



KAREX BERHAD

(Incorporated in Malaysia)

(1018579-U)

Interim Financial Report for the Second Quarter Ended 31 December 2013

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KAREX BERHAD (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		6 MONTHS ENDED	
		31.12.2013 ⁽²⁾ RM'000	31.12.2012 ⁽³⁾ RM'000	31.12.2013 ⁽²⁾ RM'000	31.12.2012 ⁽³⁾ RM'000
Revenue		82,175	-	82,175	-
Cost of goods sold		(58,008)	-	(58,008)	-
Gross profit		24,167	-	24,167	-
Other income		808	-	808	-
Distribution expenses		(4,533)	-	(4,533)	-
Administrative expenses		(4,454)	(317)	(4,911)	(317)
Other expenses		(760)	-	(760)	-
Result from operating activities		15,228	(317)	14,771	(317)
Interest income		289	-	289	-
Finance costs		(577)	-	(577)	-
Net finance costs		(288)	-	(288)	-
Profit/ (Loss) before tax	B13	14,940	(317)	14,483	(317)
Tax expense	B6	(3,644)	-	(3,644)	-
Profit/ (Loss) for the period		11,296	(317)	10,839	(317)
Profit/ (Loss) for the period attributable to:					
- Owners of the Company		11,296	(317)	10,839	(317)
Earnings/ (Losses) per share attributable to owners of the Company (sen):					
- Basic	B11	4.44	(7,925,000)	7.91	(10,566,667)
- Diluted	B11	4.44	(7,925,000)	7.91	(10,566,667)

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) As the Acquisitions (as detailed in Note B7 (i)) were completed on 23 September 2013, the Group did not consolidate the financial performance of these subsidiaries from 23 September 2013 to 30 September 2013 due to impracticability of an accounting cut-off date other than month end and the effect is not significant to the expected results for financial year ending 30 June 2014. The Group has consolidated the results from 1 October 2013 onwards. If the Group had existed since last financial year, management estimated the consolidated results as disclosed in Note B1.
- (3) The comparative figures for the preceding quarter and preceding period were the Company level performance for the period ended as at 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).

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**CONDENSED CONSOLIDATED STATEMENT OF OTHER
COMPREHENSIVE INCOME ⁽¹⁾**

	3 MONTHS ENDED		6 MONTHS ENDED		
	Note	31.12.2013 ⁽²⁾ RM'000	31.12.2012 ⁽³⁾ RM'000	31.12.2013 ⁽²⁾ RM'000	31.12.2012 ⁽³⁾ RM'000
Profit/ (Loss) for the period		<u>11,296</u>	<u>(317)</u>	<u>10,839</u>	<u>(317)</u>
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(645)	-	(645)	-
Comprehensive income/ (loss) for the period		<u>10,651</u>	<u>(317)</u>	<u>10,194</u>	<u>(317)</u>
Comprehensive income/ (loss) attributable to:					
- Owners of the Company		<u>10,651</u>	<u>(317)</u>	<u>10,194</u>	<u>(317)</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) As the Acquisitions (as detailed in Note B7 (i)) were completed on 23 September 2013, the Group did not consolidate the financial performance of these subsidiaries from 23 September 2013 to 30 September 2013 due to impracticability of an accounting cut-off date other than month end and the effect is not significant to the expected results for financial year ending 30 June 2014. The Group has consolidated the results from 1 October 2013 onwards. If the Group had existed since last financial year, management estimated the consolidated results as disclosed in Note B1.
- (3) The comparative figures for the preceding quarter and preceding period were the Company level performance for the period ended as at 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	<u>Note</u>	AS AT 31.12.2013 RM'000	AS AT 30.6.2013 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		83,102	-
Deferred tax assets		686	-
		<u>83,788</u>	<u>-</u>
CURRENT ASSETS			
Inventories		45,271	-
Trade and other receivables		72,754	945
Tax recoverable		177	-
Cash and cash equivalents		92,452	-
		<u>210,654</u>	<u>945</u>
TOTAL ASSETS		<u>294,442</u>	<u>945</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		67,500	-
Reserves		132,470	(632) ⁽⁴⁾
TOTAL EQUITY		<u>199,970</u>	<u>(632)</u>
NON-CURRENT LIABILITIES			
Loan and borrowings	B8	10,480	-
Deferred tax liabilities		4,959	-
		<u>15,439</u>	<u>-</u>
CURRENT LIABILITIES			
Loan and borrowings	B8	35,487	-
Trade and other payables		39,174	1,577
Provision for taxation		4,372	-
		<u>79,033</u>	<u>1,577</u>
TOTAL LIABILITIES		<u>94,472</u>	<u>1,577</u>
TOTAL EQUITY AND LIABILITIES		<u>294,442</u>	<u>945</u>
Net assets/ (liabilities) per share attributable to owners of the Company (RM)		<u>0.74 ⁽²⁾</u>	<u>(79,000.00) ⁽³⁾</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) Based on the issued share capital of 270,000,000 shares after the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).
- (3) Based on 8 shares before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).
- (4) This represent RM2.00 for 8 ordinary shares of RM 0.25 each.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →					
	← Non-distributable →			→ Distributable →		
	Share capital	Share premium	Merger reserve	Translation reserve	Retained Earnings	Total equity
<u>Note</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2013						
At 1 July 2013	-	-	-	-	(632)	(632)
Effect arising from Acquisitions	B7 (i) 57,375	-	63,511	-	-	120,886
Public issue of shares	B7 (ii) 10,125	64,800	-	-	-	74,925
Share issue expenses	-	(5,403)	-	-	-	(5,403)
Foreign currency translation differences for foreign operations	-	-	-	(645)	-	(645)
Total other comprehensive loss for the period	-	-	-	(645)	-	(645)
Profit for the period	-	-	-	-	10,839	10,839
Comprehensive (loss)/income for the period	-	-	-	(645)	10,839	10,194
At 31 December 2013	67,500	59,397	63,511	(645)	10,207	199,970

