



KAREX BERHAD

(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

Interim Financial Report for the First Quarter Ended 30 September 2019

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(Incorporated in Malaysia)

Interim financial report for the first quarter ended 30 September 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Revenue		95,730	92,158	95,730	92,158
Cost of goods sold		(75,576)	(67,454)	(75,576)	(67,454)
Gross profit		20,154	24,704	20,154	24,704
Other income		642	157	642	157
Distribution expenses		(8,311)	(10,291)	(8,311)	(10,291)
Administrative expenses		(12,076)	(11,830)	(12,076)	(11,830)
Other expenses		(12)	(341)	(12)	(341)
Result from operating activities		397	2,399	397	2,399
Interest income		217	285	217	285
Finance costs		(353)	(296)	(353)	(296)
Net finance expense		(136)	(11)	(136)	(11)
Profit before tax		261	2,388	261	2,388
Tax expense	B6	(106)	(615)	(106)	(615)
Profit for the period	B13	155	1,773	155	1,773
(Loss)/ Profit for the period attributable to:					
Owners of the Company		(167)	1,978	(167)	1,978
Non-controlling interests		322	(205)	322	(205)
Profit for the period		155	1,773	155	1,773
(Loss)/ Earnings per share attributable to owners of the Company (sen):					
- Basic	B11	(0.02)	0.20	(0.02)	0.20
- Diluted	B11	(0.02)	0.20	(0.02)	0.20

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Profit for the period	155	1,773	155	1,773
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	383	5,638	383	5,638
Total comprehensive income for the period	538	7,411	538	7,411
Total comprehensive income attributable to:				
Owners of the Company	190	7,593	190	7,593
Non-controlling interests	348	(182)	348	(182)
Total comprehensive income for the period	538	7,411	538	7,411

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	AS AT 30.9.2019 RM'000	AS AT 30.6.2019 RM'000
Assets			
Property, plant and equipment		220,951	220,735
Right-of-use assets		18,569	-
Intangible assets		97,019	96,562
Deferred tax assets		1,671	1,914
Total non-current assets		338,210	319,211
Inventories		120,115	119,628
Trade and other receivables		82,626	82,785
Tax recoverable		10,621	9,837
Cash and cash equivalents		58,547	63,635
Total current assets		271,909	275,885
Total assets		610,119	595,096
Equity			
Share capital		281,980	281,980
Reserves		209,242	209,052
Total equity attributable to owners of the Company		491,222	491,032
Non-controlling interest		1,924	1,576
Total equity		493,146	492,608
Liabilities			
Loan and borrowings	B8	23,471	9,056
Deferred tax liabilities		7,860	8,064
Total non-current liabilities		31,331	17,120
Trade and other payables		59,265	60,339
Loan and borrowings	B8	25,887	24,612
Derivative financial liabilities		455	3
Taxation		35	414
Total current liabilities		85,642	85,368
Total liabilities		116,973	102,488
Total equity and liabilities		610,119	595,096
Net assets per share attributable to owners of the Company (RM)		0.49	0.49

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.
- (2) The comparative figures have been restated as a result of the adoption of the new accounting standards on the required effective date.

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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		Total		
	Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
30 September 2019									
At 1 July 2019	281,980	63,511	14,024	718	130,799	491,032	1,576	492,608	
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	357	-	-	357	26	383	
Profit for the period	-	-	-	-	(167)	(167)	322	155	
Total comprehensive income/ (expense) for the period	-	-	357	-	(167)	190	348	538	
At 30 September 2019	281,980	63,511	14,381	718	130,632	491,222	1,924	493,146	

	← Attributable to owners of the Company →							Non-controlling interests	Total equity
	← Non-distributable →				Distributable		Total		
	Share capital	Merger reserve	Translation reserve	Other reserve	Retained earnings				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
30 September 2018									
At 1 July 2018	281,980	63,511	3,653	718	133,484	483,346	1,030	484,376	
Effect of adopting MFRS 15	-	-	-	-	164	164	-	164	
At 1 July 2018, restated	281,980	63,511	3,653	718	133,648	483,510	1,030	484,540	
Foreign currency translation differences for foreign operations/									
Total other comprehensive income for the period	-	-	5,615	-	-	5,615	23	5,638	
Profit for the period	-	-	-	-	1,978	1,978	(205)	1,773	
Total comprehensive income/ (expense) for the period	-	-	5,615	-	1,978	7,593	(182)	7,411	
At 30 September 2018	281,980	63,511	9,268	718	135,626	491,103	848	491,951	

