



KAREX BERHAD

(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

Interim Financial Report for the Second Quarter Ended 31 December 2023

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(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Revenue		127,369	128,513	256,878	273,540
Cost of goods sold		(82,392)	(95,230)	(172,116)	(205,908)
Gross profit		44,977	33,283	84,762	67,632
Other income		1,815	24	2,256	686
Distribution expenses		(14,637)	(12,929)	(28,067)	(29,018)
Administrative expenses		(18,690)	(15,673)	(36,180)	(30,365)
Other expenses		(956)	(224)	(1,024)	(414)
Result from operating activities		12,509	4,481	21,747	8,521
Interest income		81	15	109	88
Finance costs		(2,406)	(1,663)	(4,500)	(2,955)
Net finance cost		(2,325)	(1,648)	(4,391)	(2,867)
Profit before tax		10,184	2,833	17,356	5,654
Tax expense	B6	(2,860)	(808)	(4,776)	(1,336)
Profit for the period	B13	7,324	2,025	12,580	4,318
Profit for the period attributable to:					
Owners of the Company		7,324	2,025	12,580	4,318
Profit per share attributable to owners of the Company (sen):					
- Basic	B11	0.70	0.19	1.19	0.41
- Diluted	B11	0.70	0.19	1.19	0.41

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 2023 and the accompanying explanatory notes as attached to this interim financial statements.

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the period		<u>7,324</u>	<u>2,025</u>	<u>12,580</u>	<u>4,318</u>
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		<u>2,991</u>	<u>1,143</u>	<u>531</u>	<u>1,202</u>
Total comprehensive income for the period		<u>10,315</u>	<u>3,168</u>	<u>13,111</u>	<u>5,520</u>
Total comprehensive income attributable to: Owners of the Company		<u>10,315</u>	<u>3,168</u>	<u>13,111</u>	<u>5,520</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 2023 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	<u>Note</u>	AS AT 31.12.2023 RM'000	AS AT 30.6.2023 RM'000
Assets			
Property, plant and equipment		272,638	270,988
Right-of-use assets		25,656	27,411
Intangible assets		98,101	98,791
Deferred tax assets		2,622	4,208
Total non-current assets		399,017	401,398
Inventories		160,133	157,748
Trade and other receivables		116,878	128,093
Derivative financial assets		440	-
Tax recoverable		1,516	2,701
Cash and cash equivalents		43,491	31,785
Total current assets		322,458	320,327
Total assets		721,475	721,725
Equity			
Share capital		324,244	324,244
Reserves		154,899	152,323
Total equity attributable to owners of the Company/ Total equity		479,143	476,567
Liabilities			
Loan and borrowings	B8	61,772	70,098
Deferred tax liabilities		2,648	3,250
Total non-current liabilities		64,420	73,348
Loan and borrowings	B8	89,783	86,485
Trade and other payables		72,176	71,699
Dividend payables		5,267	-
Contract liabilities		6,433	8,953
Derivative financial liabilities		-	796
Taxation		4,253	3,877
Total current liabilities		177,912	171,810
Total liabilities		242,332	245,158
Total equity and liabilities		721,475	721,725
Net assets per share attributable to owners of the Company (RM)		0.45	0.45

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 2023 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →					Total equity RM'000
	← Non-distributable			→ Distributable		
	Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
31 December 2023						
At 1 July 2023	324,244	63,511	16,894	718	71,200	476,567
Foreign currency translation differences for foreign operations/						
Total other comprehensive expenses for the period	-	-	531	-	-	531
Profit for the period	-	-	-	-	12,580	12,580
Total comprehensive income for the period	-	-	531	-	12,580	13,111
Dividends to owners of the Company/ Total Transactions with owners of the Company	-	-	-	-	(10,535)	(10,535)
At 31 December 2023	324,244	63,511	17,425	718	73,245	479,143
31 December 2022						
At 1 July 2022	324,244	63,511	8,587	718	60,722	457,782
Foreign currency translation differences for foreign operations/						
Total other comprehensive income for the period	-	-	1,202	-	-	1,202
Profit for the period	-	-	-	-	4,318	4,318
Total comprehensive expenses for the period	-	-	1,202	-	4,318	5,520
At 31 December 2022	324,244	63,511	9,789	718	65,040	463,302