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) This represent RM2.00 for 8 ordinary shares of RM 0.25 each.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	Note	6 MONTHS ENDED	
		31.12.2013 RM'000	31.12.2012 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax		14,483	(317)
Adjustment for:			
Non-cash items		1,361	-
Operating profit/ (loss) before changes in working capital		15,844	(317)
Net changes in current assets		(10,681)	(472)
Net changes in current liabilities		(2,614)	789
Cash generated from operations		2,549	-
Tax paid		(1,668)	-
Net cash from operating activities		881	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,375)	-
Acquisition of subsidiaries, net cash and cash equivalents acquired	B7 (i)	19,151	-
Proceeds from disposal of property, plant and equipment		105	-
Interest received		289	-
Net cash from investing activities		16,170	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from public issue of shares	B7 (ii)	74,925	-
Payment for share issue expenses		(5,403)	-
Net repayment of borrowings and interest paid		(1,884)	-
Increased placement in fixed deposits pledged to licensed banks		(189)	-
Net cash from financing activities		67,449	-
Net changes in cash and cash equivalents		84,500	-
Effect of exchange rate fluctuations on cash held		100	-
Cash and cash equivalents at beginning of the period/ date of incorporation		- ⁽³⁾	- ⁽³⁾
Cash and cash equivalents at end of the period		84,600	- ⁽³⁾

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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:

	6 MONTHS ENDED	
	31.12.2013	31.12.2012 ⁽²⁾
	RM'000	RM'000
Cash and bank balances	39,678	- ⁽³⁾
Deposit with other corporation	45,000	-
Deposits with licensed banks	7,774	-
	92,452	- ⁽³⁾
Less: Bank overdraft	(78)	-
	92,374	- ⁽³⁾
Less: Fixed deposit pledged	(7,774)	-
	84,600	- ⁽³⁾

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Proforma Consolidated Financial Information and Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) The comparative figures for the preceding period was the Company level cash flow for the period ended as at 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).
- (3) This represent RM2.00.

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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"), International Accounting Standard ("IAS") 34: "Interim Financial Reporting" issued by the International Accounting Standard Board ("IASB") and paragraph 9.22 (Appendix 9B Part 9A) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

This is the second interim financial statements on the consolidation results for the second quarter ended 31 December 2013 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures to the preceding years' corresponding period.

The interim financial statements should be read in conjunction with the Proforma Consolidated financial Information and the Accountants' Report for the financial year ended 30 June 2013 as disclosed in the Prospectus of the Company dated 11 October 2013.

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 2013.

The Group has adopted merger method for the preparation of this interim financial statements. 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 Accountants' Report in the Prospectus of the Company dated 11 October 2013. 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 2014

Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*

Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*

Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*

Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

MFRS 9, *Financial Instruments (2009)*

MFRS 9, *Financial Instruments (2010)*

Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group plan to apply the abovementioned accounting standards, amendments and interpretations in the respective financial year when the above 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.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS**A. EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING****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 except for those disclosed in Note B7.

