



KAREX BERHAD

(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

Interim Financial Report for the Fourth Quarter Ended 30 June 2020

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(Incorporated in Malaysia)

Interim financial report for the fourth quarter ended 30 June 2020

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue		91,090	87,660	395,067	378,484
Cost of goods sold		(68,687)	(68,412)	(307,014)	(289,296)
Gross profit		22,403	19,248	88,053	89,188
Other income		2,101	701	3,710	2,067
Distribution expenses		(7,565)	(7,778)	(34,490)	(36,590)
Administrative expenses		(12,122)	(12,344)	(49,727)	(49,315)
Other expenses		-	288	(81)	(1,140)
Result from operating activities		4,817	115	7,465	4,210
Interest income		40	249	517	1,018
Finance costs		(596)	(301)	(2,335)	(1,424)
Net finance cost		(556)	(52)	(1,818)	(406)
Profit before tax		4,261	63	5,647	3,804
Tax expense	B6	(1,636)	(504)	(2,328)	(747)
Profit/ (Loss) for the period	B13	2,625	(441)	3,319	3,057
Profit/ (Loss) for the period attributable to:					
Owners of the Company		1,426	(1,006)	228	2,533
Non-controlling interests		1,198	565	3,091	524
Profit/ (Loss) for the period		2,625	(441)	3,319	3,057
Earnings/ (Loss) per share attributable to owners of the Company (sen):					
- Basic	B11	0.14	(0.10)	0.02	0.25
- Diluted	B11	0.14	(0.10)	0.02	0.25

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 2019 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	
<u>Note</u>	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Profit/ (Loss) for the period	2,625	(441)	3,319	3,057
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	5,458	5,046	4,031	10,393
Total comprehensive income for the period	8,083	4,605	7,350	13,450
Total comprehensive income attributable to:				
Owners of the Company	6,905	4,034	4,147	12,904
Non-controlling interests	1,178	571	3,203	546
Total comprehensive income for the period	8,083	4,605	7,350	13,450

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 2019 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 30.6.2020 RM'000	AS AT 30.6.2019 RM'000
Assets			
Property, plant and equipment		209,747	220,735
Right-of-use assets		36,172	-
Intangible assets		97,525	96,562
Deferred tax assets		1,487	1,914
Total non-current assets		344,931	319,211
Inventories		128,691	119,628
Trade and other receivables		96,664	82,785
Tax recoverable		832	9,837
Cash and cash equivalents		46,341	63,635
		272,528	275,885
Asset classified as held for sale		281	-
Total current assets		272,809	275,885
Total assets		617,740	595,096
Equity			
Share capital		281,980	281,980
Reserves		198,163	209,052
Total equity attributable to owners of the Company		480,143	491,032
Non-controlling interest		4,779	1,576
Total equity		484,922	492,608
Liabilities			
Loan and borrowings	B8	19,860	9,056
Deferred tax liabilities		4,123	8,064
Total non-current liabilities		23,983	17,120
Trade and other payables		78,081	60,339
Loan and borrowings	B8	30,089	24,612
Derivative financial liabilities		363	3
Taxation		302	414
Total current liabilities		108,835	85,368
Total liabilities		132,818	102,488
Total equity and liabilities		617,740	595,096
Net assets per share attributable to owners of the Company (RM)		0.48	0.49

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	Attributable to owners of the Company							
	Non-distributable		Distributable			Non-	Total	
	Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	controlling interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2020								
At 1 July 2019	281,980	63,511	14,024	718	130,799	491,032	1,576	492,608
Foreign currency translation differences for foreign operations/								
Total other comprehensive income for the period	-	-	3,919	-	-	3,919	112	4,031
Profit for the Period	-	-	-	-	228	228	3,091	3,319
Total comprehensive income/ for the period	-	-	3,919	-	228	4,147	3,203	7,350
Contributions by and distributions to owners of the Company								
Dividend to owners of the Company/								
Total transactions with owners of the Company	-	-	-	-	(15,036)	(15,036)	-	(15,036)
At 30 June 2020	281,980	63,511	17,943	718	115,991	480,143	4,779	484,922
	Attributable to owners of the Company							
	Non-distributable		Distributable			Non-	Total	
	Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings	Total	controlling interests	equity
	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
Contributions by and distributions to owners of the Company								
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