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 2023 and the accompanying explanatory notes as attached to this interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	31.12.2023 RM'000	31.12.2022 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	17,356	5,654
Adjustment for:		
Non-cash items	17,320	17,752
Operating profit before changes in working capital	34,676	23,406
Net changes in current assets	4,315	(26,602)
Net changes in current liabilities	(5,982)	(22,426)
Cash generated/ (used in) from operations	33,009	(25,622)
Tax paid	(2,231)	(850)
Net cash from/(used in) operating activities	30,778	(26,472)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(7,360)	(13,718)
- Intangible asset	(174)	-
Proceed from disposal of:		
- Property, plant and equipment	336	81
Interest received	109	88
Net cash used in investing activities	(7,089)	(13,549)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividend paid to owners of the Company	(5,268)	-
Net drawdown of borrowings and interest paid	(2,832)	37,004
Net placement in fixed deposits pledged to licensed banks	-	1,327
Net cash (used in)/ from financing activities	(8,100)	38,331
Effect of exchange rate fluctuations on cash held	(54)	89
Net changes in cash and cash equivalents	15,535	(1,601)
Cash and cash equivalents at beginning of the period	27,629	20,410
Cash and cash equivalents at end of the period	43,164	18,809

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

Cash and cash equivalents

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

	PERIOD-TO-DATE	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash and bank balances	43,424	23,792
Short-term deposits	67	200
	43,491	23,992
Less: Fixed deposits pledged	(64)	(64)
Bank Overdraft	(263)	(5,119)
	43,164	18,809

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 2023 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 2023 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 2023.

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 2023.

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 2023

MFRS 17, Insurance Contracts

Amendment to MFRS 17, Insurance Contracts - Initial Application of MFRS 17 and MFRS 9—Comparative Information

Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies

Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16, Leases - Lease Liability in a Sale and Leaseback

Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

Amendment to MFRS 107, Statement of Cashflows and MFRS 7, Financial Instruments: Disclosures - Supplier Finance Agreements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

A2. Comments about seasonal or cyclical factors

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

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

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

A4. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial period-to-date results.

A5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial

A6. Dividends paid

Since the end of the previous financial year, the Company paid a single tier interim dividend of 0.5 sen per ordinary share totalling RM 5,267,304 in respect of the financial year ended 30 June 2023 on 6 November 2023.

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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 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>6 months ended 31.12.2023</u>					
<u>Revenue</u>					
External revenue	233,507	16,999	6,372	-	256,878
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>233,507</u>	<u>16,999</u>	<u>6,372</u>	<u>-</u>	<u>256,878</u>
<u>Results</u>					
Segment profit	20,768	3,142	512	-	24,422
Interest income					49
Finance cost					(4,111)
Unallocated amounts					(3,004)
Profit before tax					17,356
Tax expense					(4,776)
Profit after tax					<u>12,580</u>
<u>Total Assets</u>					
Reportable segment assets	635,337	75,091	9,682	-	720,110
Unallocated assets					1,365
Total Assets					<u>721,475</u>
<u>6 months ended 31.12.2022</u>					
<u>Revenue</u>					
External revenue	251,065	17,683	4,792	-	273,540
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>251,065</u>	<u>17,683</u>	<u>4,792</u>	<u>-</u>	<u>273,540</u>
<u>Results</u>					
Segment profit/ (loss)	9,033	(33)	974	-	9,974
Interest income					73
Finance cost					(2,955)
Unallocated amounts					(1,438)
Profit before tax					5,654
Tax expense					(1,336)
Profit after tax					<u>4,318</u>
<u>Total Assets</u>					
Reportable segment assets	618,242	71,672	9,310	-	699,224
Unallocated assets					2,362
Total Assets					<u>701,586</u>

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

**A7. Segmental information (continued)
Geographical Segments**

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

	PERIOD-TO-DATE	
	31.12.2023	31.12.2022
	RM'000	RM'000
Asia	74,528	75,427
Africa	26,808	49,100
Americas	112,913	101,291
Europe	42,629	47,722
	<u>256,878</u>	<u>273,540</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 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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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.12.2023	31.12.2022	Variance		31.12.2023	31.12.2022	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	127,369	128,513	(1,144)	(0.9)	256,878	273,540	(16,662)	(6.1)
Result from operating activities	12,509	4,481	8,028	179.2	21,747	8,521	13,226	155.2
Profit before tax	10,184	2,833	7,351	259.5	17,356	5,654	11,702	207.0
Profit after tax	7,324	2,025	5,299	261.7	12,580	4,318	8,262	191.3
Profit attributable to owners of the Company	7,324	2,025	5,299	261.7	12,580	4,318	8,262	191.3

During the second quarter ended 31 December 2023 ("2QFY2024"), the Group recorded a revenue of RM127.4 million primarily driven by strong condom sales in the Commercial market, coupled with another quarter of record personal lubricant sales. 2QFY2024 sales comprised of more high margin products contributing to a sales mix that resulted in higher profitability margins. The profit before tax for the 2QFY2024 of RM10.2 million represents a significant increase of approximately 259.5% in comparison to the corresponding period in the previous year. Profit attributable to owners of the Company also increased by 261.7% to RM 7.3 million from RM 2.0 million in the corresponding period in the previous year.

