



# **KAREX BERHAD**

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(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

## **Interim Financial Report for the Third Quarter Ended 31 March 2021**

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201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2021

(The figures have not been audited)

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

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
<b>Revenue</b>		<b>95,608</b>	99,153	<b>313,092</b>	303,977
Cost of goods sold		<b>(77,070)</b>	(77,294)	<b>(238,523)</b>	(238,327)
<b>Gross profit</b>		<b>18,538</b>	21,859	<b>74,569</b>	65,650
Other income		<b>1,556</b>	138	<b>2,733</b>	1,685
Distribution expenses		<b>(12,025)</b>	(8,629)	<b>(30,284)</b>	(26,925)
Administrative expenses		<b>(11,473)</b>	(12,721)	<b>(38,293)</b>	(37,605)
Other expenses		-	(43)	-	(157)
<b>Result from operating activities</b>		<b>(3,404)</b>	604	<b>8,725</b>	2,648
Interest income		<b>50</b>	85	<b>101</b>	477
Finance costs		<b>(758)</b>	(657)	<b>(1,566)</b>	(1,739)
<b>Net finance cost</b>		<b>(708)</b>	(572)	<b>(1,465)</b>	(1,262)
<b>(Loss)/ Profit before tax</b>		<b>(4,112)</b>	32	<b>7,260</b>	1,386
Tax expense	B6	<b>947</b>	(385)	<b>(2,015)</b>	(692)
<b>(Loss)/ Profit for the period</b>	<b>B13</b>	<b>(3,165)</b>	(353)	<b>5,245</b>	694
<b>(Loss)/ Profit for the period attributable to:</b>					
Owners of the Company		<b>(3,165)</b>	(1,134)	<b>4,079</b>	(1,199)
Non-controlling interests		-	781	<b>1,166</b>	1,893
<b>(Loss)/ Profit for the period</b>		<b>(3,165)</b>	(353)	<b>5,245</b>	694
<b>(Loss)/ Earnings per share attributable to owners of the Company (sen):</b>					
- Basic	B11	<b>(0.30)</b>	(0.11)	<b>0.40</b>	(0.12)
- Diluted	B11	<b>(0.30)</b>	(0.11)	<b>0.40</b>	(0.12)

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

201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2021

(The figures have not been audited)

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

Note	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
(Loss)/ Profit for the period	<u>(3,165)</u>	<u>(353)</u>	<u>5,245</u>	<u>694</u>
<b>Other comprehensive expenses, net of tax Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation differences for foreign operations	<u>(2,349)</u>	<u>(1,537)</u>	<u>(7,921)</u>	<u>(1,427)</u>
<b>Total comprehensive expenses for the period</b>	<u><b>(5,514)</b></u>	<u><b>(1,890)</b></u>	<u><b>(2,676)</b></u>	<u><b>(733)</b></u>
<b>Total comprehensive (expenses)/ income attributable to:</b>				
Owners of the Company	<u>(5,514)</u>	<u>(2,834)</u>	<u>(3,519)</u>	<u>(2,758)</u>
Non-controlling interests	<u>-</u>	<u>944</u>	<u>843</u>	<u>2,025</u>
<b>Total comprehensive expenses for the period</b>	<u><b>(5,514)</b></u>	<u><b>(1,890)</b></u>	<u><b>(2,676)</b></u>	<u><b>(733)</b></u>

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.

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201201034091 (1018579-U)

(Incorporated in Malaysia)

Interim financial report for the third quarter ended 31 March 2021

(The figures have not been audited)

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

	AS AT 31.3.2021 RM'000	AS AT 30.6.2020 RM'000
	<u>Note</u>	
<b>Assets</b>		
Property, plant and equipment	240,702	218,872
Right-of-use assets	26,267	30,125
Intangible assets	96,728	97,525
Deferred tax assets	719	1,725
<b>Total non-current assets</b>	<u>364,416</u>	<u>348,247</u>
Inventories	146,514	128,884
Trade and other receivables	93,312	95,693
Tax recoverable	1,789	2,378
Cash and cash equivalents	48,652	46,341
	<u>290,267</u>	<u>273,296</u>
Asset classified as held for sale	-	281
<b>Total current assets</b>	<u>290,267</u>	<u>273,577</u>
<b>Total assets</b>	<u>654,683</u>	<u>621,824</u>
<b>Equity</b>		
Share capital	324,244	281,980
Reserves	146,359	198,169
<b>Total equity attributable to owners of the Company</b>	<u>470,603</u>	<u>480,149</u>
<b>Non-controlling interest</b>	-	4,951
<b>Total equity</b>	<u>470,603</u>	<u>485,100</u>
<b>Liabilities</b>		
Loan and borrowings	B8 36,409	22,525
Deferred tax liabilities	5,982	7,239
<b>Total non-current liabilities</b>	<u>42,391</u>	<u>29,764</u>
Trade and other payables	75,019	76,305
Loan and borrowings	B8 64,709	29,992
Derivative financial liabilities	876	361
Taxation	1,085	302
<b>Total current liabilities</b>	<u>141,689</u>	<u>106,960</u>
<b>Total liabilities</b>	<u>184,080</u>	<u>136,724</u>
<b>Total equity and liabilities</b>	<u>654,683</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.