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 2019 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	
	30.6.2020 RM'000	30.6.2019 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	5,647	3,804
Adjustment for:		
Non-cash items	18,886	16,854
Operating profit before changes in working capital	24,533	20,658
Net changes in current assets	(23,960)	17,618
Net changes in current liabilities	16,357	(2,130)
Cash generated from operations	16,930	36,146
Tax refund/ (paid)	3,051	(3,871)
Net cash from operating activities	19,981	32,275
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(20,457)	(18,244)
- Intangible asset	(315)	(802)
Proceed from disposal of property, plant and equipment	2,050	2,035
Interest received	517	1,018
Net cash used in investing activities	(18,205)	(15,993)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividend paid to owners of the Company	(15,036)	(5,012)
Net drawdown of borrowings and interest paid	(4,338)	4,735
Net placement in fixed deposits pledged to licensed banks	68	(334)
Net cash used in financing activities	(19,306)	(611)
Effect of exchange rate fluctuations on cash held	304	238
Net changes in cash and cash equivalents	(17,226)	15,909
Cash and cash equivalents at beginning of the period	62,243	46,334
Cash and cash equivalents at end of the period	45,017	62,243

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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	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash and bank balances	40,253	41,434
Deposits with licensed banks	1,324	1,392
Deposits with other corporations	4,764	20,809
	46,341	63,635
Less: Fixed deposits pledged	(1,324)	(1,392)
	45,017	62,243

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 2019 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 2019 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 2019.

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 2019, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

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 16 Leases - Covid-19-Related Rent Concessions
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

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

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 has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 July 2019 as below.

	Statement of financial position as at 1 July 2019	
	As currently stated	After expected restatement
	RM'000	RM'000
Property, plant and equipment	220,735	201,395
Right-of-use assets	-	40,085
Trade and other receivables	82,785	81,748
Loan and Borrowings		
- Finance lease liabilities	807	-
- Lease liabilities	-	20,515

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)

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 2020

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

Amendments to MFRS 9, Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instrument Disclosures – Interest Rate Benchmark Reform,

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

Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

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 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 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

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 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.

A2. Comments about seasonal or cyclical factors

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

A3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period-to-date.

A4. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial period-to-date results.

A5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period-to-date.

A6. Dividends paid

Since the end of the previous financial year, the Company paid a final single tier dividend of 1.0 sen per ordinary share totalling RM 10,023,750 in respect of the financial year ended 30 June 2019 on 23 December 2019.

During the current financial year, the Company paid a single tier interim dividend of 0.5 sen per ordinary share totalling RM 5,011,875 in respect of the financial year ending 30 June 2020 on 25 March 2020.

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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 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.				
	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>12 months ended 30.6.2020</u>					
<u>Revenue</u>					
External revenue	361,747	25,869	7,451	-	395,067
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>361,747</u>	<u>25,869</u>	<u>7,451</u>	<u>-</u>	<u>395,067</u>
<u>Results</u>					
Segment profit	7,921	1,344	760	-	10,025
Interest income					48
Finance cost					(2,284)
Unallocated amounts					(2,142)
Profit before tax					5,647
Tax expense					(2,328)
Profit after tax					<u>3,319</u>
<u>Total Assets</u>					
Reportable segment assets	572,484	29,644	4,548	-	606,676
Unallocated assets					11,064
Total Assets					<u>617,740</u>
<u>12 months ended 30.6.2019</u>					
<u>Revenue</u>					
External revenue	344,426	27,899	6,159	-	378,484
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>344,426</u>	<u>27,899</u>	<u>6,159</u>	<u>-</u>	<u>378,484</u>
<u>Results</u>					
Segment profit	2,551	2,954	239	-	5,744
Interest income					97
Finance cost					(1,307)
Unallocated amounts					(730)
Profit before tax					3,804
Tax expense					(747)
Profit after tax					<u>3,057</u>
<u>Total Assets</u>					
Reportable segment assets	538,096	29,035	4,679	-	571,810
Unallocated assets					23,286
Total Assets					<u>595,096</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	
	30.6.2020	30.6.2019
	RM'000	RM'000
Asia	92,102	104,650
Africa	99,125	99,186
Americas	131,303	110,023
Europe	72,537	64,625
	395,067	378,484

