



# **KAREX BERHAD**

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(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

## **Interim Financial Report for the Second Quarter Ended 31 December 2020**

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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

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201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

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

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Revenue</b>		<b>115,751</b>	109,094	<b>217,484</b>	204,824
Cost of goods sold		<b>(88,111)</b>	(85,457)	<b>(161,453)</b>	(161,033)
<b>Gross profit</b>		<b>27,640</b>	23,637	<b>56,031</b>	43,791
Other income		<b>596</b>	905	<b>1,209</b>	1,547
Distribution expenses		<b>(9,376)</b>	(9,985)	<b>(18,259)</b>	(18,296)
Administrative expenses		<b>(14,092)</b>	(12,808)	<b>(26,820)</b>	(24,884)
Other expenses		<b>(29)</b>	(102)	<b>(32)</b>	(114)
<b>Result from operating activities</b>		<b>4,739</b>	1,647	<b>12,129</b>	2,044
Interest income		<b>12</b>	175	<b>51</b>	392
Finance costs		<b>(392)</b>	(729)	<b>(808)</b>	(1,082)
<b>Net finance cost</b>		<b>(380)</b>	(554)	<b>(757)</b>	(690)
<b>Profit before tax</b>		<b>4,359</b>	1,093	<b>11,372</b>	1,354
Tax expense	B6	<b>(1,157)</b>	(201)	<b>(2,962)</b>	(307)
<b>Profit for the period</b>	<b>B13</b>	<b>3,202</b>	892	<b>8,410</b>	1,047
<b>Profit/ (Loss) for the period attributable to:</b>					
Owners of the Company		<b>2,786</b>	102	<b>7,244</b>	(65)
Non-controlling interests		<b>416</b>	790	<b>1,166</b>	1,112
<b>Profit for the period</b>		<b>3,202</b>	892	<b>8,410</b>	1,047
<b>Earnings/ (Loss) per share attributable to owners of the Company (sen):</b>					
- Basic	B11	<b>0.28</b>	0.01	<b>0.72</b>	(0.01)
- Diluted	B11	<b>0.28</b>	0.01	<b>0.72</b>	(0.01)

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.

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201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Profit for the period</b>		<b>3,202</b>	892	<b>8,410</b>	1,047
<b>Other comprehensive income/ (expenses), net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		1,140	(273)	(5,572)	110
<b>Total comprehensive income for the period</b>		<b>4,342</b>	619	<b>2,838</b>	1,157
<b>Total comprehensive income/ (expenses) attributable to:</b>					
Owners of the Company		4,096	(114)	1,995	76
Non-controlling interests		246	733	843	1,081
<b>Total comprehensive income for the period</b>		<b>4,342</b>	619	<b>2,838</b>	1,157

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

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>

	AS AT 31.12.2020 RM'000	AS AT 30.6.2020 RM'000
	<u>Note</u>	
<b>Assets</b>		
Property, plant and equipment	229,958	218,872
Right-of-use assets	27,420	30,125
Intangible assets	95,994	97,525
Deferred tax assets	488	1,725
<b>Total non-current assets</b>	<u>353,860</u>	<u>348,247</u>
Inventories	132,209	128,884
Trade and other receivables	89,945	95,693
Derivative financial assets	620	-
Tax recoverable	1,560	2,378
Cash and cash equivalents	40,330	46,341
	<u>264,664</u>	<u>273,296</u>
Asset classified as held for sale	-	281
<b>Total current assets</b>	<u>264,664</u>	<u>273,577</u>
<b>Total assets</b>	<u>618,524</u>	<u>621,824</u>
<b>Equity</b>		
Share capital	324,244	281,980
Reserves	151,873	198,169
<b>Total equity attributable to owners of the Company</b>	<u>476,117</u>	<u>480,149</u>
<b>Non-controlling interest</b>	-	4,951
<b>Total equity</b>	<u>476,117</u>	<u>485,100</u>
<b>Liabilities</b>		
Loan and borrowings	B8 20,784	22,525
Deferred tax liabilities	5,862	7,239
<b>Total non-current liabilities</b>	<u>26,646</u>	<u>29,764</u>
Trade and other payables	71,372	76,305
Loan and borrowings	B8 41,783	29,992
Derivative financial liabilities	-	361
Taxation	2,606	302
<b>Total current liabilities</b>	<u>115,761</u>	<u>106,960</u>
<b>Total liabilities</b>	<u>142,407</u>	<u>136,724</u>
<b>Total equity and liabilities</b>	<u>618,524</u>	<u>621,824</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.45</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

