



KAREX BERHAD

(Incorporated in Malaysia)

(1018579-U)

Interim Financial Report for the Third Quarter Ended 31 March 2015

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(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE ENDED	
		31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 ⁽²⁾ RM'000
Revenue		71,395	74,616	218,526	156,791
Cost of goods sold		(47,245)	(53,842)	(148,096)	(111,850)
Gross profit		24,150	20,774	70,430	44,941
Other income		3,777	494	8,481	1,302
Distribution expenses		(3,807)	(2,226)	(9,819)	(6,759)
Administrative expenses		(7,202)	(4,050)	(16,616)	(8,961)
Other expenses		(243)	(1,743)	(251)	(2,503)
Result from operating activities		16,675	13,249	52,225	28,020
Interest income		983	679	1,891	968
Finance costs		(356)	(468)	(1,036)	(1,045)
Net finance income / (cost)		627	211	855	(77)
Profit before tax	B13	17,302	13,460	53,080	27,943
Tax expense	B6	(2,053)	(1,917)	(10,308)	(5,561)
Profit for the period		15,249	11,543	42,772	22,382
Profit for the period attributable to:					
Owners of the Company		15,209	11,543	42,588	22,382
Non-controlling interests		40	-	184	-
Profit for the period		15,249	11,543	42,772	22,382
Earnings per share attributable to owners of the Company (sen): ⁽³⁾					
- Basic	B11	2.45	1.90	6.96	5.50
- Diluted	B11	2.45	1.90	6.96	5.50

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 2014 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) As the acquisitions of subsidiaries 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 results for financial year ended 30 June 2014. The Group has consolidated the results from 1 October 2013 onwards. If the Group had existed since last financial year, management estimate the consolidated results would be as disclosed in Note B1.
- (3) The earnings per share for the current quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015, where as the corresponding quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015 and 31 March 2014, in accordance with "MFRS 133, Earnings per Share".

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

	3 MONTHS ENDED		PERIOD-TO-DATE ENDED		
	<u>Note</u>	31.3.2015 RM'000	31.3.2014 RM'000	31.3.2015 RM'000	31.3.2014 ⁽²⁾ RM'000
Profit for the period		15,249	11,543	42,772	22,382
Other comprehensive profit/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,108	126	1,798	(519)
Total comprehensive income for the period		16,357	11,669	44,570	21,863
Total comprehensive income attributable to:					
Owners of the Company		16,273	11,669	44,273	21,863
Non-controlling interests		84	-	297	-
Total comprehensive income for the period		16,357	11,669	44,570	21,863

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 2014 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) As the acquisitions of subsidiaries 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 results for financial year ended 30 June 2014 . The Group has consolidated the results from 1 October 2013 onwards. If the Group had existed since last financial year, management estimate the consolidated results would be as disclosed in Note B1.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION ⁽¹⁾**

	<u>Note</u>	AS AT 31.3.2015 RM'000	AS AT 30.6.2014 RM'000
Assets			
Property, plant and equipment		110,637	86,173
Intangible assets		799	-
Goodwill		20,433	-
Deferred tax assets		17	142
Total non-current assets		<u>131,886</u>	<u>86,315</u>
Inventories		54,592	40,470
Trade and other receivables		91,397	77,487
Cash and cash equivalents		219,466	85,592
Total current assets		<u>365,455</u>	<u>203,549</u>
Total assets		<u>497,341</u>	<u>289,864</u>
Equity			
Capital and Reserves			
Share capital		111,375	101,250
Reserves		301,304	122,082
Total equity attributable to owners of the Company		<u>412,679</u>	<u>223,332</u>
Non-controlling interest		297	-
Total equity		<u>412,976</u>	<u>223,332</u>
Liabilities			
Loan and borrowings (unsecured)	B8	9,756	10,380
Deferred tax liabilities		4,236	4,488
Total non-current liabilities		<u>13,992</u>	<u>14,868</u>
Trade and other payables		39,015	38,887
Loan and borrowings (unsecured)	B8	28,152	11,214
Taxation		3,206	1,563
Total current liabilities		<u>70,373</u>	<u>51,664</u>
Total liabilities		<u>84,365</u>	<u>66,532</u>
Total equity and liabilities		<u>497,341</u>	<u>289,864</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.93</u>	<u>0.55</u>

