



# **KAREX BERHAD**

(Incorporated in Malaysia)

(1018579-U)

## **Interim Financial Report for the Fourth Quarter Ended 30 June 2016**

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

Interim financial report for the fourth quarter ended 30 June 2016  
(The figures have not been audited)

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

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Revenue		82,326	79,568	343,221	298,094
Cost of goods sold		(58,833)	(52,211)	(226,444)	(200,307)
<b>Gross profit</b>		<b>23,493</b>	<b>27,357</b>	<b>116,777</b>	<b>97,787</b>
Other income		4,480	1,939	13,559	10,420
Distribution expenses		(5,092)	(5,150)	(19,557)	(14,969)
Administrative expenses		(9,475)	(4,947)	(35,214)	(21,563)
Other expenses		-	(297)	-	(548)
<b>Result from operating activities</b>		<b>13,406</b>	<b>18,902</b>	<b>75,565</b>	<b>71,127</b>
Interest income		1,529	1,438	5,689	3,329
Finance costs		(91)	(138)	(1,119)	(1,174)
Net finance income		1,438	1,300	4,570	2,155
<b>Profit before tax</b>	<b>B13</b>	<b>14,844</b>	<b>20,202</b>	<b>80,135</b>	<b>73,282</b>
Tax expense	B6	(2,206)	(3,244)	(13,117)	(13,552)
<b>Profit for the period</b>		<b>12,638</b>	<b>16,958</b>	<b>67,018</b>	<b>59,730</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		12,590	16,965	67,158	59,553
Non-controlling interests		48	(7)	(140)	177
<b>Profit for the period</b>		<b>12,638</b>	<b>16,958</b>	<b>67,018</b>	<b>59,730</b>
Earnings per share attributable to owners of the Company (sen): <sup>(2)</sup>					
- Basic	B11	1.26	1.69	6.70	6.34
- Diluted	B11	1.26	1.69	6.70	6.34

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 20 April 2016, in accordance with "MFRS 133, Earnings per Share".

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME <sup>(1)</sup>**

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
<b>Profit for the period</b>		<b>12,638</b>	<b>16,958</b>	<b>67,018</b>	<b>59,730</b>
<b>Other comprehensive profit/(losses), net of tax Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		2,102	1,969	(2,039)	3,767
<b>Total comprehensive income for the period</b>		<b>14,740</b>	<b>18,927</b>	<b>64,979</b>	<b>63,497</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		14,674	18,927	65,049	63,200
Non-controlling interests		66	-	(70)	297
<b>Total comprehensive income for the period</b>		<b>14,740</b>	<b>18,927</b>	<b>64,979</b>	<b>63,497</b>

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<sup>(1)</sup>**

	<u>Note</u>	AS AT 30.6.2016 RM'000	AS AT 30.6.2015 RM'000
<b>Assets</b>			
Property, plant and equipment		181,125	129,295
Intangible assets		32,581	25,067
Deferred tax assets		185	126
<b>Total non-current assets</b>		<b>213,891</b>	<b>154,488</b>
Inventories		64,427	51,031
Trade and other receivables		133,451 <sup>(2)</sup>	85,136
Tax recoverable		2,864	-
Cash and cash equivalents		144,436	207,718
<b>Total current assets</b>		<b>345,178</b>	<b>343,885</b>
<b>Total assets</b>		<b>559,069</b>	<b>498,373</b>
<b>Equity</b>			
Share capital		250,594	167,063
Reserves		229,346	264,534
<b>Total equity attributable to owners of the Company</b>		<b>479,940</b>	<b>431,597</b>
<b>Non-controlling interest</b>		<b>723</b>	<b>793</b>
<b>Total equity</b>		<b>480,663</b>	<b>432,390</b>
<b>Liabilities</b>			
Loan and borrowings (secured)	B8	16,741	9,391
Deferred tax liabilities		7,789	5,351
<b>Total non-current liabilities</b>		<b>24,530</b>	<b>14,742</b>
Trade and other payables		42,841	35,889
Loan and borrowings (secured)	B8	9,152	13,491
Taxation		1,883	1,861
<b>Total current liabilities</b>		<b>53,876</b>	<b>51,241</b>
<b>Total liabilities</b>		<b>78,406</b>	<b>65,983</b>
<b>Total equity and liabilities</b>		<b>559,069</b>	<b>498,373</b>
Net assets per share attributable to owners of the Company (RM)		<b>0.48</b>	<b>0.65</b>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) The trade and other receivables include an advance payment of RM34.2 million (GBP 6.0 million) for the purpose of pursuing the proposed acquisition of the entire issued and paid share capital in Pasante Healthcare Limited ("Pasante") as mentioned in B7 (A) (iii).