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 2019 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	
	30.9.2019 RM'000	30.9.2018 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	261	2,388
Adjustment for:		
Non-cash items	3,244	4,869
Operating profit before changes in working capital	3,505	7,257
Net changes in current assets	230	(20,458)
Net changes in current liabilities	(1,465)	7,033
Cash generated from /(used in) operations	2,270	(6,168)
Tax paid	(1,230)	(2,133)
Net cash from/ (used in) operating activities	1,040	(8,301)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(4,443)	(3,185)
- Intangible asset	-	(166)
Proceed from disposal of property, plant and equipment	-	175
Interest received	217	285
Net cash used in investing activities	(4,226)	(2,891)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net (repayment)/ drawdown of borrowings and interest paid	(2,171)	6,000
Increase placement in fixed deposits pledged to licensed banks	(114)	(130)
Net cash (used in)/ from financing activities	(2,285)	5,870
Effect of exchange rate fluctuations on cash held	73	71
Net changes in cash and cash equivalents	(5,398)	(5,251)
Cash and cash equivalents at beginning of the period	62,243	46,334
Cash and cash equivalents at end of the period	56,845	41,083

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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	
	30.9.2019	30.9.2018
	RM'000	RM'000
Cash and bank balances	36,043	15,693
Deposits with licensed banks	1,506	1,188
Deposits with other corporations	20,992	25,390
	58,541	42,271
Less: Fixed deposits pledged	(1,506)	(1,188)
Bank Overdraft	(190)	-
	56,845	41,083

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 2019 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 2019 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 2019.

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 2019, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

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.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 July 2019 as below.

	Statement of financial position as at	
	1 July 2019	
	As currently stated	After expected restatement
	RM'000	RM'000
Property, plant and equipment	220,735	219,781
Right-of-use assets	-	19,491
Trade and other receivables	82,785	82,322
Loan and Borrowings		
- Finance lease liabilities	807	-
- Lease liabilities	-	18,881
	-	18,881

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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 (continued)

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 2020

Amendments to MFRS 3, Business Combinations – Definition of a Business

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

Amendments to MFRS 9, Financial Instruments, MFRS 7, Financial Instrument Disclosures and MFRS 139, Financial Instruments: Recognition and Measurement

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

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

A2. Comments about seasonal or cyclical factors

The Group's performance is not affected by any material seasonal or cyclical factors.

A3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period-to-date.

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 dividends were proposed in respect of the current financial period.

A7. Segmental information

The Group's main business activities comprise of investment holding, manufacturing and sale of sexual wellness, medical and other health related products. These activities are principally located in Malaysia, Thailand, United States of America, and Europe. Inter-segment pricing is determined based on negotiated terms.

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

<u>Segment</u>	<u>Composition</u>
Sexual Wellness	Sale of condoms, personal lubricants and sex toys.
Medical	Sale of catheters, probe covers, HIV & pregnancy testkits and other medical related products.
Other segment	Sale of products not related to Sexual Wellness and Medical.

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

A7. Segmental information (continued)

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>3 months ended 30.9.2019</u>					
<u>Revenue</u>					
External revenue	87,605	6,464	1,661	-	95,730
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>87,605</u>	<u>6,464</u>	<u>1,661</u>	<u>-</u>	<u>95,730</u>
<u>Results</u>					
Segment profit	53	363	249	-	665
Interest income					19
Finance cost					(353)
Unallocated amounts					(70)
Profit before tax					<u>261</u>
Tax expense					(106)
Profit after tax					<u>155</u>
<u>Total Assets</u>					
Reportable segment assets	550,981	30,664	6,662	-	588,307
Unallocated assets					21,812
Total Assets					<u>610,119</u>
<u>3 months ended 30.9.2018</u>					
<u>Revenue</u>					
External revenue	83,346	7,382	1,430	-	92,158
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>83,346</u>	<u>7,382</u>	<u>1,430</u>	<u>-</u>	<u>92,158</u>
<u>Results</u>					
Segment profit/ (loss)	2,156	866	(161)	-	2,861
Interest income					13
Finance cost					(296)
Unallocated amounts					(190)
Profit before tax					<u>2,388</u>
Tax expense					(615)
Profit after tax					<u>1,773</u>
<u>Total Assets</u>					
Reportable segment assets	549,372	27,124	3,310	-	579,806
Unallocated assets					25,981
Total Assets					<u>605,787</u>