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 2014 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-controlling interests	Total equity	
	← Non-distributable →			Distributable					
	Share capital	Share premium	Merger reserve	Translation reserve	Other reserve	Retained Earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31 March 2015									
At 1 July 2014	101,250	25,540	63,511	(922)	718	33,235	223,332	-	223,332
Private issue of shares	10,125	147,825	-	-	-	-	157,950	-	157,950
Share issue expenses	-	(2,751)	-	-	-	-	(2,751)	-	(2,751)
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	-	-	-	1,685	-	-	1,685	113	1,798
Profit for the period	-	-	-	-	-	42,588	42,588	184	42,772
Total comprehensive income for the period	-	-	-	1,685	-	42,588	44,273	297	44,570
<i>Contributions by and distributions to owners of the Company</i>									
Dividend to owners of the Company/ Total transactions with owners of the Company	-	-	-	-	-	(10,125)	(10,125)	-	(10,125)
At 31 March 2015	111,375	170,614	63,511	763	718	65,698	412,679	297	412,976

	← Attributable to owners of the Company →						Non-controlling interests	Total equity	
	← Non-distributable →			Distributable					
	Share capital	Share premium	Merger reserve	Translation reserve	Other reserve	Retained Earnings			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
31 March 2014									
At 1 July 2013	-	-	-	-	-	(632)	(632)	-	(632)
Effect arising from Acquisitions	57,375	-	63,511	-	-	-	120,886	-	120,886
Public issue of shares	10,125	64,800	-	-	-	-	74,925	-	74,925
Share issue expenses	-	(5,403)	-	-	-	-	(5,403)	-	(5,403)
Bonus issue	33,750	(33,750)	-	-	-	-	-	-	-
Transfer of reserves	-	-	-	-	718	(718)	-	-	-
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	-	-	-	(519)	-	-	(519)	-	(519)
Profit for the period	-	-	-	-	-	22,382	22,382	-	22,382
Total comprehensive income for the period	-	-	-	(519)	-	22,382	21,863	-	21,863
At 31 March 2014	101,250	25,647	63,511	(519)	718	21,032	211,639	-	211,639

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 2014 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⁾

	<u>Note</u>	PERIOD-TO-DATE ENDED	
		31.3.2015	31.3.2014
		RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		53,080	27,943
Adjustment for:			
Non-cash items		(1,057)	5,750
Operating profit before changes in working capital		52,023	33,693
Net changes in current assets		(15,670)	38
Net changes in current liabilities		(5,116)	(5,983)
Cash generated from operations		31,237	27,748
Tax paid		(8,792)	(3,756)
Net cash from operating activities		22,445	23,992
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment		(27,073)	(7,817)
Proceed from disposal of property, plant and equipment		67	105
Interest received		1,891	968
Acquisition of subsidiaries, net cash and cash equivalents acquired	B7 (A)	(20,870)	19,151
Net cash (used in) / from investing activities		(45,985)	12,407
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceed from private issue of shares	B7 (A) (ii)	157,950	-
Proceed from public issue of shares		-	74,925
Payment for share issue expenses		(2,751)	(5,403)
Dividend paid to owners of the Company		(10,125)	-
Net drawdown/ (repayment) of borrowings and interest paid		11,809	(16,252)
Decrease / (Increase) placement in fixed deposits pledged to licensed banks		8,170	(341)
Net cash from financing activities		165,053	52,929
Net changes in cash and cash equivalents		141,513	89,328
Effect of exchange rate fluctuations on cash held		531	(59)
Cash and cash equivalents at beginning of the period		77,180	-
Cash and cash equivalents at end of the period		219,224	89,269

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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 ENDED	
	31.3.2015	31.3.2014
	RM'000	RM'000
Cash and bank balances	44,607	42,263
Deposits with licensed banks	4,191	9,926
Deposit with other corporation	170,668	45,006
	219,466	97,195
Less: Fixed deposit pledged	(242)	(7,926)
	219,224	89,269

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 2014 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) This represent RM2.00.