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			
	30.6.2020 RM'000	30.6.2019 RM'000	Variance		30.6.2020 RM'000	30.6.2019 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	91,090	87,660	3,430	3.9	395,067	378,484	16,583	4.4
Result from operating activities	4,817	115	4,702	4,088.7	7,465	4,210	3,255	77.3
Profit before tax	4,261	63	4,198	6,663.5	5,647	3,804	1,843	48.4
Profit/ (Loss) after tax	2,625	(441)	3,066	695.2	3,319	3,057	262	8.6
Profit/ (Loss) attributable to owners of the Company	1,426	(1,006)	2,432	241.7	228	2,533	(2,305)	(91.0)

For the fourth quarter ended 30 Jun 2020 ("4QFY2020"), revenue increased by 3.9% in comparison to the fourth quarter in the preceding year, sustained through an increased contribution from the Sexual Wellness segment. Condom sales to the Commercial and Tender market had marked improvements following the completion of the final social audits. Sales to the Americas region were also particularly strong during the quarter. Favourable sales mix coupled with cost control initiatives, such as increased automation and improvements in production processes, have improved the profit before tax to RM 4.3 million and profit after tax to RM 2.6 million for the quarter.

For the twelve months period under review ("12MFY2020"), revenue grew by 4.4% supported by a stronger contribution from Sexual Wellness segment. Although profitability was held back by a less favourable sales mix and operations disruptions from the Covid-19 pandemic, the results from operating activities and profit before tax have improved through favourable sales mix and cost control initiatives.

B2. Variance of results for the current quarter ended 30 June 2020 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.6.2020 RM'000	31.3.2020 RM'000	Variance	
			RM'000	%
Revenue	91,090	99,153	(8,063)	(8.1)
Result from operating activities	4,817	604	4,213	697.5
Profit before tax	4,261	32	4,229	13,212.6
Profit/ (Loss) after tax	2,625	(353)	2,978	843.6
Profit/ (Loss) attributable to owners of the Company	1,426	(1,134)	2,560	225.7

Revenue in 4QFY2020 scaled back by 8.1% to RM 91.1 million as compared to the preceding quarter due to the impact of limitations on operating capacity from the extension of the Movement Control Order. Production volume, export capabilities and other supply chain disruptions compounded a challenging quarter for manufacturing operations. Nevertheless, profitability for the quarter improved through favourable sales mix and the implementation of cost control initiatives which attributed to the profit before tax of RM 4.3 million in the current 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 2021 ("FYE 2021")

The ongoing Covid-19 pandemic has presented a unique challenge to the sexual health and medical devices industries causing widespread disruptions to operations and supply chains. Along with the emphasis on social compliance, this has caused consolidation in the industry and a disruption to the supply of condoms globally.

In spite of this, condoms remain an essential tool for family planning as well as preventing the spread of HIV and other sexually transmitted infections. The Group remains confident that we are uniquely poised to overcome the aforementioned operation hurdles in order to take advantage of potential opportunities presented by the renewed global emphasis on hygiene and disease prevention.

Our manufacturing experience, cost competitiveness and breadth of offerings are compelling competitive advantages that will allow us to capture orders within the condom space that has been shifting from a government subsidized model to one that is more commercial in nature during recent times. In addition, our branded segment is also expected to expand into new regions during the year, enabling us to continue 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current period	3,803	1,309	5,908	2,568
- Prior period	(51)	145	(66)	(537)
	3,752	1,454	5,842	2,031
Deferred taxation:				
- Origination and reversal of temporary differences	(2,327)	(954)	(3,700)	(1,316)
- Prior period	211	4	186	32
	(2,116)	(950)	(3,514)	(1,284)
	1,636	504	2,328	747

