



KAREX BERHAD

(Incorporated in Malaysia)

(1018579-U)

Interim Financial Report for the Second Quarter Ended 31 December 2016

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

Interim financial report for the second quarter ended 31 December 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue		97,566	96,579	177,603	172,672
Cost of goods sold		(65,023)	(60,569)	(120,629)	(109,148)
Gross profit		32,543	36,010	56,974	63,524
Other income		2,076	4,382	3,279	13,587
Distribution expenses		(9,252)	(5,125)	(15,497)	(9,920)
Administrative expenses		(9,994)	(8,803)	(18,254)	(15,333)
Other expenses		(2,518)	(521)	(3,753)	(521)
Result from operating activities		12,855	25,943	22,749	51,337
Interest income		831	1,361	1,687	2,952
Finance costs		(287)	(330)	(586)	(689)
Net finance income		544	1,031	1,101	2,263
Profit before tax	B13	13,399	26,974	23,850	53,600
Tax expense	B6	(3,068)	(4,761)	(5,391)	(9,283)
Profit for the period		10,331	22,213	18,459	44,317
Profit for the period attributable to:					
Owners of the Company		10,007	22,649	18,144	44,937
Non-controlling interests		324	(436)	315	(620)
Profit for the period		10,331	22,213	18,459	44,317
Earnings per share attributable to owners of the Company (sen): ⁽²⁾					
- Basic	B11	1.00	2.26	1.81	4.48
- Diluted	B11	1.00	2.26	1.81	4.48

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 2016 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 ⁽¹⁾**

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Profit for the period		10,331	22,213	18,459	44,317
Other comprehensive profit /(loss), net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		6,987	(1,917)	10,098	4,897
Total comprehensive income for the period		17,318	20,296	28,557	49,214
Total comprehensive income attributable to:					
Owners of the Company		17,012	20,754	28,245	49,722
Non-controlling interests		306	(458)	312	(508)
Total comprehensive income for the period		17,318	20,296	28,557	49,214

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 2016 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 31.12.2016 RM'000	AS AT 30.6.2016 RM'000
Assets			
Property, plant and equipment		193,502	180,934
Intangible assets		35,629	32,571
Goodwill	B7(A)(i)	27,230	-
Deferred tax assets		217	247
Total non-current assets		<u>256,578</u>	<u>213,752</u>
Inventories		81,080	63,790
Trade and other receivables ⁽²⁾		131,306	133,384
Tax recoverable		4,004	2,885
Cash and cash equivalents		98,378	144,269
Total current assets		<u>314,768</u>	<u>344,328</u>
Total assets		<u>571,346</u>	<u>558,080</u>
Equity			
Share capital		250,594	250,594
Reserves		236,670	228,473
Total equity attributable to owners of the Company		487,264	479,067
Non-controlling interest		917	605
Total equity		<u>488,181</u>	<u>479,672</u>
Liabilities			
Loan and borrowings (secured)	B8	14,138	16,112
Deferred tax liabilities		7,584	7,755
Total non-current liabilities		<u>21,722</u>	<u>23,867</u>
Trade and other payables		50,228	42,976
Loan and borrowings (secured)	B8	10,022	9,783
Taxation		1,193	1,782
Total current liabilities		<u>61,443</u>	<u>54,541</u>
Total liabilities		<u>83,165</u>	<u>78,408</u>
Total equity and liabilities		<u>571,346</u>	<u>558,080</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.49</u>	<u>0.48</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 2016 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) In current financial period, trade and other receivables include a partial payment of RM16.2 million (USD 4.0 million) for the purpose of acquiring the rights, title and interests to certain assets of Line One Laboratories , Inc ("Line One") as mentioned in B7 (A) (ii). In previous financial year, 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) (i).

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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	RM'000	
31 December 2016									
At 1 July 2016	250,594	31,386	63,511	216	718	132,642	479,067	605	479,672
Contributions by and distributions to owners of the Company									
Dividend to owners of the Company/									
Total transactions with owners of the Company	-	-	-	-	-	(20,048)	(20,048)	-	(20,048)
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	10,101	-	-	10,101	(3)	10,098
Profit for the period	-	-	-	-	-	18,144	18,144	315	18,459
Total comprehensive income for the period	-	-	-	10,101	-	18,144	28,245	312	28,557
At 31 December 2016	250,594	31,386	63,511	10,317	718	130,738	487,264	917	488,181

	← 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	RM'000	
31 December 2015									
At 1 July 2015	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									
Dividend to owners of the Company/									
Total transactions with owners of the Company	-	-	-	-	-	(16,706)	(16,706)	-	(16,706)
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	-	4,785	-	-	4,785	112	4,897
Profit for the period	-	-	-	-	-	44,937	44,937	(620)	44,317
Total comprehensive income for the period	-	-	-	4,785	-	44,937	49,722	(508)	49,214
At 31 December 2015	167,063	114,917	63,511	7,510	718	110,894	464,613	285	464,898