A6. Dividends paid

No dividend was paid by the Company in the current quarter and financial period-to-date.

A7. Segmental information

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

	← 6 MONTH ENDED 31.12.2013 →				
	Condoms	Catheters	Probe covers, lubricating jelly and others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>					
External revenue	75,775	2,849	3,551	-	82,175
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>75,775</u>	<u>2,849</u>	<u>3,551</u>	<u>-</u>	<u>82,175</u>
<u>Results</u>					
Segment profit	14,055	868	1,862	-	16,785
Interest income					289
Finance cost					(577)
Unallocated amounts					(2,014)
Profit before tax					<u>14,483</u>
Tax expenses					(3,644)
Profit after tax					<u>10,839</u>
<u>Total Assets</u>					
Reportable segment assets	232,019	7,764	626	-	240,409
Unallocated assets					54,033
Total Assets					<u>294,442</u>

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

A8. Subsequent events

Other than as disclosed in Note B7, there were no material events subsequent to the end of the current quarter.

A9. Changes in composition of the Group

Upon completion of the Acquisitions as disclosed under Note B7 (i) on the Status of corporate proposals, the group structure is as follows:

- Karex Industries Sdn Bhd, Innolatex (Thailand) Limited, Innolatex Sdn Bhd and Hevea Medical Sdn Bhd are wholly-owned subsidiaries of the Company.
- Uro Technology Sdn Bhd is a wholly-owned subsidiaries of the Karex Industries Sdn Bhd.

The Acquisitions were accounted for using the Merger Method whereby the difference between the acquisition costs and the nominal value of the share capital of the subsidiaries is taken to the merger reserve or deficit, where applicable. The Acquisitions have resulted in a merger reserve amounting to RM 63.51 million.

A10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2013.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD****B1. Performance review**

As the Acquisitions (as detailed in Note B7 (i)) were completed on 23 September 2013, the Group did not consolidate the financial performance of these subsidiaries from 23 September 2013 to 30 September 2013 due to impracticability of an accounting cut-off date other than month end and the effect is not significant to the expected results for the financial year ending 30 June 2014. The Group has consolidated the results from 1 October 2013 onwards.

If the Group had existed since last financial year, management estimated the consolidated results would have been as follows:-

	<u>3 MONTHS ENDED</u>		<u>6 MONTHS ENDED</u>	
	<u>31.12.2013</u>	<u>31.12.2012</u>	<u>31.12.2013</u>	<u>31.12.2012</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	82,175	63,578	147,580	118,690
Result from operating activities	15,228	12,126	28,231	19,160
Profit before tax	14,940	11,418	27,370	17,966
Profit after tax	<u>11,296</u>	<u>9,115</u>	<u>21,422</u>	<u>14,616</u>

The Group's revenue for the second quarter (2QFY2014) increased by 29.3% or RM18.6 million whilst profit before tax increased by 30.8% or RM3.5 million as compared to the previous year.

Meanwhile for the six months period under review (6MFY2014), revenue increased by 24.3% or RM28.9 million whilst profit before tax increased by 52.3% or RM9.4 million as compared to the previous year.

The improvement in financial performance was attributed to higher volume of condom sales achieved as a result of the completion of newly installed capacity for condom manufacturing.

B2. Variance of results for the current quarter ended 31 December 2013 against the immediate preceding quarter

	<u>3 MONTHS ENDED</u>	
	<u>31.12.2013</u>	<u>30.9.2013</u>
	RM'000	RM'000
Revenue	82,175	65,405
Result from operating activities	15,228	13,003
Profit before tax	14,940	12,430
Profit after tax	<u>11,296</u>	<u>10,126</u>

Revenue in 2QFY2014 was 25.6% or RM16.8 million higher as compared to the previous quarter. The increase in revenue was attributed to higher volume of condom sales achieved in the quarter as a result of the completion of newly installed capacity for condom manufacturing. In tandem with the increase in revenue, profit before tax for 2QFY2014 increased by 20.2% or RM2.5 million as compared to the previous quarter.

B3. a) Group's Prospects for the financial year ending 30 June 2014 ("FYE 2014")

The Group's prospects for the FYE 2014 are expected to be favourable as we foresee an increase in demand for condoms driven by rising global population and use of condoms for family planning as well as the prevention of sexually transmitted infections and HIV/AIDS.

b) Forecast or target previously announced

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD****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		6 MONTHS ENDED	
	31.12.2013 RM'000	31.12.2012 ⁽¹⁾ RM'000	31.12.2013 RM'000	30.9.2012 ⁽¹⁾ RM'000
Estimated tax payable:				
- Current provision	3,768	-	3,768	-
Deferred taxation:				
- Current provision	(124)	-	(124)	-
	<u>3,644</u>	<u>-</u>	<u>3,644</u>	<u>-</u>

Note:

(1) The comparative figures for the preceding quarter and preceding period were the Company's tax expense for the period ended 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).