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

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

	Attributable to owners of the Company				Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Translation reserve	Other reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2020</b>								
<b>At 1 July 2019</b>	281,980	63,511	17,949	718	115,991	480,149	4,951	485,100
Foreign currency translation differences for foreign operations/								
<b>Total other comprehensive expenses for the period</b>	-	-	(5,249)	-	-	(5,249)	(323)	(5,572)
Profit for the period	-	-	-	-	7,244	7,244	1,166	8,410
<b>Total comprehensive (expenses)/ income for the period</b>	-	-	(5,249)	-	7,244	1,995	843	2,838
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company	-	-	-	-	(5,245)	(5,245)	-	(5,245)
Dividend to non-controlling interest	-	-	-	-	-	-	(3,816)	(3,816)
Shares issuance pursuant to the acquisition of non-controlling interest	42,264	-	-	-	-	42,264	-	42,264
Changes in ownership interests in a subsidiary	-	-	-	-	(43,046)	(43,046)	(1,978)	(45,024)
<b>Total transactions with owners of the Company</b>	42,264	-	-	-	(48,291)	(6,027)	(5,794)	(11,821)
<b>At 31 December 2020</b>	<b>324,244</b>	<b>63,511</b>	<b>12,700</b>	<b>718</b>	<b>74,944</b>	<b>476,117</b>	<b>-</b>	<b>476,117</b>
<b>31 December 2019</b>								
<b>At 1 July 2019</b>	281,980	63,511	14,024	718	130,799	491,032	1,576	492,608
Foreign currency translation differences for foreign operations/								
<b>Total other comprehensive income for the period</b>	-	-	141	-	-	141	(31)	110
(Loss)/ Profit for the period	-	-	-	-	(65)	(65)	1,112	1,047
<b>Total comprehensive income/ (expenses) for the period</b>	-	-	141	-	(65)	76	1,081	1,157
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/								
<b>Total transactions with owners of the Company</b>	-	-	-	-	(10,024)	(10,024)	-	(10,024)
<b>At 31 December 2019</b>	<b>281,980</b>	<b>63,511</b>	<b>14,165</b>	<b>718</b>	<b>120,710</b>	<b>481,084</b>	<b>2,657</b>	<b>483,741</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 2020 and the accompanying explanatory notes as attached to this interim financial statements.

# KAREX BERHAD

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

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

	PERIOD-TO-DATE	
	31.12.2020	31.12.2019
	RM'000	RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax	11,372	1,354
Adjustment for:		
Non-cash items	11,888	9,416
<b>Operating profit before changes in working capital</b>	<b>23,260</b>	<b>10,770</b>
Net changes in current assets	(458)	(15,700)
Net changes in current liabilities	(12,874)	4,870
Cash generated from/ (used in) operations	9,928	(60)
Tax paid	(477)	3,418
<b>Net cash from operating activities</b>	<b>9,451</b>	<b>3,358</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of:		
- Property, plant and equipment	(16,651)	(8,216)
- Intangible asset	(4)	-
Proceed from disposal of property, plant and equipment	627	47
Interest received	51	392
<b>Net cash used in investing activities</b>	<b>(15,977)</b>	<b>(7,777)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Dividend paid to owners of the Company	(5,245)	(10,024)
Dividend paid to non-controlling interest	(3,816)	-
Net drawdown of borrowings and interest paid	9,263	(321)
Net placement in fixed deposits pledged to licensed banks	100	74
<b>Net cash from/ (used in) financing activities</b>	<b>302</b>	<b>(10,271)</b>
Effect of exchange rate fluctuations on cash held	131	(38)
<b>Net changes in cash and cash equivalents</b>	<b>(6,093)</b>	<b>(14,728)</b>
Cash and cash equivalents at beginning of the period	45,017	62,243
<b>Cash and cash equivalents at end of the period</b>	<b>38,924</b>	<b>47,515</b>

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201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2020

(The figures have not been audited)

## 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:

	PERIOD-TO-DATE	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash and bank balances	38,924	37,360
Deposits with licensed banks	1,406	1,318
Deposits with other corporations	-	10,155
	40,330	48,833
Less: Fixed deposits pledged	(1,406)	(1,318)
	38,924	47,515

#### 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)**

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 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**

- 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**

- MFRS 17, Insurance Contracts
- 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)**

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 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**

Since the end of the previous financial year, the Company paid a final single tier dividend of 0.05 sen per ordinary share totalling RM 5,245,346 in respect of the financial year ended 30 June 2020 on 21 December 2020.

**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)**  
201201034091 (1018579-U)  
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Interim financial report for the second quarter ended 31 December 2020

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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 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.				

