



KAREX BERHAD

(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

Interim Financial Report for the First Quarter Ended 30 September 2020

Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5 - 6
Notes to the Condensed Financial Statements	7 - 16

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Revenue		101,733	95,730	101,733	95,730
Cost of goods sold		(73,342)	(75,576)	(73,342)	(75,576)
Gross profit		28,391	20,154	28,391	20,154
Other income		728	642	728	642
Distribution expenses		(8,883)	(8,311)	(8,883)	(8,311)
Administrative expenses		(12,728)	(12,076)	(12,728)	(12,076)
Other expenses		(118)	(12)	(118)	(12)
Result from operating activities		7,390	397	7,390	397
Interest income		39	217	39	217
Finance costs		(416)	(353)	(416)	(353)
Net finance cost		(377)	(136)	(377)	(136)
Profit before tax		7,013	261	7,013	261
Tax expense	B6	(1,805)	(106)	(1,805)	(106)
Profit for the period	B13	5,208	155	5,208	155
Profit/ (Loss) for the period attributable to:					
Owners of the Company		4,458	(167)	4,458	(167)
Non-controlling interests		750	322	750	322
Profit for the period		5,208	155	5,208	155
Earnings/ (Loss) per share attributable to owners of the Company (sen):					
- Basic	B11	0.44	(0.02)	0.44	(0.02)
- Diluted	B11	0.44	(0.02)	0.44	(0.02)

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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Profit for the period		5,208	155	5,208	155
Other comprehensive (expenses)/ income, net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(6,712)	383	(6,712)	383
Total comprehensive (expenses)/ income for the period		(1,504)	538	(1,504)	538
Total comprehensive (expenses)/ income attributable to:					
Owners of the Company		(2,101)	190	(2,101)	190
Non-controlling interests		597	348	597	348
Total comprehensive (expenses)/ income for the period		(1,504)	538	(1,504)	538

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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	AS AT 30.9.2020 RM'000	AS AT 30.6.2020 RM'000
Assets			
Property, plant and equipment		217,191	218,872
Right-of-use assets		29,846	30,125
Intangible assets		96,630	97,525
Deferred tax assets		1,209	1,725
Total non-current assets		<u>344,876</u>	<u>348,247</u>
Inventories		136,127	128,884
Trade and other receivables		106,838	95,693
Derivative financial assets		2,056	-
Tax recoverable		1,876	2,378
Cash and cash equivalents		43,621	46,341
		<u>290,518</u>	<u>273,296</u>
Asset classified as held for sale		281	281
Total current assets		<u>290,799</u>	<u>273,577</u>
Total assets		<u>635,675</u>	<u>621,824</u>
Equity			
Share capital		281,980	281,980
Reserves		196,068	198,169
Total equity attributable to owners of the Company		<u>478,048</u>	480,149
Non-controlling interest		<u>5,548</u>	4,951
Total equity		<u>483,596</u>	<u>485,100</u>
Liabilities			
Loan and borrowings	B8	21,283	22,525
Deferred tax liabilities		6,581	7,239
Total non-current liabilities		<u>27,864</u>	29,764
Trade and other payables		86,305	76,305
Loan and borrowings	B8	36,230	29,992
Derivative financial liabilities		-	361
Taxation		1,680	302
Total current liabilities		<u>124,215</u>	106,960
Total liabilities		<u>152,079</u>	136,724
Total equity and liabilities		<u>635,675</u>	<u>621,824</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.48</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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	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 2020								
At 1 July 2019	281,980	63,511	17,949	718	115,991	480,149	4,951	485,100
Foreign currency translation differences for foreign operations/								
Total other comprehensive expenses for the period	-	-	(6,559)	-	-	(6,559)	(153)	(6,712)
Profit for the period	-	-	-	-	4,458	4,458	750	5,208
Total comprehensive (expenses)/ income for the period	-	-	(6,559)	-	4,458	(2,101)	597	(1,504)
At 30 September 2020	281,980	63,511	11,390	718	120,449	478,048	5,548	483,596