The Group effective tax rate for the current quarter and period-to-date are higher than statutory tax rate mainly due to profit generated by foreign subsidiaries with higher 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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(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

B8. Loans and borrowings (secured)

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

			30.6.2020		30.6.2019	
			Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current						
Term Loan	RM		N/A	1,863	N/A	1,691
	Thai Baht	(1)	-	-	-	-
	USD	(1)	721	3,083	1,655	6,834
				4,946		8,525
Hire Purchase Lease Liabilities	RM		N/A	-	N/A	531
	RM		N/A	1,091		-
	Thai Baht		38,796	5,381		-
	USD		774	3,311		-
	GBP		976	5,131		-
				14,914		-
				19,860		9,056
Current						
Term Loan	RM		N/A	445	N/A	221
	Thai Baht	(1)	N/A	-	18,672	2,517
	USD	(1)	931	3,986	1,040	4,296
				4,431		7,034
Hire Purchase	RM		N/A	-	N/A	276
Banker acceptance	Thai Baht	(1)	133,641	18,536	101,632	13,700
Trust Receipt	USD	(1)	188	805	115	475
Export Financing	USD	(1)	558	2,389	196	812
Revolving Credit	USD	(1)	125	535	474	1,963
Multi Currency Trade Loan	GBP	(1)	-	-	67	352
Lease Liabilities	RM		N/A	532		-
	Thai Baht	(1)	894	124		-
	USD	(1)	444	1,900		-
	GBP	(1)	159	837		-
				3,393		-
				30,089		24,612

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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)**

		30.6.2020		30.6.2019	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total	Denominated in				
Term Loan	RM	N/A	2,308	N/A	1,912
	Thai Baht ⁽¹⁾	-	-	18,672	2,517
	USD ⁽¹⁾	1,652	7,069	2,695	11,130
			9,377		15,559
Hire Purchase	RM	N/A	-	N/A	807
Banker acceptance	Thai Baht ⁽¹⁾	133,641	18,536	101,632	13,700
Trust Receipt	USD ⁽¹⁾	188	805	115	475
Export Financing	USD ⁽¹⁾	558	2,389	196	812
Revolving Credit	USD ⁽¹⁾	125	535	474	1,963
Multi Currency Trade Loan	GBP ⁽¹⁾	-	-	67	352
Lease Liabilities	RM	N/A	1,623		-
	Thai Baht	39,690	5,505		-
	USD	1,218	5,211		-
	GBP	1,135	5,968		-
			18,307		-
			49,949		33,668
	100 Thai Baht to RM		13.87		13.48
	1 USD to RM		4.28		4.13
	1 GBP to RM		5.26		5.25

Notes:

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

Loans and borrowings were paid based on the agreed instalments. Hire Purchase has been reclassified to lease liabilities upon adoption of MFRS 16, Leases

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/ (Loss) per share ("EPS")**

Basic EPS is calculated by dividing the profit/ (loss) 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Profit/ (Loss) attributable to ordinary shareholders of the Company (RM'000)	1,426	(1,006)	228	2,533
Weighted average number of ordinary shares ('in million)	1,002	1,002	1,002	1,002
Basic EPS (sen)	0.14	(0.10)	0.02	0.25

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 2019 were not qualified.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	40	249	517	1,018
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(596)	(301)	(2,335)	(1,424)
(d) Depreciation and amortization	(3,762)	(4,285)	(16,720)	(15,653)
Amortisation for right-of-use assets	(1,250)	-	(4,101)	-
(e) Impairment loss on receivables	(105)	32	(202)	(88)
(f) Provision for and write off of inventories	(983)	(747)	(3,320)	(917)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss)/ gain	(2,581)	499	2,168	(809)
(j) Gain/ (Loss) on derivatives	3,106	(1,075)	(363)	3
(k) Rental expenses	(1,093)	(2,890)	(1,772)	(4,972)
(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 30.6.2020 RM'000	AS AT 30.6.2019 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	237,937	252,007
- Unrealised	(2,130)	(2,611)
	235,807	249,396
Consolidated adjustments	(119,816)	(118,597)
Total retained earnings	115,991	130,799

By order of the Board
24 Aug 2020