  

	<b>Sexual Wellness RM'000</b>	<b>Medical RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b><u>6 months ended 31.12.2020</u></b>					
<u>Revenue</u>					
External revenue	198,616	14,841	4,027	-	217,484
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>198,616</u>	<u>14,841</u>	<u>4,027</u>	<u>-</u>	<u>217,484</u>
<u>Results</u>					
Segment profit	10,931	2,108	846	-	13,885
Interest income					11
Finance cost					(802)
Unallocated amounts					(1,722)
Profit before tax					<u>11,372</u>
Tax expense					(2,962)
Profit after tax					<u>8,410</u>
<u>Total Assets</u>					
Reportable segment assets	579,761	31,408	4,831	-	616,000
Unallocated assets					2,524
Total Assets					<u>618,524</u>
<b><u>6 months ended 31.12.2019</u></b>					
<u>Revenue</u>					
External revenue	187,410	14,231	3,183	-	204,824
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>187,410</u>	<u>14,231</u>	<u>3,183</u>	<u>-</u>	<u>204,824</u>
<u>Results</u>					
Segment profit	1,808	909	353	-	3,070
Interest income					40
Finance cost					(1,082)
Unallocated amounts					(674)
Profit before tax					<u>1,354</u>
Tax expense					(307)
Profit after tax					<u>1,047</u>
<u>Total Assets</u>					
Reportable segment assets	559,768	29,439	4,947	-	594,154
Unallocated assets					11,346
Total Assets					<u>605,500</u>

**KAREX BERHAD (1018579-U)**

201201034091 (1018579-U)

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Interim financial report for the second quarter ended 31 December 2020

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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 (continued)****Geographical Segments**

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

	PERIOD-TO-DATE	
	31.12.2020	31.12.2019
	RM'000	RM'000
Asia	60,094	48,942
Africa	45,963	57,885
Americas	73,327	62,563
Europe	38,100	35,434
	<u>217,484</u>	<u>204,824</u>

**A8. Subsequent events**

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

**A9. Changes in composition of the Group**

On 24 December 2020, the Group has acquired the remaining 30% equity stake in Global Protection Corporation for a purchase consideration of RM 42.28 million, satisfied entirely via the issuance of ordinary share of the Company.

Other than as disclosed above, there are no other changes in the composition of the Group for the current quarter and financial period-to-date

**A10. Changes in contingent liabilities and contingent assets**

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

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

Interim financial report for the second quarter ended 31 December 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			
	31.12.2020	31.12.2019	Variance		31.12.2020	31.12.2019	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	<b>115,751</b>	109,094	6,657	6.1	<b>217,484</b>	204,824	12,660	6.2
Result from operating activities	<b>4,739</b>	1,647	3,092	187.7	<b>12,129</b>	2,044	10,085	493.4
Profit before tax	<b>4,359</b>	1,093	3,266	298.8	<b>11,372</b>	1,354	10,018	739.9
Profit after tax	<b>3,202</b>	892	2,310	259.0	<b>8,410</b>	1,047	7,363	703.2
Profit/ (Loss) attributable to owners of the Company	<b><u>2,786</u></b>	<u>102</u>	<u>2,684</u>	2,631.4	<b><u>7,244</u></b>	<u>(65)</u>	<u>7,309</u>	11,244.6

For the second quarter ended 31 December 2020 ("2QFY2021"), a record-high revenue of RM115.8million was achieved driven by strong condom sales and noteworthy personal lubricant sales within the Sexual Wellness segment during the quarter. In spite of the disruptions caused by the Covid-19 pandemic, condom sales volumes to both the tender and commercial markets continued to expand, resulting in healthy contributions to overall profitability during the current quarter. Profit before tax has improved to RM 4.4 million for the quarter.

For the first six months under review (6MFY2020), revenue increased by 6.2% in comparison to the same period during the preceding year to RM217.4 million. This was led by stronger condom sales to the commercial market, in particular Asia and Americas regions. Profit before tax has increased to RM 11.4 million from RM1.4 million in the previous corresponding period due to more favourable sales mix.

**B2. Variance of results for the current quarter ended 31 December 2020 against the immediately preceding quarter**

	3 MONTHS ENDED			
	31.12.2020	30.9.2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	<b>115,751</b>	101,733	14,018	13.8
Result from operating activities	<b>4,739</b>	7,390	(2,651)	(35.9)
Profit before tax	<b>4,359</b>	7,013	(2,654)	(37.8)
Profit after tax	<b>3,202</b>	5,208	(2,006)	(38.5)
Profit attributable to owners of the Company	<b><u>2,786</u></b>	<u>4,458</u>	<u>(1,672)</u>	(37.5)

Revenue in 2QFY2021 surged to RM 115.8 million, improving from the preceding quarter driven by higher condom sales volume from the tender market in particular. However, a less favourable sales mix coupled with higher Covid-19 related costs and one-off corporate exercise expenses impacted profitability resulting in a profit before tax of RM 4.4 million for the quarter.