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

	← Attributable to owners of the Company →						Non-controlling interests	Total equity	
	← Non-distributable →			→ Distributable					
	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		
<b>30 June 2016</b>									
<b>At 1 July 2015</b>	167,063	114,917	63,511	2,725	718	82,663	431,597	793	432,390
Contributions by and distributions to owners of the Company									
Bonus Issue	83,531	(83,531)	-	-	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-	(16,706)	(16,706)	-	(16,706)
<b>Total transactions with owners of the Company</b>	<b>83,531</b>	<b>(83,531)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,706)</b>	<b>(16,706)</b>	<b>-</b>	<b>(16,706)</b>
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	(2,109)	-	-	(2,109)	70	(2,039)
Profit for the period	-	-	-	-	-	67,158	67,158	(140)	67,018
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,109)</b>	<b>-</b>	<b>67,158</b>	<b>65,049</b>	<b>(70)</b>	<b>64,979</b>
<b>At 30 June 2016</b>	<b>250,594</b>	<b>31,386</b>	<b>63,511</b>	<b>616</b>	<b>718</b>	<b>133,115</b>	<b>479,940</b>	<b>723</b>	<b>480,663</b>
<b>30 June 2015</b>									
<b>At 1 July 2014</b>	101,250	25,540	63,511	(922)	718	33,235	223,332	-	223,332
Contributions by and distributions to owners of the Company									
Effect arising from the acquisitions of a subsidiary	-	-	-	-	-	-	-	496	496
Private placement of shares	10,125	147,825	-	-	-	-	157,950	-	157,950
Share issue expenses	-	(2,760)	-	-	-	-	(2,760)	-	(2,760)
Bonus Issue	55,688	(55,688)	-	-	-	-	-	-	-
Dividend to owners of the Company	-	-	-	-	-	(10,125)	(10,125)	-	(10,125)
<b>Total transactions with owners of the Company</b>	<b>65,813</b>	<b>89,377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,125)</b>	<b>145,065</b>	<b>496</b>	<b>145,561</b>
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	3,647	-	-	3,647	120	3,767
Profit for the period	-	-	-	-	-	59,553	59,553	177	59,730
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,647</b>	<b>-</b>	<b>59,553</b>	<b>63,200</b>	<b>297</b>	<b>63,497</b>
<b>At 30 June 2015</b>	<b>167,063</b>	<b>114,917</b>	<b>63,511</b>	<b>2,725</b>	<b>718</b>	<b>82,663</b>	<b>431,597</b>	<b>793</b>	<b>432,390</b>

Notes:

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes as attached to this interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