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	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
(Loss)/ Profit for the period	-	-	-	-	(167)	(167)	322	155
Total comprehensive income/ (expenses) 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

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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	30.9.2020 RM'000	30.9.2019 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	7,013	261
Adjustment for:		
Non-cash items	4,681	5,038
Operating profit before changes in working capital	11,694	5,299
Net changes in current assets	(21,675)	230
Net changes in current liabilities	6,772	(3,259)
Cash generated from operations	(3,209)	2,270
Tax paid	(67)	(1,230)
Net cash (used in)/ from operating activities	(3,276)	1,040
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(4,818)	(4,443)
Proceed from disposal of property, plant and equipment	293	-
Interest received	39	217
Net cash used in investing activities	(4,486)	(4,226)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net drawdown of borrowings and interest paid	4,603	(2,171)
Net placement in fixed deposits pledged to licensed banks	107	(114)
Net cash used in financing activities	4,710	(2,285)
Effect of exchange rate fluctuations on cash held	257	73
Net changes in cash and cash equivalents	(2,795)	(5,398)
Cash and cash equivalents at beginning of the period	45,017	62,243
Cash and cash equivalents at end of the period	42,222	56,845

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

Interim financial report for the first quarter ended 30 September 2020
(The figures have not been audited)

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	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash and bank balances	42,222	36,043
Deposits with licensed banks	1,399	1,506
Deposits with other corporations	-	20,992
	43,621	58,541
Less: Fixed deposits pledged	(1,399)	(1,506)
Bank Overdraft	-	(190)
	42,222	56,845

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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

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 2020 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 2020.

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 2020, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 9, Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instrument Disclosures – Interest Rate Benchmark Reform
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendment to MFRS 16, Leases – Covid-19-Related Rent Concessions

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 2021

- MFRS 17, Insurance Contracts
- Amendments to MFRS 9, Financial Instruments and MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instrument Disclosures, MFRS 4, Insurance Contracts, MFRS 16, Leases – Interest Rate Benchmark Reform,

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments MFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

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.

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

Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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

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.

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

Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

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 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.				

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>3 months ended 30.9.2020</u>					
<u>Revenue</u>					
External revenue	91,324	8,353	2,056	-	101,733
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>91,324</u>	<u>8,353</u>	<u>2,056</u>	<u>-</u>	<u>101,733</u>
<u>Results</u>					
Segment profit	5,991	1,629	495	-	8,115
Interest income					7
Finance cost					(416)
Unallocated amounts					(693)
Profit before tax					<u>7,013</u>
Tax expense					(1,805)
Profit after tax					<u>5,208</u>
<u>Total Assets</u>					
Reportable segment assets	593,469	31,081	4,810	-	629,360
Unallocated assets					6,315
Total Assets					<u>635,675</u>
<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>

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

Interim financial report for the first quarter ended 30 September 2020

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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	
	30.9.2020	30.9.2019
	RM'000	RM'000
Asia	20,906	28,159
Africa	23,702	19,808
Americas	35,729	29,142
Europe	21,396	18,621
	<u>101,733</u>	<u>95,730</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.

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

Interim financial report for the first quarter ended 30 September 2020

(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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.9.2020	30.9.2019	Variance		30.9.2020	30.9.2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	101,733	95,730	6,003	6.3	101,733	95,730	6,003	6.3
Result from operating activities	7,390	397	6,993	1,761.5	7,390	397	6,993	1,761.5
Profit before tax	7,013	261	6,752	2,587.0	7,013	261	6,752	2,587.0
Profit after tax	5,208	155	5,053	3,260.0	5,208	155	5,053	3,260.0
Profit/ (Loss) attributable to owners of the Company	<u>4,458</u>	<u>(167)</u>	<u>4,625</u>	<u>2,769.5</u>	<u>4,458</u>	<u>(167)</u>	<u>4,625</u>	<u>2,769.5</u>