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201201034091 (1018579-U)

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(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 March 2021</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>	-	-	(7,598)	-	-	(7,598)	(323)	(7,921)
Profit for the period	-	-	-	-	4,079	4,079	1,166	5,245
<b>Total comprehensive (expenses)/ income for the period</b>	-	-	(7,598)	-	4,079	(3,519)	843	(2,676)
<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 March 2021</b>	<b>324,244</b>	<b>63,511</b>	<b>10,351</b>	<b>718</b>	<b>71,779</b>	<b>470,603</b>	<b>-</b>	<b>470,603</b>
<b>31 March 2020</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>	-	-	(1,559)	-	-	(1,559)	132	(1,427)
(Loss)/ Profit for the period	-	-	-	-	(1,199)	(1,199)	1,893	694
<b>Total comprehensive (expenses)/ income for the period</b>	-	-	(1,559)	-	(1,199)	(2,758)	2,025	(733)
<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>	-	-	-	-	(15,036)	(15,036)	-	(15,036)
<b>At 31 March 2020</b>	<b>281,980</b>	<b>63,511</b>	<b>12,465</b>	<b>718</b>	<b>114,564</b>	<b>473,238</b>	<b>3,601</b>	<b>476,839</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.

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(The figures have not been audited)

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

	PERIOD-TO-DATE	
	31.3.2021	31.3.2020
	RM'000	RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax	7,260	1,386
Adjustment for:		
Non-cash items	20,687	19,798
<b>Operating profit before changes in working capital</b>	<b>27,947</b>	<b>21,184</b>
Net changes in current assets	(17,499)	(26,089)
Net changes in current liabilities	(4,811)	9,394
Cash generated from operations	5,637	4,489
Tax paid	(894)	4,377
<b>Net cash from operating activities</b>	<b>4,743</b>	<b>8,866</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of:		
- Property, plant and equipment	(39,018)	(14,867)
Proceed from disposal of property, plant and equipment	617	33
Interest received	101	477
<b>Net cash used in investing activities</b>	<b>(38,300)</b>	<b>(14,357)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Dividend paid to owners of the Company	(5,245)	(15,036)
Dividend paid to non-controlling interest	(3,816)	-
Net drawdown of borrowings and interest paid	45,223	1,293
Net placement in fixed deposits pledged to licensed banks	(74)	97
<b>Net cash from/ (used in) financing activities</b>	<b>36,088</b>	<b>(13,646)</b>
Effect of exchange rate fluctuations on cash held	(294)	167
<b>Net changes in cash and cash equivalents</b>	<b>2,237</b>	<b>(18,970)</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>47,254</b>	<b>43,273</b>

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

### Cash and cash equivalents

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

	PERIOD-TO-DATE	
	31.3.2021	31.3.2020
	RM'000	RM'000
Cash and bank balances	33,217	38,545
Deposits with licensed banks	1,398	1,295
Deposits with other corporations	14,037	4,728
	48,652	44,568
Less: Fixed deposits pledged	(1,398)	(1,295)
	47,254	43,273

#### 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.

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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 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 MFRS 3, Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (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
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

**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.



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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**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.

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(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:-

<b>Segment</b>	<b>Composition</b>				
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</b>	<b>Medical</b>	<b>Others</b>	<b>Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>9 months ended 31.3.2021</u></b>					
<b><u>Revenue</u></b>					
External revenue	<b>285,655</b>	<b>21,376</b>	<b>6,061</b>	-	<b>313,092</b>
Inter-segment revenue	-	-	-	-	-
Total revenue	<b>285,655</b>	<b>21,376</b>	<b>6,061</b>	-	<b>313,092</b>
<b><u>Results</u></b>					
Segment profit	<b>7,983</b>	<b>1,544</b>	<b>1,015</b>	-	<b>10,542</b>
Interest income					<b>19</b>
Finance cost					<b>(1,552)</b>
Unallocated amounts					<b>(1,749)</b>
Profit before tax					<b>7,260</b>
Tax expense					<b>(2,015)</b>
Profit after tax					<b>5,245</b>
<b><u>Total Assets</u></b>					
Reportable segment assets	<b>601,832</b>	<b>30,728</b>	<b>5,386</b>	-	<b>637,946</b>
Unallocated assets					<b>16,737</b>
Total Assets					<b>654,683</b>
<b><u>9 months ended 31.3.2020</u></b>					
<b><u>Revenue</u></b>					
External revenue	277,135	21,187	5,655	-	303,977
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>277,135</u>	<u>21,187</u>	<u>5,655</u>	-	<u>303,977</u>
<b><u>Results</u></b>					
Segment profit	2,049	924	637	-	3,610
Interest income					48
Finance cost					(1,739)
Unallocated amounts					(533)
Profit before tax					1,386
Tax expense					(692)
Profit after tax					<u>694</u>
<b><u>Total Assets</u></b>					
Reportable segment assets	571,213	29,228	4,005	-	604,446
Unallocated assets					5,641
Total Assets					<u>610,087</u>