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 2014 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 2014.

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 audited financial statements for the financial year ended 30 June 2014. 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 2016

- MFRS 14, Regulatory Deferred Accounts
- Amendments to MFRS 11, Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128, Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101, Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141, Agriculture: Bearer Plants
- Amendments to MFRS 127, Equity method in Separate Financial Statements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, Revenue from Contract with Customers

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- Amendments to MFRS 7, Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and 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.

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)

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group upon their first adoption except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

The adoption of MFRS 15 may result in a change in the accounting for revenue by the Group. The Group is currently assessing the impact of adoption MFRS 15.

MFRS 9, Financial Instruments

The adoption of MFRS 9 may result in a change in the accounting policy. The Group is currently assessing the impact of adoption MFRS 9.

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, except for those disclosed in Note B7.

A6. Dividends paid

Since the end of the previous financial year, the Company paid a final single tier dividend of 2.5 per ordinary share totalling RM10,125,000 in respect of the financial year ended 30 June 2014 on 22 December 2014.

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

A7. Segmental information

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

	Condoms	Catheters	Probe covers, lubricating jelly and others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months ended 31.3.2015</u>					
<u>Revenue</u>					
External revenue	201,514	9,721	7,291	-	218,526
Inter-segment revenue	-	-	-	-	-
Total revenue	201,514	9,721	7,291	-	218,526
<u>Results</u>					
Segment profit	48,535	1,780	3,628	-	53,943
Interest income					1,891
Finance cost					(1,036)
Unallocated amounts					(1,718)
Profit before tax					53,080
Tax expenses					(10,308)
Profit after tax					42,772
<u>Total Assets</u>					
Reportable segment assets	305,687	9,394	5,078	-	320,159
Unallocated assets					177,182
Total Assets					497,341
<u>9 months ended 31.3.2014</u>					
<u>Revenue</u>					
External revenue	145,396	5,451	5,944	-	156,791
Inter-segment revenue	-	-	-	-	-
Total revenue	145,396	5,451	5,944	-	156,791
<u>Results</u>					
Segment profit	26,492	909	3,117	-	30,518
Interest income					968
Finance cost					(1,045)
Unallocated amounts					(2,498)
Profit before tax					27,943
Tax expenses					(5,561)
Profit after tax					22,382
<u>Total Assets</u>					
Reportable segment assets	222,143	7,662	1,733	-	231,538
Unallocated assets					56,858
Total Assets					288,396

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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

On 26 September 2014, the Group has acquired ten (10) shares, representing the entire issued and paid-up share capital of Karex Global Limited, for a total cash consideration of HKD 10.00, equivalent to RM 4.00.

On 3 October 2014, the Group has acquired 55% of the issued and paid-up share capital of Global Protection Corp., for a total cash consideration of USD 6.6 million, equivalent to RM 21.5 million.

On 14 April 2015, the Group, has acquired the entire issued and paid-up share capital of Karex Euro Pte S.L. for a total cash consideration of Euro3,000, equivalent to RM 11,741.

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 since 30 June 2014.

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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

As the acquisitions of subsidiaries 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 results for the financial year ended 30 June 2014. The Group has consolidated the results from 1 October 2013 onwards.

If the Group had existed since last financial year, management estimate the consolidated results would be as follows:-

	3 MONTHS ENDED		PERIOD-TO-DATE ENDED	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	71,395	74,616	218,526	222,196
Result from operating activities	16,675	13,249	52,225	41,480
Profit before tax	17,302	13,460	53,080	40,830
Profit after tax	<u>15,249</u>	<u>11,543</u>	<u>42,772</u>	<u>32,965</u>

For the third quarter ended 31 March 2015 (3QFY2015), revenue was slightly lower by 4.3% or RM3.2 million as compared to the corresponding quarter in the previous year. The reduction in revenue was due to higher commercial orders received in 3QFY2015, resulting in longer lead time for production. However, profit before tax for 3QFY2015 increased by 28.5% to RM17.3 million from RM13.5 million registered in the previous year. Correspondingly, profit after tax in 3QFY2015 also increased by 32.1% or RM3.7 million as compared to the previous year attributable to sales of higher profit margin products, favourable currency exchange rates and raw material prices.