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

A7. Segmental information (continued)

Geographical Segments

The Group's geographical revenue for the financial period-to-date is as follows:-

	PERIOD-TO-DATE	
	30.9.2019	30.9.2018
	RM'000	RM'000
Asia	28,159	28,087
Africa	19,808	21,976
Americas	29,142	27,016
Europe	18,621	15,079
	<u>95,730</u>	<u>92,158</u>

A8. Subsequent events

There were no material events subsequent to the end of the current quarter.

A9. Changes in composition of the Group

There were 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			
	30.9.2019	30.9.2018	Variance		30.9.2019	30.9.2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	95,730	92,158	3,572	3.9	95,730	92,158	3,572	3.9
Result from operating activities	397	2,399	(2,002)	(87.3)	397	2,399	(2,002)	(87.3)
Profit before tax	261	2,388	(2,127)	(89.1)	261	2,388	(2,127)	(89.1)
Profit after tax	155	1,773	(1,618)	(91.3)	155	1,773	(1,618)	(91.3)
(Loss)/ Profit attributable to owners of the Company	<u>(167)</u>	<u>1,978</u>	<u>(2,145)</u>	<u>(108.4)</u>	<u>(167)</u>	<u>1,978</u>	<u>(2,145)</u>	<u>(108.4)</u>

For the first quarter ended 30 September 2019 ("1QFY2020"), revenue increased by 3.9% in comparison to the quarter in the preceding year. Although market forces continue to perpetuate competitive tender market pricing, contribution from the Sexual Wellness segment in particular grew by 5.1% due to stronger condom sales from the Commercial and Own Brand segments.

High raw material prices as well as ongoing social compliance costs continued to exert pressure on profitability which resulted in a profit before tax of RM 261,000. Profit after tax for the quarter stood at RM 155,000 after the provision on tax for profitable subsidiaries.

B2. Variance of results for the current quarter ended 30 Sept 2019 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.9.2019	30.6.2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	95,730	87,660	8,070	9.2
Result from operating activities	397	115	282	245.2
Profit before tax	261	63	198	314.3
Profit after tax	155	(441)	596	(135.1)
Loss attributable to owners of the Company	<u>(167)</u>	<u>(1,006)</u>	<u>839</u>	<u>(83.4)</u>

Compared to the previous quarter, revenue in 1QFY2020 increased by 9.2% to RM95.7 million driven by higher condom sales volume from both the Commercial and Tender markets. Despite the high raw material prices and ongoing payment of social compliance costs, the higher condom sales volumes resulted in a higher profit before tax of RM 261,000.

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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 2020 ("FYE 2020")

The global condom industry is expected to remain challenging with shifting trends in condom purchasing patterns and uncertainty surrounding humanitarian aid budgets around the world. Erratic raw material prices as well as the rising cost of social compliance are major factors that are expected to challenge condom manufacturers around the world. In spite of this, the Group remains confident in our ability to take advantage of opportunities presented by these challenges and remain optimistic that the long-term prospects of the industry remain intact. We intend to achieve growth through our continued commitment to our strategies by leveraging on our cost advantages via the implementation of automation, as well as persisting with the investment into our branded segment to enable us to capture a greater share of the value within the industry.

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	
	30.9.2019 RM'000	30.9.2018 RM'000	30.9.2019 RM'000	30.9.2018 RM'000
Current tax expenses				
- Current period	67	700	67	700
Deferred taxation:				
- Origination and reversal of temporary differences	39	(85)	39	(85)
	106	615	106	615
	106	615	106	615

The Group effective tax rate for the current quarter and period-to-date are higher than statutory tax rate mainly due to loss incurred by a subsidiary is not permitted to offset with taxable profit generated by another subsidiary.