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

Interim financial report for the second quarter ended 31 December 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
- Current period	520	1,576	3,102	1,643
Deferred taxation:				
- Origination and reversal of temporary differences	637	(1,375)	(140)	(1,336)
	<b>1,157</b>	201	<b>2,962</b>	307

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 second quarter ended 31 December 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	31.12.2020		31.12.2019	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
<b>Non-current</b>					
Term Loan	RM	N/A	1,347	N/A	1,583
	USD <sup>(1)</sup>	840	3,379	1,693	6,928
			4,726		8,511
Hire Purchase	RM	N/A	238	N/A	-
Lease Liabilities	RM	N/A	680		1,056
	Thai Baht	58,874	7,895	20,307	2,778
	USD	606	2,439	1,012	4,138
	GBP	875	4,806	1,006	5,411
			15,820		13,383
			20,784		21,894
<b>Current</b>					
Term Loan	RM	N/A	233	N/A	233
	Thai Baht <sup>(1)</sup>	7,002	939	8,414	1,151
	USD <sup>(1)</sup>	772	3,102	689	2,816
			4,274		4,200
Hire Purchase	RM	N/A	260	N/A	-
Banker acceptance	RM	N/A	1,149	N/A	-
	Thai Baht <sup>(1)</sup>	215,817	28,941	132,310	18,100
			30,090		18,100
Export Financing	USD <sup>(1)</sup>	563	2,263	453	1,853
Revolving Credit	RM	N/A	1,000	N/A	-
	USD <sup>(1)</sup>	-	-	125	512
			1,000		512
Lease Liabilities	RM	N/A	1,013	N/A	968
	Thai Baht <sup>(1)</sup>	1,126	151	2,749	376
	USD <sup>(1)</sup>	472	1,897	465	1,900
	GBP <sup>(1)</sup>	152	835	156	837
			3,896		4,081
			41,783		28,746

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

Interim financial report for the second quarter ended 31 December 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	31.12.2020		31.12.2019	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	1,580	N/A	1,816
	Thai Baht <sup>(1)</sup>	7,002	939	8,414	1,151
	USD <sup>(1)</sup>	1,612	6,481	2,382	9,744
			10,000		12,711
Hire Purchase	RM	N/A	498	N/A	-
Banker acceptance	RM	N/A	1,149	N/A	-
	Thai Baht <sup>(1)</sup>	215,817	28,941	132,310	18,100
			30,090		18,100
Export Financing	USD <sup>(1)</sup>	563	2,263	453.00	1,853
Revolving Credit	RM	N/A	1,000	N/A	-
	USD <sup>(1)</sup>	-	-	125	512
			1,000		512
Lease Liabilities	RM	N/A	1,693	N/A	2,024
	Thai Baht	60,000	8,046	23,056	3,154
	USD	1,078	4,336	1,477	6,038
	GBP	1,027	5,641	1,162	6,248
			19,716		17,464
			62,567		50,640
	100 Thai Baht to RM		13.41		13.68
	1 USD to RM		4.02		4.09
	1 GBP to RM		5.49		5.38

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.

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

Interim financial report for the second quarter ended 31 December 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit/ (Loss) attributable to ordinary shareholders of the Company (RM'000)	<b>2,786</b>	102	<b>7,244</b>	(65)
Weighted average number of ordinary shares ('in million)	<b>1,007</b>	1,002	<b>1,005</b>	1,002
Basic EPS (sen)	<b>0.28</b>	0.01	<b>0.72</b>	(0.01)

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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	12	175	51	392
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(392)	(729)	(808)	(1,082)
(d) Depreciation and amortization	(4,564)	(4,451)	(9,021)	(8,794)
Amortisation for right-of-use assets	(1,185)	(893)	(2,117)	(1,815)
(e) Impairment loss on receivables	47	(66)	39	(66)
(f) Provision for and write off of inventories	(361)	(846)	(1,293)	(965)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/ (loss)	1,533	(647)	121	219
(j) (Loss)/ Gain on derivatives	(1,425)	1,478	631	1,052
(k) Rental expenses	(432)	(385)	(863)	(679)
(l) Exceptional items	-	-	-	-



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

Interim financial report for the second quarter ended 31 December 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 31.12.2020 RM'000	AS AT 30.6.2020 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	<b>207,688</b>	239,925
- Unrealised	<b>(7,379)</b>	(3,997)
	<b>200,309</b>	235,928
Consolidated adjustments	<b>(125,365)</b>	(119,937)
Total retained earnings	<b>74,944</b>	115,991

By order of the Board  
22 February 2021