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(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	
	31.3.2021	31.3.2020
	RM'000	RM'000
Asia	86,239	71,523
Africa	61,068	82,767
Americas	111,498	93,760
Europe	54,287	55,927
	<b>313,092</b>	<b>303,977</b>

**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.

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(The figures have not been audited)

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

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

**B1. Performance review**

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.3.2021	31.3.2020	Variance		31.3.2021	31.3.2020	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	95,608	99,153	(3,545)	(3.6)	313,092	303,977	9,115	3.0
Result from operating activities	(3,404)	604	(4,008)	(663.6)	8,725	2,648	6,077	229.5
(Loss)/ Profit before tax	(4,112)	32	(4,144)	(12,950.0)	7,260	1,386	5,874	423.8
(Loss)/ Profit after tax	(3,165)	(353)	(2,812)	(796.6)	5,245	694	4,551	655.8
(Loss)/ Profit attributable to owners of the Company	<u>(3,165)</u>	<u>(1,134)</u>	<u>(2,031)</u>	(179.1)	<u>4,079</u>	<u>(1,199)</u>	<u>5,278</u>	440.2

For the third quarter ended 31 March 2021 ("3QFY2021"), disruptions to global logistics network affected the delivery of several orders and a worsening of the Covid-19 situation in Malaysia resulted in a reduced output for the Group's Malaysian manufacturing facilities. These factors contributed to a lower revenue of RM95.6 million for the quarter. The Group also continued to incur Covid-19 related expenses coupled with additional unavoidable operational cost of RM 3.0 million caused by the reduced output during the quarter. These effects were further compounded by higher shipping and air freight charges of RM 3.5 million putting pressure on Group profitability, resulting in a loss before tax of RM 4.1 million for the quarter.

For the nine months under review (9MFY2021), revenue has improved by 3.0% to RM313.1 million in comparison to the same period during the preceding year, primarily due to stronger condom sales to the Commercial market in the Asia and Americas regions. Profit before tax is also higher at RM 7.3 million versus RM1.4 million in the corresponding period during the previous year due to a more favourable sales mix.

**B2. Variance of results for the current quarter ended 31 March 2021 against the immediately preceding quarter**

	3 MONTHS ENDED			
	31.3.2021	31.12.2020	Variance	
	RM'000	RM'000	RM'000	%
Revenue	95,608	115,751	(20,143)	(17.4)
Result from operating activities	(3,404)	4,739	(8,143)	(171.8)
(Loss)/ Profit before tax	(4,112)	4,359	(8,471)	(194.3)
(Loss)/ Profit after tax	(3,165)	3,202	(6,367)	(198.8)
(Loss)/ Profit attributable to owners of the Company	<u>(3,165)</u>	<u>2,786</u>	<u>(5,951)</u>	(213.6)

Revenue in 3QFY2021 decreased to RM 95.6 million following a record total in the preceding quarter. Several orders were not able to be delivered during the quarter with orders from the tender segment in particular being affected. Furthermore, the implementation of MCO 2.0 during the quarter has resulted in additional Covid-19 related expenses and disrupted operations that lowered output levels at the Group's Malaysian manufacturing facilities. This resulted in additional expenses and affected profitability margins resulted in the Group recording a loss before tax of RM 4.1 million for the quarter in comparison to a profit in the preceding quarter.