B7. Status of corporate proposals

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

B8. Loans and borrowings (secured)

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

	Denominated in	30.9.2019		30.9.2018	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	1,642	N/A	1,880
	Thai Baht ⁽¹⁾	-	-	18,311	2,342
	USD ⁽¹⁾	1,858	7,786	2,051	8,491
			9,428		12,713
Hire Purchase	RM	N/A	-	N/A	620
Lease Liabilities	RM	N/A	401		-
	Thai Baht	21,029	2,881		-
	USD	1,194	5,002		-
	GBP	1,114	5,759		-
			14,043		-
			23,471		13,333
Current					
Term Loan	RM	N/A	234	N/A	233
	Thai Baht ⁽¹⁾	11,752	1,610	16,200	2,072
	USD ⁽¹⁾	672	2,816	388	1,605
			4,660		3,910
Hire Purchase	RM	N/A	-	N/A	431
Banker acceptance	Thai Baht ⁽¹⁾	116,942	16,021	88,858	11,365
Trust Receipt	USD ⁽¹⁾	115	481	110	455
Export Financing	USD ⁽¹⁾	-	-	569	2,355
Revolving Credit	USD ⁽¹⁾	125	524	350	1,448
Bank Overdraft	Thai Baht ⁽¹⁾	1,387	190	-	-
Lease Liabilities	RM	N/A	1,644		-
	Thai Baht	2,248	308		-
	USD	342	1,431		-
	GBP	121	628		-
			4,011		-
			25,887		19,964

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(The figures have not been audited)

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

B8. Loans and borrowings (secured) (continued)

	Denominated in	30.9.2019		30.9.2018	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	1,876	N/A	2,113
	Thai Baht ⁽¹⁾	11,752	1,610	34,511	4,414
	USD ⁽¹⁾	2,530	10,602	2,439	10,096
			14,088		16,623
Hire Purchase	RM	N/A	-	N/A	1,051
Banker acceptance	Thai Baht ⁽¹⁾	116,942	16,021	88,858	11,365
	USD ⁽¹⁾	-	-	-	-
Trust Receipt	USD ⁽¹⁾	115	481	110	455
Export Financing	USD ⁽¹⁾	-	-	569	2,355
Revolving Credit	USD ⁽¹⁾	125	524	350	1,448
Bank Overdraft	Thai Baht ⁽¹⁾	1,387	190	-	-
Lease Liabilities	RM	N/A	2,045		-
	Thai Baht	23,277	3,189		-
	USD	1,536	6,433		-
	GBP	1,235	6,387		-
			18,054		-
			49,358		33,297
	100 Thai Baht to RM		13.70		12.79
	1 USD to RM		4.19		4.14
	1 GBP to RM		5.17		5.41

Notes:

(1) Converted at the respective exchange rate prevailing as at period ended

Loans and borrowings were paid based on the agreed instalments. Hire Purchase has been reclassified to lease liabilities upon adoption of MFRS 16, Leases

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.

On 11 October 2019, the Board of Directors had proposed a final dividend of 1.0 sen per ordinary share amounting to RM10,023,750.00 for the financial year ended 30 June 2019. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

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

Interim financial report for the first quarter ended 30 September 2019

(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

B11. (Loss)/ Earnings per share ("EPS")

Basic EPS is calculated by dividing the (loss)/ 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	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
(Loss)/ Profit attributable to ordinary shareholders of the Company (RM'000)	<u>(167)</u>	1,978	<u>(167)</u>	1,978
Weighted average number of ordinary shares ('in million)	<u>1,002</u>	1,002	<u>1,002</u>	1,002
Basic EPS (sen)	<u><u>(0.02)</u></u>	<u>0.20</u>	<u><u>(0.02)</u></u>	<u>0.20</u>

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 2019 were not qualified.

B13. Profit for the period is arrived at after crediting/ (charging)

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	217	285	217	285
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(353)	(296)	(353)	(296)
(d) Depreciation and amortization	(4,343)	(3,819)	(4,343)	(3,819)
Depreciation for right-of-use assets	(922)	-	(922)	-
(e) Impairment loss on receivables	-	-	-	-
(f) Provision for and write off of inventories	(119)	(359)	(119)	(359)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain	866	1,149	866	1,149
(j) Loss on derivatives	(426)	(1,446)	(426)	(1,446)
(k) Rental expenses	(294)	(1,031)	(294)	(1,031)
(l) Exceptional items	-	-	-	-

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

Interim financial report for the first quarter ended 30 September 2019

(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 30.9.2019 RM'000	AS AT 30.6.2019 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	249,350	252,007
- Unrealised	(493)	(2,611)
	248,857	249,396
Consolidated adjustments	(118,225)	(118,597)
Total retained earnings	130,632	130,799

By order of the Board
28 Nov 2019