

Chairman's Statement





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Dear Valued Shareholders,

During the financial year, navigating the sexual wellness industry landscape was challenging especially when set against the backdrop of uncertainty in the global economy and volatility in latex prices. Nevertheless, we have made strategic long-term choices to strengthen our Group for long term sustainable growth.

For the financial year ended 30 June 2017, our Group recorded a revenue of RM361.5 million representing an improvement from the previous financial year largely attributable to the growth in sexual wellness division sales and contribution from our newly acquired subsidiary Pasante Healthcare Limited. In the absence of one off gains and limited foreign exchange currency gains as well as increased investment on expanding our own brand segment, we recorded a lower profit after tax of RM28.8 million.

Operationally, we continued to improve the efficiencies of our manufacturing facilities as well as innovate our product offerings, notably by producing our thinnest ever condoms to cater to consumer preferences. We also improved on the energy efficiencies across our four manufacturing facilities with the view of cultivating not only a long term sustainable business but one that is environmentally sustainable as well.

The Board has continued to maintain high standards of corporate governance to enhance performance as well as provide protection of our valued shareholders. We consistently conduct our operations in accordance with internationally accepted principles of good governance and best practice, whilst ensuring compliance with the corporate governance requirements.

In line with our dividend policy to distribute a minimum of 25% of our annual profit attributable to shareholders, we are proposing a dividend of 1.0 sen per share. If approved at our upcoming Annual General Meeting, the dividend will be paid to all shareholders on 18 December 2017.

On behalf of the Board, I would like to take this opportunity to thank our Chief Executive Officer, MK Goh and his team for their hard work and commitment over the past year. Our business would not be where it is today without the individual and collective efforts of our staff.

Finally, to all our shareholders, thank you once again for placing your faith in Karex, I look forward to seeing you at our Annual General Meeting.

TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB
Chairman/Independent Non-Executive Director