



KAREX BERHAD

(Incorporated in Malaysia)

(1018579-U)

Interim Financial Report for the First Quarter Ended 30 September 2015

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

Interim financial report for the first quarter ended 30 September 2015
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue		76,093	70,133	76,093	70,133
Cost of goods sold		(48,579)	(49,093)	(48,579)	(49,093)
Gross profit		27,514	21,040	27,514	21,040
Other income		9,205	806	9,205	806
Distribution expenses		(4,795)	(2,567)	(4,795)	(2,567)
Administrative expenses		(6,530)	(3,134)	(6,530)	(3,134)
Other expenses		-	-	-	-
Result from operating activities		25,394	16,145	25,394	16,145
Interest income		1,591	495	1,591	495
Finance costs		(359)	(270)	(359)	(270)
Net finance income		1,232	225	1,232	225
Profit before tax	B13	26,626	16,370	26,626	16,370
Tax expense	B6	(4,522)	(3,538)	(4,522)	(3,538)
Profit for the period		22,104	12,832	22,104	12,832
Profit for the period attributable to:					
Owners of the Company		22,288	12,832	22,288	12,832
Non-controlling interests		(184)	-	(184)	-
Profit for the period		22,104	12,832	22,104	12,832
Earnings per share attributable to owners of the Company (sen): ⁽²⁾					
- Basic	B11	3.34	2.11	3.34	2.11
- Diluted	B11	3.34	2.11	3.34	2.11

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 2015 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) The earnings per share for the corresponding quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015, 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		
	Note	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Profit for the period		22,104	12,832	22,104	12,832
Other comprehensive profit, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		6,814	576	6,814	576
Total comprehensive income for the period		28,918	13,408	28,918	13,408
Total comprehensive income attributable to:					
Owners of the Company		28,968	13,408	28,968	13,408
Non-controlling interests		(50)	-	(50)	-
Total comprehensive income for the period		28,918	13,408	28,918	13,408

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 2015 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 30.9.2015 RM'000	AS AT 30.6.2015 RM'000
Assets			
Property, plant and equipment		139,444	129,295
Intangible assets		29,203	25,067
Deferred tax assets		136	126
Total non-current assets		<u>168,783</u>	<u>154,488</u>
Inventories		66,949	51,031
Trade and other receivables		95,855	85,136
Cash and cash equivalents		211,236	207,718
Total current assets		<u>374,040</u>	<u>343,885</u>
Total assets		<u>542,823</u>	<u>498,373</u>
Equity			
Share capital		167,063	167,063
Reserves		293,502	264,534
Total equity attributable to owners of the Company		<u>460,565</u>	<u>431,597</u>
Non-controlling interest		743	793
Total equity		<u>461,308</u>	<u>432,390</u>
Liabilities			
Loan and borrowings (secured)	B8	13,638	9,391
Deferred tax liabilities		6,407	5,351
Total non-current liabilities		<u>20,045</u>	<u>14,742</u>
Trade and other payables		47,747	35,889
Loan and borrowings (secured)	B8	11,082	13,491
Taxation		2,641	1,861
Total current liabilities		<u>61,470</u>	<u>51,241</u>
Total liabilities		<u>81,515</u>	<u>65,983</u>
Total equity and liabilities		<u>542,823</u>	<u>498,373</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.69</u>	<u>0.65</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 2015 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		
30 September 2015									
At 1 July 2015	167,063	114,917	63,511	2,725	718	82,663	431,597	793	432,390
Foreign currency translation differences for foreign									
Total other comprehensive income for the period	-	-	-	6,680	-	-	6,680	134	6,814
Profit for the period	-	-	-	-	-	22,288	22,288	(184)	22,104
Total comprehensive income for the period	-	-	-	6,680	-	22,288	28,968	(50)	28,918
At 30 September 2015	167,063	114,917	63,511	9,405	718	104,951	460,565	743	461,308

	← 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		
30 September 2014									
At 1 July 2014	101,250	25,540	63,511	(922)	718	33,235	223,332	-	223,332
Foreign currency translation differences for foreign									
Total other comprehensive income for the period	-	-	-	576	-	-	576	-	576
Profit for the period	-	-	-	-	-	12,832	12,832	-	12,832
Total comprehensive income for the period	-	-	-	576	-	12,832	13,408	-	13,408
At 30 September 2014	101,250	25,540	63,511	(346)	718	46,067	236,740	-	236,740