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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**

**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	
	31.3.2021 RM'000	31.3.2020 RM'000	31.3.2021 RM'000	31.3.2020 RM'000
Current tax expenses				
- Current period	(771)	462	2,331	2,105
- Prior period	(79)	(15)	(79)	(15)
	(850)	447	2,252	2,090
Deferred taxation:				
- Origination and reversal of temporary differences	(112)	(37)	(252)	(1,373)
- Prior period	15	(25)	15	(25)
	(97)	(62)	(237)	(1,398)
	(947)	385	2,015	692

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

**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	31.3.2021		31.3.2020	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
<b>Non-current</b>					
Term Loan	RM	N/A	13,815	N/A	1,525
	Thai Baht <sup>(1)</sup>	12,302	1,630	-	-
	USD <sup>(1)</sup>	1,120	4,646	1,238	5,334
			20,091		6,859
Hire Purchase	RM	N/A	289	N/A	-
Lease Liabilities	RM	N/A	549		1,450
	Thai Baht	66,747	8,844	20,875	2,743
	USD	481	1,995	868	3,739
	GBP	812	4,641	993	5,272
			16,029		13,204
			36,409		20,063
<b>Current</b>					
Term Loan	RM	N/A	1,693	N/A	234
	Thai Baht <sup>(1)</sup>	12,800	1,696	-	-
	USD <sup>(1)</sup>	182	757	674	2,906
			4,146		3,140
Hire Purchase	RM	N/A	163	N/A	-
Banker acceptance	RM	N/A	4,354	N/A	-
	Thai Baht <sup>(1)</sup>	303,404	40,201	174,178	22,887
			44,555		22,887
Trust Receipt	USD <sup>(1)</sup>	83	346	188	810
	GBP <sup>(1)</sup>	322	1,841	-	-
			2,187		810
Export Financing	USD <sup>(1)</sup>	2,131	8,835	477	2,058
Revolving Credit	RM	N/A	1,000	N/A	-
	USD <sup>(1)</sup>	-	-	125	539
			1,000		539
Lease Liabilities	RM	N/A	799	N/A	770
	Thai Baht <sup>(1)</sup>	1,736	230	861	376
	USD <sup>(1)</sup>	472	1,959	441	1,900
	GBP <sup>(1)</sup>	152	835	158	837
			3,823		3,883
			64,709		33,317

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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**

**B8. Loans and borrowings (secured) (continued)**

	Denominated in	31.3.2021		31.3.2020	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	15,508	N/A	1,759
	Thai Baht <sup>(1)</sup>	25,102	3,326	-	-
	USD <sup>(1)</sup>	1,302	5,403	1,912	8,240
			24,237		9,999
Hire Purchase	RM	N/A	452	N/A	-
Banker acceptance	RM	N/A	4,354	N/A	-
	Thai Baht <sup>(1)</sup>	303,404	40,201	174,178	22,887
			44,555		22,887
Trust Receipt	USD <sup>(1)</sup>	83	346	188	810
	GBP <sup>(1)</sup>	322	1,841	-	-
			2,187		810
Export Financing	USD <sup>(1)</sup>	2,131	8,835	477	2,058
Revolving Credit	RM	N/A	1,000	N/A	-
	USD <sup>(1)</sup>	-	-	125	539
			1,000		539
Lease Liabilities	RM	N/A	1,348	N/A	2,220
	Thai Baht	68,483	9,074	21,736	3,119
	USD	953	3,954	1,309	5,639
	GBP	964	5,476	1,151	6,109
			19,852		17,087
			<b>101,118</b>		<b>53,380</b>
	100 Thai Baht to RM		13.25		13.14
	1 USD to RM		4.15		4.31
	1 GBP to RM		5.71		5.31

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.

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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**

**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	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
(Loss)/ Profit attributable to ordinary shareholders of the Company (RM'000)	<u>(3,165)</u>	<u>(1,134)</u>	<u>4,079</u>	<u>(1,199)</u>
Weighted average number of ordinary shares ('in million)	<u>1,053</u>	<u>1,002</u>	<u>1,021</u>	<u>1,002</u>
Basic EPS (sen)	<u><u>(0.30)</u></u>	<u><u>(0.11)</u></u>	<u><u>0.40</u></u>	<u><u>(0.12)</u></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. (Loss)/ Profit for the period is arrived at after crediting/ (charging)**

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	50	85	101	477
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(758)	(657)	(1,566)	(1,739)
(d) Depreciation and amortization	(4,945)	(4,164)	(13,966)	(12,958)
Amortisation for right-of-use assets	(932)	(1,036)	(3,049)	(2,851)
(e) Impairment loss on receivables	(12)	(31)	27	(97)
(f) Provision for and write off of inventories	(701)	(1,372)	(1,994)	(2,337)
(g) Gain on disposal of quoted or unquoted investments or properties	108	-	108	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain	2,822	4,530	2,943	4,749
(j) Loss on derivatives	(1,565)	(4,521)	(934)	(3,469)
(k) Rental expenses	(290)	(407)	(1,153)	(1,086)
(l) Exceptional items	-	-	-	-



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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**

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

	AS AT 31.3.2021 RM'000	AS AT 30.6.2020 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	204,333	239,925
- Unrealised	(7,235)	(3,997)
	197,098	235,928
Consolidated adjustments	(125,319)	(119,937)
Total retained earnings	71,779	115,991

By order of the Board  
24 May 2021