	Notes	PERIOD-TO-DATE	
		30.6.2016 RM'000	30.6.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		80,135	73,282
Adjustment for:			
Non-cash items		(2,289)	(730)
<b>Operating profit before changes in working capital</b>		<b>77,846</b>	<b>72,552</b>
Net changes in current assets		(19,314)	(5,959)
Net changes in current liabilities		1,937	(8,948)
Cash generated from operations		60,469	57,645
Tax paid		(15,242)	(12,375)
<b>Net cash from operating activities</b>		<b>45,227</b>	<b>45,270</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of:			
- Property, plant and equipment		(44,196)	(46,315)
- Subsidiaries, net cash and cash equivalents, acquired	B7(A)(i)	(13,000)	(20,870)
- Intangible asset		(5,589)	-
Advance payment for proposed acquisition	B7(A)(iii)	(34,217)	-
Proceed from disposal of property, plant and equipment		(47)	107
Interest received		5,689	3,329
<b>Net cash used in investing activities</b>		<b>(91,360)</b>	<b>(63,749)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from private issue of shares		-	157,950
Payment for share issue expenses		-	(2,760)
Dividend paid to owners of the Company		(16,706)	(10,125)
Net repayment of borrowings and interest paid		(229)	(4,347)
(Increase)/ Decrease placement in fixed deposits pledged to licensed banks		(700)	8,175
<b>Net cash (used in) / from financing activities</b>		<b>(17,635)</b>	<b>148,893</b>
Effect of exchange rate fluctuations on cash held		(228)	(113)
<b>Net changes in cash and cash equivalents</b>		<b>(63,996)</b>	<b>130,301</b>
Cash and cash equivalents at beginning of the period		207,481	77,180
<b>Cash and cash equivalents at end of the period</b>		<b>143,485</b>	<b>207,481</b>

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>(1)</sup>**

**Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

	<b>PERIOD-TO-DATE</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	RM'000	RM'000
Cash and bank balances	50,354	22,689
Deposits with licensed banks	944	2,988
Deposit with other corporation	93,138	182,041
	144,436	207,718
Less: Bank Overdraft	(14)	-
	144,422	207,718
Less: Fixed deposit pledged	(937)	(237)
	<b>143,485</b>	<b>207,481</b>

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, 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

– Clarification to MFRS 15

MFRS 9, Financial Instruments (2014)

Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative

Amendments to MFRS 112, Recognition of Deferred Tax Assets for Unrealised Losses

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16, Leases

#### **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



## 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 Group plan to apply these accounting standards, amendments and interpretations in the respective financial year when these standards, amendments and interpretations become effective.

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**

Since the end of the previous financial year, the Company paid a final single tier dividend of 2.5 sen per ordinary share totalling RM 16,706,250 in respect of the financial year ended 30 June 2015 on 18 December 2015.

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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
<b><u>12 months ended 30.6.2016</u></b>					
<u>Revenue</u>					
External revenue	316,037	15,200	11,984	-	343,221
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>316,037</u>	<u>15,200</u>	<u>11,984</u>	<u>-</u>	<u>343,221</u>
<u>Results</u>					
Segment profit	63,051	3,774	5,561	-	72,386
Interest income					5,689
Finance cost					(1,119)
Unallocated amounts					3,179
Profit before tax					<u>80,135</u>
Tax expenses					(13,117)
Profit after tax					<u>67,018</u>
<u>Total Assets</u>					
Reportable segment assets	427,262	9,377	10,671	-	447,310
Unallocated assets					111,759
Total Assets					<u>559,069</u>
<b><u>12 months ended 30.6.2015</u></b>					
<u>Revenue</u>					
External revenue	274,845	13,347	9,902	-	298,094
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>274,845</u>	<u>13,347</u>	<u>9,902</u>	<u>-</u>	<u>298,094</u>
<u>Results</u>					
Segment profit	59,834	2,745	4,873	-	67,452
Interest income					3,329
Finance cost					(1,174)
Unallocated amounts					3,675
Profit before tax					<u>73,282</u>
Tax expenses					(13,552)
Profit after tax					<u>59,730</u>
<u>Total Assets</u>					
Reportable segment assets	304,885	10,269	5,824	-	320,978
Unallocated assets					177,395
Total Assets					<u>498,373</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 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, other than as disclosed below.