The revenue total for the six months under review (6MFY2024) of RM256.9 million, represents a decrease of 6.1% in comparison to the corresponding period from the previous year. This decrease was primarily attributed to slower condom sales in the tender market but was also partially offset by strong personal lubricants sales, which performed particularly well during this period. Slower tender market sales also meant that the sales during the period were more heavily weighted towards higher margin products which led to an improvement in overall profitability during this period. The profit before tax of RM12.6 million for 6MFY2024 represents an improvement of over RM8.3 million from the corresponding period from the previous year.

B2. Variance of results for the current quarter ended 31 December 2023 against the immediately preceding quarter

	3 MONTHS ENDED			
	31.12.2023	30.9.2023	Variance	
	RM'000	RM'000	RM'000	%
Revenue	127,369	129,509	(2,140)	(1.7)
Result from operating activities	12,509	9,238	3,271	35.4
Profit before tax	10,184	7,172	3,012	42.0
Profit after tax	7,324	5,256	2,068	39.3
Profit attributable to owners of the Company	7,324	5,256	2,068	39.3

The revenue of RM127.4 million for the 2QFY2024 represented a decrease of approximately 1.7% in comparison to the immediately preceding quarter. This decline was largely due to decreased condom sales to the Tender market. This shortfall was alleviated by a record Personal Lubricant sales quarter along with improved probe cover sales. The higher weightage of sales towards the Commercial market also resulted in an improvement to profitability margins during the quarter. The profit after tax of RM7.3 million for the 2QFY2024 represents an increase of approximately 39.3% in comparison to the immediately preceding quarter.

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

B3. a) Group's Prospects for the financial year ending 30 June 2024 ("FYE 2024")

Whilst the global economy continued to recover from the Covid-19 pandemic, the Russia-Ukraine war caused heightened inflationary pressures and uncertainty that led to renewed recession risks. Central banks responded by ramping up global interest rates to decades-high levels, adding further pressure on businesses and contributing to the closure of several condom manufacturers around the world. This coincides with a period when global humanitarian aid efforts are re-shifting their focus on the fight against HIV/AIDS to make up ground on the targets set out by the Joint United Nations Programme. In combination, these factors have resulted in an unprecedented demand for condoms and lubricants with a decreasing number of qualified manufacturers.

The Group has capitalized on this demand to expand sales both via the capture of new markets from the consolidation of the sexual health industry as well as through higher pricing from urgent orders to address inventory shortfalls. This revenue growth is expected to continue on a promising trajectory as the Group continues to release new products that increasingly incorporate distinguishing features and proprietary new materials. An improvement in Group profitability will however be predicated on the success of managing costs stemming from the global uncertainty that resulted in supply chain disruptions and inflationary pressures.

The pandemic also continues to highlight the importance of sustainability in enabling businesses to deliver value without compromising long term prospects. The Group accordingly continues to prioritise improving all aspects of its economic, environmental, social and governance sustainability efforts in order to access new markets, attract talent, improve efficiencies and meet the changing needs of consumers around the world. These efforts are increasingly acknowledged by our customers, suppliers and investors, distinguishing Karex from many of its peers 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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	833	271	3,426	1,224
Deferred taxation	2,027	537	1,350	112
	2,860	808	4,776	1,336