B7. Status of corporate proposals**(A) Completed proposals**

In conjunction with, and as an integral part of the Company's listing on Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

i) Acquisitions

The acquisitions of Karex Industries Sdn Bhd ("KISB"), Innolatex (Thailand) Limited ("ITL"), Innolatex Sdn Bhd ("ISB") and Hevea Medical Sdn Bhd ("HMSB") by the Company and Uro Technology Sdn Bhd ("UTSB") by KISB, for an aggregated consideration of approximately RM57.4 million were settled via the issuance of approximately 229.5 million shares of the Company to their respective shareholders on 23 September 2013. Details of the Acquisitions are as follows:

- The Company acquired the entire issued and paid-up share capital of KISB for a purchase consideration of RM35,474,998 satisfied via the issuance of 141,899,992 shares of the Company;
- The Company acquired the entire issued and paid-up share capital of ITL for a purchase consideration of RM12,500,000 satisfied via the issuance of 50,000,000 shares of the Company;
- The Company acquired the entire issued and paid-up share capital of ISB for a purchase consideration of RM4,750,000 satisfied via the issuance of 19,000,000 shares of the Company;
- The Company acquired the entire issued and paid-up share capital of HMSB for a purchase consideration of RM3,300,000 satisfied via the issuance of 13,200,000 shares of the Company; and
- KISB acquired the remaining 40% equity interest in UTSB not already owned by KISB for a purchase consideration of RM1,350,000 satisfied via the issuance of 5,400,000 shares of the Company.

(the above transactions are collectively refer to as "Acquisitions")

The Acquisitions were completed on 23 September 2013.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS**B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES MALAYSIA BERHAD****B7. Status of corporate proposals (continued)****(A) Completed proposals (continued)****i) Acquisitions (continued)**

Identifiable assets acquired and liabilities assumed:	RM'000
Property, plant and equipment	79,333
Deferred tax assets	706
Inventories	47,798
Trade and other receivables	58,676
Tax recoverable	131
Cash and cash equivalents	26,736
Loan and borrowings	(45,024)
Deferred tax liabilities	(5,034)
Trade and other payables	(40,141)
Provision for taxation	(2,295)
Net assets acquired	<u>120,886</u>
Merger reserve	<u>(63,511)</u>
Consideration paid by issuance of shares of the Company	<u><u>57,375</u></u>

Net cash arising from Acquisitions are as follows:

Cash and cash equivalents acquired	26,736
Less: Pledged deposit	<u>(7,585)</u>
	<u><u>19,151</u></u>

ii) Initial Public Offering

The IPO comprises the Institutional Offering and Retail Offering for a total of 67,500,000 Shares. These IPO Shares have been issued/offered based on the terms and conditions set out in the Prospectus of the Company dated 11 October 2013 and have been allocated and allotted in the following manner:

a) Institutional Offering

The institutional offering of 47,250,000 Shares representing 17.5% of our enlarged issued and paid-up share capital, comprising 27,000,000 Offer Shares and 20,250,000 Issue Shares to institutional and selected investors of Malaysia, Singapore and Hong Kong.

b) Retail Offering

Retail Offering of 20,250,000 Issue Shares, representing 7.5% of our enlarged issued and paid-up share capital and allocated in the following manner:

- (i) 13,500,000 Issue Shares, representing 5.0% of the enlarged issued and paid-up share capital of our Company, were available for application by the Malaysian Public, of which 6,750,000 Issue Shares, representing 2.5% of the enlarged issued and paid-up share capital of our Company, were set aside for Bumiputera investors; and
- (ii) 6,750,000 Issue Shares, representing 2.5% of our enlarged issued and paid-up share capital, were made available for application by our eligible Directors, employees, business associates and persons who have contributed to the success of our Group.

c) Listing on Bursa Securities

The Company's entire enlarged issued and paid-up share capital of RM67,500,000 comprising 270,000,000 ordinary shares of RM0.25 each was listed on the Main Market of Bursa Malaysia Securities Berhad on 6 November 2013.