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 2015 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	
	30.9.2015 RM'000	30.9.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,626	16,370
Adjustment for:		
Non-cash items	(5,970)	1,294
Operating profit before changes in working capital	20,656	17,664
Net changes in current assets	(16,855)	(4,931)
Net changes in current liabilities	7,705	1,027
Cash generated from operations	11,506	13,760
Tax paid	(2,696)	(3,139)
Net cash from operating activities	8,810	10,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,625)	(9,122)
Proceed from disposal of property, plant and equipment	101	-
Interest received	1,591	495
Net cash used in investing activities	(5,933)	(8,627)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown/ (repayment) of borrowings and interest paid	14	(283)
Increase placement in fixed deposits pledged to licensed banks	(829)	(215)
Net cash used in financing activities	(815)	(498)
Net changes in cash and cash equivalents	2,062	1,496
Effect of exchange rate fluctuations on cash held	627	139
Cash and cash equivalents at beginning of the period	207,481	77,180
Cash and cash equivalents at end of the period	210,170	78,815

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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	
	30.9.2015	30.9.2014
	RM'000	RM'000
Cash and bank balances	39,594	33,901
Deposits with licensed banks	7,038	10,116
Deposit with other corporation	164,604	44,048
	211,236	88,065
Less: Bank Overdraft	-	(623)
	211,236	87,442
Less: Fixed deposit pledged	(1,066)	(8,627)
	210,170	78,815

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 2015 and the accompanying explanatory notes as attached to this interim financial statements.

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 2015 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 2015.

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 2015. 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 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)

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

Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative

Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets
– Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture
– Agriculture: Bearer Plants

Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)

Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements

Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

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

MFRS 15, Revenue from Contract with Customers

MFRS 9, Financial Instruments (2014)

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

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of 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.

A6. Dividends paid

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

A7. Segmental information

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

	Condoms RM'000	Catheters RM'000	Probe covers, lubricating jelly and others RM'000	Eliminations RM'000	Total RM'000
<u>3 months ended 30.9.2015</u>					
<u>Revenue</u>					
External revenue	69,950	3,957	2,186	-	76,093
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>69,950</u>	<u>3,957</u>	<u>2,186</u>	<u>-</u>	<u>76,093</u>
<u>Results</u>					
Segment profit	19,097	1,475	1,017	-	21,589
Interest income					1,591
Finance cost					(359)
Unallocated amounts					3,805
Profit before tax					26,626
Tax expenses					(4,522)
Profit after tax					<u>22,104</u>
<u>Total Assets</u>					
Reportable segment assets	357,125	11,723	6,587	-	375,435
Unallocated assets					167,388
Total Assets					<u>542,823</u>
<u>3 months ended 30.9.2014</u>					
<u>Revenue</u>					
External revenue	65,664	2,994	1,475	-	70,133
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>65,664</u>	<u>2,994</u>	<u>1,475</u>	<u>-</u>	<u>70,133</u>
<u>Results</u>					
Segment profit	15,866	(60)	784	-	16,590
Interest income					495
Finance cost					(270)
Unallocated amounts					(445)
Profit before tax					16,370
Tax expenses					(3,538)
Profit after tax					<u>12,832</u>
<u>Total Assets</u>					
Reportable segment assets	246,678	7,830	3,787	-	258,295
Unallocated assets					46,886
Total Assets					<u>305,181</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

There are no other changes in the composition of the Group for the current quarter and financial period-to-date.

A10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets as at date of this report.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

B1. Performance review

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Revenue	76,093	70,133	76,093	70,133
Result from operating activities	25,394	16,145	25,394	16,145
Profit before tax	26,626	16,370	26,626	16,370
Profit after tax	22,104	12,832	22,104	12,832

For the first quarter ended 30 September 2015 (1QFY2016), revenue was higher by 8.5% or RM6.0 million as compared to the corresponding quarter in the previous year due to higher volume from condom commercial sales segment. Result from operating activities has further improved by 57.3% or RM9.2 million as compared to the corresponding quarter in the previous year attributable to gain on foreign exchange, higher profit margin products and lower raw material prices. Profit before tax increased by 62.7% to RM26.6 million, while profit after tax also increased by 72.3% to RM22.1 million as compared to the corresponding quarter in the previous year.