For the first quarter ended 30 September 2020 ("1QFY2021"), revenue strengthened by 6.3% in comparison to the same quarter in the preceding year driven by condom sales from the Sexual Wellness segment and record-high contribution from the Medical segment during the quarter. Despite the challenges in navigating global supply chain disruptions arising from the COVID-19 pandemic, condom sales to the Americas region in particular continued to expand and contributed positively to the profitability during the current quarter. A favourable sales mix during the quarter coupled with improved cost control initiatives such as incorporation of automation led to better operating efficiency resulting in a profit before tax of RM 7.0 million and profit after tax of RM 5.2 million for the quarter.

B2. Variance of results for the current quarter ended 30 September 2020 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.9.2020	30.6.2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	101,733	91,090	10,643	11.7
Result from operating activities	7,390	4,517	2,873	63.6
Profit before tax	7,013	3,806	3,207	84.3
Profit after tax	5,208	2,794	2,414	86.4
Profit attributable to owners of the Company	<u>4,458</u>	<u>1,427</u>	<u>3,031</u>	<u>212.4</u>

Revenue in 1QFY2021 recovered by 11.7% to RM 101.2 million as compared to the preceding quarter, which was characterised by disruptions to operations from the Movement Control Order implemented by the Malaysian government. As manufacturing operations begin to return to the new normals and logistic networks continued to reopen, condom sales lead to a recovery in revenue from the previous quarter. The heightened emphasis on hygiene also resulted in an increased demand for medical products such as probe covers and catheters during the quarter. This contributed to an improvement in revenue, and combined with a favourable sales mix during the quarter, lead to an improvement in profitability. Profit before tax for the quarter improved by 84.3% to RM 7.0 million in comparison to the immediate preceding quarter.

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

Interim financial report for the first quarter ended 30 September 2020

(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

B3. a) Group's Prospects for the financial year ending 30 June 2021 ("FYE 2021")

The ongoing Covid-19 pandemic has presented a unique challenge to the sexual health and medical devices industries causing widespread disruptions to operations and supply chains. Along with the emphasis on social compliance, this has caused consolidation in the industry and a disruption to the supply of condoms globally.

In spite of this, condoms remain an essential tool for family planning as well as preventing the spread of HIV and other sexually transmitted infections. The Group remains confident that we are uniquely poised to overcome the aforementioned operation hurdles in order to take advantage of potential opportunities presented by the renewed global emphasis on hygiene and disease prevention.

Our manufacturing experience, cost competitiveness and breadth of offerings are compelling competitive advantages that will allow us to capture orders within the condom space that has been shifting from a government subsidized model to one that is more commercial in nature during recent times. In addition, our branded segment is also expected to expand into new regions during the year, enabling us to continue 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	
	30.9.2020 RM'000	30.9.2019 RM'000	30.9.2020 RM'000	30.9.2019 RM'000
Current tax expenses				
- Current period	2,582	67	2,582	67
Deferred taxation:				
- Origination and reversal of temporary differences	(777)	39	(777)	39
	1,805	106	1,805	106

The Group effective tax rate for the current quarter and period-to-date are higher than statutory tax rate mainly due to profit generated by foreign subsidiaries with higher tax rates for the current quarter.

B7. Status of corporate proposals

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

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

Interim financial report for the first quarter ended 30 September 2020

(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

B8. Loans and borrowings (secured)