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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 SECURITIES MALAYSIA BERHAD****B7. Status of corporate proposals (continued)****(A) Completed proposals (continued)****iii) Status of utilisation of proceeds**

The gross proceeds raised from the Public Issue amounting to RM74.93 million. The status of the utilisation of the proceed raised from the Public Issue are as follows:

Purposes	Proposed	Actual	Deviations	Balance	Intended timeframe for utilisation
	utilisation	utilisation		Balance	
	RM'000	RM'000	RM'000	RM'000	
Research and Development	4,000	(488)	-	3,512	Within 36 months
Capital expenditure	41,750	(9,801)	-	31,949	Within 36 months
Working capital	13,675	(201)	(532) ⁽²⁾	12,942	Within 36 months
Repayment of bank borrowing	10,000	(10,000)	-	-	Within 6 months
Listing expenses	5,500	(6,032)	532 ⁽²⁾	-	Within 6 months
Total gross proceeds	74,925	(26,522)	-	48,403	

Note:

(1) The proposed utilisation of proceeds as disclosed above should be read in connection with the Prospectus of the Company dated 11 October 2013.

(2) Actual listing expenses incurred were more than the estimated listing expenses by approximately RM0.5 million mainly due to higher professional fee charges as well as other incidental costs incurred in connection to the listing exercise. In accordance to the Prospectus dated 11 October 2013, the excess of listing expenses shall be funded out of the portion allocated for working capital purposes.

(B) Ongoing proposal**(i) Proposed Bonus Issue**

On 14 November 2013, the Company proposed a bonus issue of 135,000,000 new ordinary shares of RM0.25 each in the Company ("Shares") ("Bonus Shares") to be credited as fully paid up on the basis of 1 Bonus Share for every 2 Shares held by the Company's shareholders on an entitlement date to be determined ("Proposed Bonus Issue").

The Company had on 20 February 2014 received the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue. The Company will proceed to obtain the approval of its shareholders for the Proposed Bonus Issue at an extraordinary general meeting to be convened, the date of which will be fixed and announced later.

Other than the aforementioned, there were no corporate proposals pending completion at the date of this report.

B8. Loans and borrowings

The Group's loans and borrowings as at end of the reporting period were as follows :

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
Secured	35,487	10,480	45,967

The Group's loans and borrowings were denominated in the following currencies:

	Foreign	RM'000
	Currency	
- Ringgit Malaysia	'000	21,831
- US Dollar	N/A	16,149
- Thai Baht	5,061	7,987
	80,065	45,967

B9. Changes in material litigation

There was no material litigation since 30 June 2013.

B10. Dividend proposed

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

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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 SECURITIES MALAYSIA BERHAD****B11. Earnings 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

	3 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2013	31.12.2012 ⁽¹⁾	31.12.2013	31.12.2012 ⁽¹⁾
Profit/(Loss) attributable to ordinary shareholders of the Company (RM'000)	11,296	(317)	10,839	(317)
Weighted average number of ordinary shares in issue ('000)	254,152	*	137,058	#
Basic EPS (sen)	4.44	(7,925,000)	7.91	(10,566,667)

Note:

(1) The comparative figures for the preceding quarter and preceding period were the Company level performance for the period ended 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).

* Represents 4 weighted average ordinary share in issue

Represents 3 weighted average ordinary share in issue

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 2013 were not qualified.

B13. Profit before tax

	3 MONTHS ENDED		6 MONTHS ENDED	
	31.12.2013	31.12.2012 ⁽¹⁾	31.12.2013	31.12.2012 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	289	-	289	-
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(577)	-	(577)	-
(d) Depreciation and amortization	(1,722)	-	(1,722)	-
(e) Provision for and write off of receivables	29	-	29	-
(f) Provision for and write off of inventories	(558)	-	(558)	-
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	528	-	528	-
(j) Gain/(loss) on derivatives	(70)	-	(70)	-
(k) Rental expenses	(179)	-	(179)	-
(l) Exceptional items	-	-	-	-

Note:

(1) The comparative figures for the preceding quarter and preceding period were the Company level performance for the period ended 31 December 2012 before the completion of the Acquisitions (as detailed in Note B7 (i)) and Public Issue (as detailed in Note B7 (ii)).

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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 SECURITIES MALAYSIA BERHAD****B14. Realised and unrealised profits/(losses) disclosure**

	AS AT 31.12.2013 RM'000	AS AT 30.6.2013 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	10,520	(632)
- Unrealised	476	-
	10,996	(632)
Consolidated adjustments	(789)	-
Total retained earnings	10,207	(632)

By order of the Board
21 February 2014