- a) On 13 October 2015, the Group has acquired 100% of the issued and paid-up share capital in Medical-Latex (DUA) Sdn Bhd for a cash consideration of RM13.0 million from Beiersdorf Aktiengesellschaft.
- b) 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.
- c) On 11 January 2016, the Group has incorporated Karex Holdings Sdn Bhd ("KHSB") with the paid up share capital of RM100.00 representing 100 shares of RM1.00 each. The intended principal activity of KHSB is to serve as a vehicle to hold the Group's properties including intellectual properties.
- d) On 15 January 2016, the Group has acquired the entire share capital of Project Trillion Sdn Bhd ("PTSB") for a total cash consideration of RM2.00. The intended principal activity of PTSB is to serve as a vehicle to hold the Group's properties including intellectual properties. On 16 February 2016, the Company has changed its name from Project Trillian Sdn Bhd to Karex International Sdn Bhd.

#### 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**

	<b>3 MONTHS ENDED</b>		<b>PERIOD-TO-DATE</b>	
	<b>30.6.2016</b> RM'000	<b>30.6.2015</b> RM'000	<b>30.6.2016</b> RM'000	<b>30.6.2015</b> RM'000
Revenue	82,326	79,568	343,221	298,094
Result from operating activities	13,406	18,902	75,565	71,127
Profit before tax	14,844	20,202	80,135	73,282
Profit after tax	<u>12,638</u>	<u>16,958</u>	<u>67,018</u>	<u>59,730</u>

For the fourth quarter ended 30 June 2016 (4QFY2016), revenue was higher by 3.5% or RM2.8 million as compared to the corresponding quarter in the previous year due to higher volume of condom sales. However, result from operating activities was lower by 29.1% or RM5.5 million as compared to the corresponding quarter in the previous year attributable to the adjustment of selling price due to favourable exchange rate gain. Profit before tax decreased by 26.5% to RM14.8 million, while profit after tax also decreased by 25.5% to RM12.6 million as compared to the corresponding quarter in the previous year.

For the 12 months period under review (12MF2016), revenue grew by 15.1% to RM 343.2 million while profit before tax has also increased by 9.4% to RM80.1 million as compared to the previous year.

**B2. Variance of results for the current quarter ended 30 June 2016 against the immediate preceding quarter**

	<b>3 MONTHS ENDED</b>	
	<b>30.6.2016</b> RM'000	<b>31.3.2016</b> RM'000
Revenue	82,326	88,223
Result from operating activities	13,406	10,822
Profit before tax	14,844	11,691
Profit after tax	<u>12,638</u>	<u>10,063</u>

Revenue in 4QFY2016 was 6.7% or RM5.9 million lower mainly due to lower tender segment sales as compared to the previous quarter. However, profit after tax was higher by 25.6% or RM2.6 million as compared to the previous quarter as a result of favourable foreign exchange gain in current quarter.

**B3. a) Group's Prospects for the financial year ending 30 June 2017 ("FYE 2017")**

The Group is optimistic of the prospect for FYE2017 due to continuous strong demand of our existing and own brand products.

**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 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	
	30.6.2016 RM'000	30.6.2015 RM'000	30.6.2016 RM'000	30.6.2015 RM'000
Estimated tax payable:				
- Current provision	973	2,478	12,145	13,492
- Under / (Over) provision for prior year/period	76	(151)	255	(819)
	1,049	2,327	12,400	12,673
Deferred taxation:				
- Current provision	897	891	547	899
- Under / (Over) provision for prior year/period	260	26	170	(20)
	1,157	917	717	879
	2,206	3,244	13,117	13,552

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) Acquisition

On 13 October 2015, the Group has acquired 100% of the issued and paid-up share capital in Medical-Latex (DUA) Sdn Bhd for a cash consideration of RM13.0 million from Beiersdorf Aktiengesellschaft.

	RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	14,854 <sup>(1)</sup>
Inventories	4,240
Trade and other receivables	4,911
Trade and other payables	(4,856)
Borrowings	(531)
Deferred tax liabilities	(1,662) <sup>(1)</sup>
Net assets acquired	16,956
Gain from a bargain purchase	(3,956)
Consideration paid by the Group	13,000

Net cash arising from Acquisitions are as follows:-

Consideration paid by the Group	13,000
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<sup>(1)</sup> In accordance with MFRS 3, Business Combination, a fair value adjustment for land and building amounting RM 6.5 million and deferred tax liabilities of RM1.6 million were recognised upon Acquisition. The Group has recognised a bargain purchase gain of RM 3.9 million to Consolidated Statement of Profit or Loss.

ii) Bonus Issue

Proposed bonus issue of 334,125,000 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 20 April 2016.