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

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	31.12.2023		31.12.2022	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	31,761	N/A	24,696
	USD ⁽¹⁾	3,284	15,074	4,697	20,621
			46,835		45,317
Hire Purchase	RM	N/A	680	N/A	-
Lease Liabilities	RM	N/A	340	N/A	2,055
	USD ⁽¹⁾	167	767	-	-
	Thai Baht ⁽¹⁾	81,310	10,920	83,703	10,647
	GBP ⁽¹⁾	381	2,230	613	3,244
			14,257		15,946
			61,772		61,263
Current					
Term Loan	RM	N/A	4,583	N/A	3,383
	USD ⁽¹⁾	1,507	6,916	1,405	6,168
			11,499		9,551
Hire Purchase	RM	N/A	447	N/A	482
Banker acceptance	RM	N/A	5,488	N/A	6,940
	Thai Baht ⁽¹⁾	230,573	30,966	283,113	36,012
			36,454		42,952
Export Financing	RM	N/A	6,606	N/A	-
	USD ⁽¹⁾	1,454	6,674	2,685	11,785
	GBP ⁽¹⁾	396	2,316	-	-
			15,596		11,785
Trust Receipt	USD ⁽¹⁾	-	-	2,664	11,697
Revolving Credit	RM	N/A	16,801	N/A	-
	USD ⁽¹⁾	1,250	5,737	1,834	8,050
Revolving Credit	RM ⁽¹⁾	N/A	22,538	1,834	8,050
Bank Overdraft	RM	N/A	-	N/A	4,416
	Thai Baht ⁽¹⁾	1,958	263	5,527	703
			263		5,119
Lease Liabilities	RM	N/A	26	N/A	1,261
	USD ⁽¹⁾	411	1,886	128	560
	Thai Baht ⁽¹⁾	1,765	237	1,688	215
	GBP ⁽¹⁾	143	837	152	804
			2,986		2,840
			89,783		92,476

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

B8. Loans and borrowings (secured) (continued)

	Denominated in	31.12.2023		31.12.2022	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	36,344	N/A	28,079
	USD ⁽¹⁾	4,791	21,990	6,102	26,789
			58,334		54,868
Hire Purchase	RM	N/A	1,127	N/A	482
Banker acceptance	RM	N/A	5,488	N/A	6,940
	Thai Baht ⁽¹⁾	230,573	30,966	283,113	36,012
			36,454		42,952
Export Financing	RM ⁽¹⁾	N/A	6,606	N/A	-
	USD ⁽¹⁾	1,454	6,674	2,685	11,785
	GBP ⁽¹⁾	396	2,316	-	-
			15,596		11,785
Trust Receipt	USD ⁽¹⁾	-	-	2,664	11,697
Revolving Credit	RM	N/A	16,801	N/A	-
	USD ⁽¹⁾	1,250	5,737	1,834	8,050
	RM ⁽¹⁾	N/A	22,538		8,050
Bank Overdraft	RM	N/A	-	N/A	4,416
	Thai Baht ⁽¹⁾	1,958	263	5,527	703
			263		5,119
Lease Liabilities	RM	N/A	366	N/A	3,316
	USD ⁽¹⁾	578	2,653	128	560
	Thai Baht ⁽¹⁾	83,075	11,157	85,391	10,862
	GBP ⁽¹⁾	524	3,067	765	4,048
			17,243		18,786
			<u>151,555</u>		<u>153,739</u>
	100 Thai Baht to RM		13.43		12.72
	1 USD to RM		4.59		4.39
	1 GBP to RM		5.85		5.29

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

On 24 November 2023, the Board of Directors had proposed a first interim dividend of 0.5 sen per ordinary share amounting to RM5,267,304.00 for the financial year ending 30 June 2024. The payment date is 19 January 2024.

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

Interim financial report for the second quarter ended 31 December 2023

(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 per share ("EPS")

Basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial period.

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit per share attributable to owners of the Company (sen): (RM'000)	7,324	2,025	12,580	4,318
Weighted average number of ordinary shares ('in million)	1,053	1,053	1,053	1,053
Basic EPS (sen)	0.70	0.19	1.19	0.41

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 2023 were not qualified.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	81	15	109	88
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(2,406)	(1,663)	(4,500)	(2,955)
(d) Depreciation and amortization	(5,812)	(5,009)	(11,395)	(9,381)
Amortisation for right-of-use assets	(658)	(877)	(1,279)	(1,712)
(e) Provision of impairment loss on receivables	(144)	(167)	(176)	(249)
(f) Allowance for slow moving inventories	(492)	(727)	(922)	(1,816)
(g) Gain on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/ (loss)	447	(2,439)	1,030	(590)
(j) Gain on derivatives	631	1,871	465	605
(k) Rental expenses	(706)	(789)	(1,961)	(1,577)
(l) Exceptional items	-	-	-	-

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

Interim financial report for the second quarter ended 31 December 2023

(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 31.12.2023 RM'000	AS AT 30.6.2023 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	197,697	190,688
- Unrealised	(433)	3,467
	197,264	194,155
Consolidated adjustments	(124,019)	(122,955)
Total retained earnings	<u>73,245</u>	<u>71,200</u>

By order of the Board
26 February 2024