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 2016 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	Notes	PERIOD-TO-DATE	
		31.12.2016 RM'000	31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		23,850	53,600
Adjustment for:			
Non-cash items		1,953	(8,023)
Operating profit before changes in working capital		25,803	45,577
Net changes in current assets		(14,880)	(14,976)
Net changes in current liabilities		(2,582)	(5,287)
Cash generated from operations		8,341	25,314
Tax paid		(7,240)	(6,049)
Net cash from operating activities		1,101	19,265
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
- Property, plant and equipment		(14,273)	(17,354)
- Subsidiaries, net cash and cash equivalents, acquired	B7(A)(i)	4,120	(13,000)
- Intangible asset		(320)	-
Partial payment for proposed acquisition	B7(A)(ii)	(16,196)	-
Proceed from disposal of property, plant and equipment		5	183
Interest received		1,687	2,952
Net cash used in investing activities		(24,977)	(27,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to owners of the Company		(20,048)	(16,706)
Net repayment of borrowings and interest paid		(2,306)	(1,506)
Increase placement in fixed deposits pledged to licensed banks		(97)	(703)
Net cash used in financing activities		(22,451)	(18,915)
Effect of exchange rate fluctuations on cash held		353	315
Net changes in cash and cash equivalents		(45,974)	(26,554)
Cash and cash equivalents at beginning of the period		143,318	207,481
Cash and cash equivalents at end of the period		97,344	180,927

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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	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash and bank balances	21,651	58,981
Deposits with licensed banks	1,051	940
Deposit with other corporation	75,676	121,946
	98,378	181,867
Less: Fixed deposit pledged	(1,034)	(940)
	97,344	180,927

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 2016 and the accompanying explanatory notes as attached to this interim financial statements.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 (Appendix 9B Part 9A) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 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 2016.

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 2016. 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 2017

Amendments to MFRS 12, Disclosure of Interests in Other Entities

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 2018

MFRS 15, Revenue from Contract with Customers

– Clarification to MFRS 15

MFRS 9, Financial Instruments (2014)

Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards

Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 12, Disclosure of Interests in Other Entities

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

Amendments to MFRS 128, Investments in Associates and Joint Ventures

Amendments to MFRS 140, Investment Property

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

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:

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)

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.

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.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15, MFRS 9 and MFRS 16.

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:-

	Sexual Wellness	Medical	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months ended 31.12.2016</u>					
Revenue					
External revenue	159,318	15,512	2,773	-	177,603
Inter-segment revenue	-	-	-	-	-
Total revenue	159,318	15,512	2,773	-	177,603
Results					
Segment profit	20,791	3,693	467	-	24,951
Interest income					1,687
Finance cost					(586)
Unallocated amounts					(2,202)
Profit before tax					23,850
Tax expenses					(5,391)
Profit after tax					18,459
Total Assets					
Reportable segment assets	445,494	15,904	2,482	-	463,880
Unallocated assets					107,466
Total Assets					571,346
<u>6 months ended 31.12.2015</u>					
Revenue					
External revenue	161,906	10,766	-	-	172,672
Inter-segment revenue	-	-	-	-	-
Total revenue	161,906	10,766	-	-	172,672
Results					
Segment profit	46,255	2,450	-	-	48,705
Interest income					2,952
Finance cost					(689)
Unallocated amounts					2,632
Profit before tax					53,600
Tax expenses					(9,283)
Profit after tax					44,317
Total Assets					
Reportable segment assets	382,067	13,065	-	-	395,132
Unallocated assets					140,641
Total Assets					535,773

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 1 July 2016, the Group has acquired 100% of the issued and paid-up share capital in Pasante Healthcare Limited for a cash consideration of GBP 6.0 million.
- b) On 29 September 2016, the Group has subscribed for 249,997 new ordinary shares of THB 100.00 per share in Karex Polymers Limited ("KPL") representing 99.99% of the issued share capital of KPL for a cash consideration of THB6,249,925. The intended principal activity of KPL is manufacturing of pre-vulcanised latex for use in the manufacturing facilities of the Group.