**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)**

(A) Corporate proposals (continued)

iii) Proposed Acquisition

On 27 May 2016, the Group has entered into a conditional share purchase agreement ("SPA") for the purpose of pursuing the proposed acquisition of the entire issued and paid share capital in Pasante Healthcare Limited ("Pasante") for a cash consideration of GBP 6.0 million. The acquisition was completed on 1 July 2016.

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

(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:

<b>Purposes</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviations RM'000</b>	<b>Reallocation RM'000</b>	<b>Balance RM'000</b>	<b>Intended timeframe for utilisation</b>
Research and Development	4,000	(4,000)	-	-	-	- Within 36 months
Capital expenditure	41,750	(24,237)	-	(17,513) <sup>(3)</sup>	-	- Within 36 months
Working capital	13,675	(18,919)	(728) <sup>(2)</sup>	17,513 <sup>(3)</sup>	11,541	Within 36 months
Repayment of bank borrowing	10,000	(10,000)	-	-	-	Within 6 months
Listing expenses	5,500	(6,228)	728 <sup>(2)</sup>	-	-	Within 6 months
<b>Total gross proceeds</b>	<b>74,925</b>	<b>(63,384)</b>	<b>-</b>	<b>-</b>	<b>11,541</b>	

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.
- (3) In accordance to the Prospectus dated 11 October 2013, the remaining proceeds to be utilised for capital expenditure will now be reallocated for working capital.

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:

<b>Purposes</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviations RM'000</b>	<b>Balance RM'000</b>	<b>Intended timeframe for utilisation</b>
Development and business expansion	110,000	(78,813)	-	31,187	Within 24 months
Working capital	44,450	(27,548)	740 <sup>(2)</sup>	17,642	Within 24 months
Listing expenses	3,500	(2,760)	(740) <sup>(2)</sup>	-	Upon completion of PP
<b>Total gross proceeds</b>	<b>157,950</b>	<b>(109,121)</b>	<b>-</b>	<b>48,829</b>	

Note:

- (1) The proposed utilisation of proceeds as disclosed above should be read in conjunction with the announcement by 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 26 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 RM'000	Long-Term RM'000	Total RM'000
Secured	9,152	16,741	25,893

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

	Foreign Currency	RM'000
- Ringgit Malaysia	N/A	6,404
- US Dollar	1,640	6,612
- Thai Baht	111,200	12,877
		25,893

**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	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
Profit attributable to ordinary shareholders of the Company (RM'000)	12,590	16,965	67,158	59,553
Weighted average number of ordinary shares in issue ('000)	1,002,375	1,002,375	1,002,375	938,962
Basic EPS (sen) <sup>(1)</sup>	1.26	1.69	6.70	6.34

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 20 April 2016, 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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(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	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	1,529	1,438	5,689	3,329
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(91)	(138)	(1,119)	(1,174)
(d) Depreciation and amortization	(2,367)	(1,940)	(9,020)	(7,669)
(e) Impairment loss on receivables	7	3	(20)	(1)
(f) Provision for and write off of inventories	-	86	-	101
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain	6,324	1,901	8,967	10,067
(j) (Loss)/Gain on derivatives	(716)	(300)	537	(547)
(k) Rental expenses	(565)	(788)	(2,079)	(2,277)
(l) Gain from a bargain purchase	-	-	3,956	-
(m) Exceptional items	-	-	-	-
	-	-	-	-

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

	AS AT 30.6.2016 RM'000	AS AT 30.6.2015 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	139,950	80,171
- Unrealised	196	5,241
	140,146	85,412
Consolidated adjustments	(7,031)	(2,749)
Total retained earnings	133,115	82,663

By order of the Board  
29 Aug 2016