For the nine months period under review (9MFY2015), revenue remain stable at RM 218.5 million while profit before tax increased by 30.0% to RM53.1 million as compared to the preceding year.

B2. Variance of results for the current quarter ended 31 March 2015 against the immediate preceding quarter

	3 MONTHS ENDED	
	31.3.2015	31.12.2014
	RM'000	RM'000
Revenue	71,395	76,998
Result from operating activities	16,675	19,405
Profit before tax	17,302	19,408
Profit after tax	<u>15,249</u>	<u>14,691</u>

Revenue in 3QFY2015 was 7.3% or RM 5.6 million lower as compared to the previous quarter. In tandem with the reduction in revenue, profit before tax decreased by 10.9% or RM2.1 million as compared to the previous quarter.

The reduction in revenue for 3QFY2015 was mainly due to a slowdown in operations resulting from the festive season in 3QFY2015. However, profit after tax in 3QFY2015 improved by 3.8% to RM15.2 million attributed to lower effective tax rate.

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

B3. a) Group's Prospects for the financial year ending 30 June 2015 ("FYE 2015")

The demand for condoms remain strong around the world today while the consumption of condom is also expected to rise in tandem with population growth and increasing awareness on the importance of condom usage among the younger generations today. The Group foresees good prospect for FYE 2015 as the Group continue to secure new orders on the back of rising demand.

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 ENDED	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
Estimated tax payable:				
- Current provision	2,759	2,170	11,103	5,938
- Over provision for prior year/period	(668)	(142)	(668)	(142)
	2,091	2,028	10,435	5,796
Deferred taxation:				
- Current provision	8	(111)	(81)	(235)
- Over provision for prior year/period	(46)	-	(46)	-
	(38)	(111)	(127)	(235)
	2,053	1,917	10,308	5,561

The Group effective tax rate is lower than statutory tax rate mainly due to profit generated by foreign subsidiary with a lower tax rate 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 MALAYSIA SECURITIES BERHAD****B7. Status of corporate proposals****(A) Corporate proposals****i) Acquisitions**

On 3 October 2014, the Group has acquired 55% of the issued and paid-up share capital of Global Protection Corp. for a total cash consideration of USD 6.6 million, equivalent to RM 21.5 million.

Identifiable assets acquired and liabilities assumed	RM'000
Property, plant and equipment	235
Intangible assets	686
Inventories	8,120
Trade and other receivables	4,248
Cash and cash equivalents	669
Trade and other payables	(9,580)
Borrowings	(3,272)
Net assets acquired	<u>1,106</u>
Goodwill	<u>20,433</u>
Consideration paid by issuance of the Group	<u><u>21,539</u></u>

Net cash arising from Acquisitions are as follows:-

Consideration paid by the Group	21,539
Less: Cash and cash equivalents acquired	(669)
	<u><u>20,870</u></u>

ii) Private Placement

On 26 February 2015, CIMB Investment Bank Berhad has on behalf of the Company announced that the Company has proposed to implement a private placement of 40,500,000 new ordinary shares of RM0.25 each in the Company ("Placement Shares"), representing up to 10% of the issued and paid-up share capital of the Company ("Private Placement"). The application was approved by Bursa Securities on 4 March 2015.

The Private Placement was completed and the new Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 11 March 2015.

iii) Bonus Issue

Proposed bonus issue of 222,750,000 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 was completed on 21 April 2015.