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

	Denominated in	30.9.2020		30.9.2019	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	1,405	N/A	1,642
	USD ⁽¹⁾	541	2,248	1,858	7,786
			3,653		9,428
Hire Purchase	RM	N/A	253	N/A	-
Lease Liabilities	RM	N/A	915		401
	Thai Baht	65,663	8,615	21,029	2,881
	USD	692	2,877	1,194	5,002
	GBP	933	4,970	1,114	5,759
			17,377		14,043
			21,283		23,471
Current					
Term Loan	RM	N/A	233	N/A	234
	Thai Baht ⁽¹⁾	-	-	11,752	1,610
	USD ⁽¹⁾	858	3,570	672	2,816
			3,803		4,660
Hire Purchase	RM	N/A	335	N/A	-
Banker acceptance	Thai Baht ⁽¹⁾	171,486	22,499	116,942	16,021
Trust Receipt	USD ⁽¹⁾	-	-	115	481
Export Financing	USD ⁽¹⁾	1,261	5,242	-	-
Revolving Credit	USD ⁽¹⁾	125	519	125	524
Bank Overdraft	Thai Baht ⁽¹⁾	-	-	1,387	190
Lease Liabilities	RM	N/A	961		1,644
	Thai Baht ⁽¹⁾	1,349	177	2,248	308
	USD ⁽¹⁾	444	1,847	342	1,431
	GBP ⁽¹⁾	159	847	121	628
			3,832		4,011
			36,230		25,887

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

Interim financial report for the first quarter ended 30 September 2020

(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

B8. Loans and borrowings (secured) (continued)

	Denominated in	30.9.2020		30.9.2019	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	1,638	N/A	1,876
	Thai Baht ⁽¹⁾	-	-	11,752	1,610
	USD ⁽¹⁾	1,399	5,818	2,530	10,602
			7,709		14,088
Hire Purchase	RM	N/A	335	N/A	-
Banker acceptance	Thai Baht ⁽¹⁾	171,486	22,499	116,942	16,021
Trust Receipt	USD ⁽¹⁾	-	-	115	481
Export Financing	USD ⁽¹⁾	1,261	5,242	-	-
Revolving Credit	USD ⁽¹⁾	125	519	125	524
Bank Overdraft	Thai Baht ⁽¹⁾	-	-	1,387	190
Lease Liabilities	RM	N/A	1,876	N/A	2,045
	Thai Baht	67,012	8,792	23,277	3,189
	USD	1,136	4,724	1,536	6,433
	GBP	1,092	5,817	1,235	6,387
			21,209		18,054
			57,513		49,358
	100 Thai Baht to RM		13.12		13.70
	1 USD to RM		4.16		4.19
	1 GBP to RM		5.33		5.17

Notes:

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

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 9 October 2020, the Board of Directors had proposed a final dividend of 0.5 sen per ordinary share amounting to RM5,011,875 for the financial year ended 30 June 2020. 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 2020

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

Basic EPS is calculated by dividing the profit/ (loss) 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	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Profit/ (Loss) attributable to ordinary shareholders of the Company (RM'000)	4,458	(167)	4,458	(167)
Weighted average number of ordinary shares ('in million)	1,002	1,002	1,002	1,002
Basic EPS (sen)	<u>0.44</u>	<u>(0.02)</u>	<u>0.44</u>	<u>(0.02)</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 2020 were not qualified.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	39	217	39	217
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(416)	(353)	(416)	(353)
(d) Depreciation and amortization	(4,457)	(4,343)	(4,457)	(4,343)
Amortisation for right-of-use assets	(932)	(922)	(932)	(922)
(e) Impairment loss on receivables	(8)	-	(8)	-
(f) Provision for and write off of inventories	(845)	(119)	(845)	(119)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss)/ gain	(1,412)	866	(1,412)	866
(j) Gain/ (Loss) on derivatives	2,056	(426)	2,056	(426)
(k) Rental expenses	(1,484)	(294)	(1,484)	(294)
(l) Exceptional items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Interim financial report for the first quarter ended 30 September 2020

(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 30.9.2020 RM'000	AS AT 30.6.2020 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	247,552	239,925
- Unrealised	(4,738)	(3,997)
	242,814	235,928
Consolidated adjustments	(122,365)	(119,937)
Total retained earnings	120,449	115,991

By order of the Board
23 November 2020