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	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue	97,566	96,579	177,603	172,672
Result from operating activities	12,855	25,943	22,749	51,337
Profit before tax	13,399	26,974	23,850	53,600
Profit after tax	<u>10,331</u>	<u>22,213</u>	<u>18,459</u>	<u>44,317</u>

For the second quarter ended 31 December 2016 (2QFY2017), revenue remained steady with an increase of 1.0% or RM1.0 million to RM97.6 million. Result from operating activities was lower as compared to the corresponding quarter in the previous year primarily due to higher distribution and marketing expenses and one-off expenses. One off expenses included expenses related to corporate exercise as well as trademark and registration related expenses. Correspondingly, profit before tax and profit after tax are lower as compared to the corresponding quarter in the previous year.

For the six months period under review (6MFY2017), revenue increased by 2.9% to RM177.6 million. Profit after tax decreased by RM 25.9 million as compared to previous year.

B2. Variance of results for the current quarter ended 31 December 2016 against the immediate preceding quarter

	3 MONTHS ENDED	
	31.12.2016 RM'000	30.9.2016 RM'000
Revenue	97,566	80,037
Result from operating activities	12,855	9,894
Profit before tax	13,399	10,451
Profit after tax	<u>10,331</u>	<u>8,128</u>

Revenue in 2QFY2017 increased as compared to the previous quarter due to more deliveries of tender orders. Profit after tax was higher by 27.1% or RM2.2 million as compared to the previous quarter due to higher sales and better gross profit margin from goods sold.

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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

B5. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

B6. Tax expense

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Estimated tax payable:				
- Current provision	2,951	4,994	5,250	8,722
Deferred taxation:				
- Current provision	117	(233)	141	561
	<u>3,068</u>	<u>4,761</u>	<u>5,391</u>	<u>9,283</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) Acquisition

On 1 July 2016, the Group has acquired 100% of the issued and paid-up share capital in Pasante Healthcare Limited for a cash consideration of GBP 6.0 million (equivalent to RM 34.2 million).

	RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	299
Inventories	6,206
Trade and other receivables	5,493
Cash and cash equivalents	4,120
Trade and other payables	(9,131)
Net assets acquired	<u>6,987</u>
Goodwill	<u>27,230</u>
Consideration paid by the Group	<u>34,217</u>

Net cash arising from Acquisitions are as follows:-

Purchase consideration settled in cash and cash equivalents	34,217 ⁽¹⁾
Cash and cash equivalents acquired	(4,120)
	<u>30,097</u>

(1) Purchase consideration was previously paid in advance during the financial year 2016.

ii) Proposed Acquisition

On 30 August 2016, the Group has entered into a conditional asset purchase agreement ("APA") with Line One Laboratories, Inc ("Line One") for the rights, title and interests to certain assets of Line One for a cash consideration of USD 8.0 million. The acquisition was completed on 10 January 2017.

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) Private Placement

The gross proceeds raised from the Private Placement ("PP") amounting to RM158.0 million and the status of the utilisation of the proceeds as at 31 December 2016 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	(93,228)	-	16,772	Within 24 months
Working capital	44,450	(38,544)	740 ⁽²⁾	6,646	Within 24 months
Listing expenses	3,500	(2,760)	(740) ⁽²⁾	-	Upon completion of PP
Total gross proceeds	<u>157,950</u>	<u>(134,532)</u>	<u>-</u>	<u>23,418</u>	

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.

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	10,022	14,138	24,160

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

	Foreign Currency '000	RM'000
- Ringgit Malaysia	N/A	5,632
- US Dollar	1,515	6,786
- Thai Baht	93,759	11,742
		<u>24,160</u>

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to ordinary shareholders of the Company (RM'000)	10,007	22,649	18,144	44,937
Weighted average number of ordinary shares in issue ('000)	1,002,375	1,002,375	1,002,375	1,002,375
Basic EPS (sen) ⁽¹⁾	1.00	2.26	1.81	4.48

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.

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 2016 were not qualified.

B13. Profit before tax

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
(a) Interest income	831	1,361	1,687	2,952
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(287)	(330)	(586)	(689)
(d) Depreciation and amortization	(2,516)	(2,360)	(4,614)	(4,392)
(e) Impairment loss on receivables	(17)	(27)	(17)	(27)
(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)	4,684	(3,561)	6,305	8,555
(j) (Loss)/ Gain on derivatives	(2,765)	3,250	(3,256)	137
(k) Rental expenses	(855)	(317)	(1,668)	(737)
(l) Gain from a bargain purchase	-	(4,684)	-	(4,684)
(m) Exceptional items	-	-	-	-

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

Interim financial report for the second quarter ended 31 December 2016
(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

B14. Realised and unrealised profit/(losses) disclosure

	AS AT 31.12.2016 RM'000	AS AT 30.6.2016 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	250,416	248,132
- Unrealised	(1,467)	(4,410)
	248,949	243,722
Consolidated adjustments	(118,211)	(111,080)
Total retained earnings	130,738	132,642

By order of the Board
24 Feb 2017