There were no 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

B7. Status of corporate proposals (continued)

(B) Status of utilisation of proceeds

i) Initial Public Offering

The Initial Public Offering ("IPO") involved 67.5 million ordinary shares which comprises of 40.5 million ordinary shares and an offer for sale of 27.0 million existing shares at an issue price of RM1.85. The gross proceeds raised from the IPO amounting to RM74.93 million and the status of the utilisation of the proceed are as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviations RM'000	Balance RM'000	Intended timeframe for utilisation
Research and Development	4,000	(1,209)	-	2,791	Within 36 months
Capital expenditure	41,750	(20,982)	-	20,768	Within 36 months
Working capital	13,675	(5,594)	(728) ⁽²⁾	7,353	Within 36 months
Repayment of bank borrowing	10,000	(10,000)	-	-	Within 6 months
Listing expenses	5,500	(6,228)	728 ⁽²⁾	-	Within 6 months
Total gross proceeds	74,925	(44,013)	-	30,912	

Note:

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

(2) Actual listing expenses incurred were more than the estimated listing expenses by approximately RM0.7 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.

ii) Private Placement

The Private Placement ("PP") involved 40.5 million ordinary shares at an issue price of RM3.90. The gross proceeds raised from the Private Placement amounting to RM158.0 million and the status of the utilisation of the proceed are as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviations RM'000	Balance RM'000	Intended timeframe for utilisation
Development and business expansion	110,000	(14,800)	-	95,200	Within 12 months
Working capital	44,450	-	749 ⁽²⁾	45,199	Within 12 months
Listing expenses	3,500	(2,751)	(749) ⁽²⁾	-	Upon completion of PP
Total gross proceeds	157,950	(17,551)	-	140,399	

Note:

(1) The proposed utilisation of proceeds as disclosed above should be read in conjunction with the announcement of the CIMB on 26 February 2015.

(2) Actual listing expenses incurred were less than the estimated listing expenses by approximately RM0.7 million mainly due to lower professional fee charges as well as other incidental costs incurred in connection to the private placement. In accordance to the Proposal announced on 25 February 2015, the excess are allocated for working capital purposes.

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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

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

	Short-Term	Long-Term	Total
	RM'000	RM'000	RM'000
Unsecured	28,152	9,756	37,908
	28,152	9,756	37,908

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

	Foreign Currency	RM'000
- Ringgit Malaysia	N/A	12,224
- US Dollar	3,008	11,159
- Thai Baht	128,078	14,525
		37,908

B9. Changes in material litigation

There was no material litigation since 30 June 2014.

B10. Dividend proposed

No dividend was proposed in respect of the current financial period

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 ENDED	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Profit attributable to ordinary shareholders of the Company (RM'000)	15,209	11,543	42,588	22,382
Weighted average number of ordinary shares in issue ('000)	621,000	607,500	611,934	406,626
Basic EPS (sen) ⁽¹⁾	2.45	1.90	6.96	5.50

Note:

(1) The earnings per share for the current quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015, where as the corresponding quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015 and 31 March 2014, in accordance with "MFRS 133, Earnings per Share".

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.

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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

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 2014 were not qualified.

B13. Profit before tax

	3 MONTHS ENDED		PERIOD-TO-DATE ENDED	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	983	679	1,891	968
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(356)	(468)	(1,036)	(1,045)
(d) Depreciation and amortization	(1,974)	(3,229)	(5,729)	(4,951)
(e) Impairment loss on receivables	(4)	-	(4)	29
(f) Provision for and write off of inventories	-	(12)	15	(570)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	2,677	(1,346)	8,166	(818)
(j) Gain/(loss) on derivatives	778	183	(247)	113
(k) Rental expenses	(577)	(107)	(1,489)	(286)
(l) Exceptional items	-	-	-	-

B14. Realised and unrealised profit/(losses) disclosure

	AS AT 31.3.2015 RM'000	AS AT 30.6.2014 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	62,986	35,427
- Unrealised	5,634	(418)
	68,620	35,009
Consolidated adjustments	(2,922)	(1,774)
Total retained earnings	65,698	33,235

By order of the Board
27 May 2015