B2. Variance of results for the current quarter ended 30 September 2015 against the immediate preceding quarter

	3 MONTHS ENDED	
	30.9.2015 RM'000	30.6.2015 RM'000
Revenue	76,093	79,568
Result from operating activities	25,394	18,902
Profit before tax	26,626	20,202
Profit after tax	22,104	16,958

Revenue in 1QFY2016 moderated by 4.4% or RM 3.5 million as compared to the previous quarter due to delay in acceptance by customers of our finished products, resulting our inventory increasing over the corresponding period. Nonetheless, result from operating activities has improved by 34.3% or RM6.5 million as compared to the previous quarter attributable to gain on foreign exchange, higher profit margin products and lower raw material prices. Profit before tax was higher by 31.8% or RM6.4 million as compared to the previous quarter. Correspondingly, profit after tax in 1QFY2016 improved by 30.3% to RM22.1 million.

B3. a) Group's Prospects for the financial year ending 30 June 2016 ("FYE 2016")

The Group is optimistic of the prospect for FYE2016 due to continuous strong demand of our products.

b) Forecast or target previously announced

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES 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		PERIOD-TO-DATE	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Estimated tax payable:				
- Current provision	3,728	3,665	3,728	3,665
Deferred taxation:				
- Current provision	794	(127)	794	(127)
	<u>4,522</u>	<u>3,538</u>	<u>4,522</u>	<u>3,538</u>

The Group effective tax rate is lower than statutory tax rate mainly due to profit generated by a foreign subsidiary with a lower tax rate for the current quarter and financial period-to-date.

B7. Status of corporate proposals

(A) Corporate proposals

i) Proposed Acquisition

On 12 August 2015, the Company has entered into a conditional share purchase agreement ("SPA") with Beiersdorf Aktiengesellschaft for the purpose of pursuing the proposed acquisition of 100% of the issued and paid-up share capital in Medical-Latex (DUA) Sdn Bhd for a cash consideration of RM13.0 million. The acquisition was completed on 13 October 2015.

ii) New subsidiary

On 21 October 2015, the Group has incorporated Karex Marketing Sdn Bhd ("KMSB") with the paid up share capital of RM100.00 representing 100 shares of RM1.00 each. The intended principal activity of KMSB is to serve as a vehicle to facilitate marketing activities for Karex Group.

There were no other corporate proposals pending completion at the date of this report.

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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	(4,000)	-	-	Within 36 months
Capital expenditure	41,750	(22,786)	-	18,964	Within 36 months
Working capital	13,675	(6,547)	(728) ⁽²⁾	6,400	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	(49,561)	-	25,364	

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	(17,899)	-	92,101	Within 12 months
Working capital	44,450	(9,088)	740 ⁽²⁾	36,102	Within 12 months
Listing expenses	3,500	(2,760)	(740) ⁽²⁾	-	Upon completion of PP
Total gross proceeds	157,950	(29,747)	-	128,203	

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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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
Secured	11,082	13,638	24,720

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

	Foreign Currency		RM'000
		'000	
- Ringgit Malaysia		N/A	8,184
- US Dollar		700	3,077
- Thai Baht		111,556	13,459
			24,720

B9. Changes in material litigation

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

B10. Dividend proposed

No dividend was proposed in respect of the current financial period

B11. 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	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
Profit attributable to ordinary shareholders of the Company (RM'000)	22,288	12,832	22,288	12,832
Weighted average number of ordinary shares in issue ('000)	668,250	607,500	668,250	607,500
Basic EPS (sen) ⁽¹⁾	3.34	2.11	3.34	2.11

Note:

(1) The earnings per share for the corresponding quarter and period-to-date were restated to reflect the retrospective adjustments arising from the bonus issue completed on 21 April 2015, 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.

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

Interim financial report for the first quarter ended 30 September 2015

(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

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 2015 were not qualified.

B13. Profit before tax

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	1,591	495	1,591	495
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(359)	(270)	(359)	(270)
(d) Depreciation and amortization	(2,032)	(1,874)	(2,032)	(1,874)
(e) Impairment loss on receivables	-	-	-	-
(f) Provision for and write off of inventories	-	-	-	-
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)	12,116	699	12,116	699
(j) Gain/(loss) on derivatives	(3,113)	5	(3,113)	5
(k) Rental expenses	(420)	(327)	(420)	(327)
(l) Exceptional items	-	-	-	-

B14. Realised and unrealised profit/(losses) disclosure

	AS AT 30.9.2015 RM'000	AS AT 30.6.2015 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	98,170	80,171
- Unrealised	9,522	5,241
	107,692	85,412
Consolidated adjustments	(2,741)	(2,749)
Total retained earnings	104,951	82,663

By order of the Board
30 Nov 2015