078                         | 4,336  |
|                   | GBP                      | 885                           | 4,983   | 1,027                         | 5,641  |
|                   |                          |                               | 20,405  |                               | 19,716 |
|                   |                          |                               | 135,375 |                               | 62,567 |
|                   | 100 Thai Baht to RM      |                               | 12.47   |                               | 13.41  |
|                   | 1 USD to RM              |                               | 4.17    |                               | 4.02   |
|                   | 1 GBP to RM              |                               | 5.63    |                               | 5.49   |

Notes:

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

**B9. Changes in material litigation**

There was no material litigation as at the date of this report.

**B10. Dividend proposed**

No dividend was proposed in respect of the current financial period.

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**B11. Earnings per share ("EPS")**

Basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial period.

|  | 3 MONTHS ENDED |            | PERIOD-TO-DATE |            |
|--|----------------|------------|----------------|------------|
|  | 31.12.2021     | 31.12.2020 | 31.12.2021     | 31.12.2020 |
| (Loss)/ Profit attributable to ordinary shareholders of the Company (RM'000) | (2,811)        | 2,786      | (2,042)        | 7,244      |
| Weighted average number of ordinary shares ('in million)                     | 1,053          | 1,002      | 1,053          | 1,002      |
| Basic EPS (sen)  | (0.27)         | 0.28       | (0.19)         | 0.72       |

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 2021 were not qualified.

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

|  | 3 MONTHS ENDED |            | PERIOD-TO-DATE |            |
|--|----------------|------------|----------------|------------|
|  | 31.12.2021     | 31.12.2020 | 31.12.2021     | 31.12.2020 |
|  | RM'000         | RM'000     | RM'000         | RM'000     |
| (a) Interest income  | 75             | 12         | 167            | 51         |
| (b) Other income including investment income                         | -              | -          | -              | -          |
| (c) Interest expense   | (944)          | (392)      | (1,784)        | (808)      |
| (d) Depreciation and amortization                                    | (4,501)        | (4,564)    | (9,217)        | (9,021)    |
| Amortisation for right-of-use assets                                 | (917)          | (1,185)    | (1,824)        | (2,117)    |
| (e) (Provision)/ Reversal of impairment loss on receivables          | (175)          | 47         | (213)          | 39         |
| (f) Provision for and write off of inventories                       | (430)          | (448)      | (649)          | (1,293)    |
| (g) Gain on disposal of quoted or unquoted investments or properties | -              | -          | -              | -          |
| (h) Impairment of assets   | -              | -          | -              | -          |
| (i) Foreign exchange gain  | 33             | 1,533      | 317            | 121        |
| (j) Gain/ (Loss) on derivatives                                      | 379            | (1,425)    | 235            | 631        |
| (k) Rental expenses  | (448)          | (432)      | (896)          | (863)      |
| (l) Exceptional items  | -              | -          | -              | -          |

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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**

**B14. Realised and unrealised profit/ (losses) disclosure**

|  | AS AT<br>31.12.2021<br>RM'000 | AS AT<br>30.6.2021<br>RM'000 |
|--|-------------------------------|------------------------------|
| Total retained earnings of the Company and subsidiary companies: |                               |                              |
| - Realised   | 192,062                       | 192,822                      |
| - Unrealised   | (3,458)                       | (2,299)                      |
|  | <b>188,604</b>                | 190,523                      |
| Consolidated adjustments   | <b>(123,733)</b>              | (123,610)                    |
| Total retained earnings  | <b>64,871</b>                 | 66,913                       |

By order of the Board  
21 February 2022