



I am delighted and honored to welcome you as a shareholder in Karex and to present to you the inaugural annual report following listing of Karex.

Tan Sri Dato' Seri Utama Arshad bin Ayub
Chairman/Independent Non-Executive Director

CHAIRMAN'S STATEMENT

Dear valued shareholders,
Karex Berhad ("Karex") was listed on the Main Market of Bursa Malaysia Securities Berhad on 6 November 2013. The initial public offering involved 67,500,000 ordinary shares which comprises of 40,500,000 new shares and an offer for sale of 27,000,000 existing shares. Total demand for the initial public offering was over subscribed by 14.2 times and the listing exercise raised close to RM75 million at RM1.85 per share.

RM75

Million

The listing exercise
raised

Chairman's Statement

FINANCIAL PERFORMANCE

Karex recorded a stellar financial performance for the financial year ended ("FYE") 2014, registering a strong double digit growth for both top and bottom lines.

Our company reported a revenue of RM285.3 million, representing a 23.3% growth from the last financial year. The increase in revenue was largely attributed to the higher condoms sales achieved as a result of new capacity expansion.

Karex bottom line margin improved remarkably with profit after tax growing by 55.9% to RM45.2 million from RM29.0 million in the preceding year. This was due to the increase

in sales of better margin products, lower effective tax rate, favourable latex prices as well as strengthening of US Dollar against Ringgit Malaysia.

Our company continues to maintain a healthy cash and cash equivalents of RM85.6 million as a result of the proceeds raised from IPO as well as good cash flow from operations. Gearing ratio improved from 0.47 times in the previous year to 0.10 times in the current year. As at 30 June 2014, Karex is in a net cash position.

Cash and
cash equivalents of

**RM85.6
Million**

as a result of the proceeds raised
from IPO as well as good cash
flow from operations.



CORPORATE DEVELOPMENTS

During the FYE 2014, the Company proposed a bonus issue to reward shareholders and to improve the marketability and tradability of its shares in the market. 135,000,000 bonus shares were issued on the basis of 1 bonus shares for every 2 Karex shares held. To date, our company's total enlarged shares issued is 405,000,000 shares.

At the same time, Karex has also adopted a dividend policy where the Company will endeavour to distribute a minimum of 25% of its annual profit attributable to shareholders with effect from the FYE 30 June 2014.

Lastly, it is my pleasure to inform you that our company had on 3 October 2014 completed the acquisition of 55% stake in Global Protection Corp. ("GP"), owner of the fourth largest brand in the United States of America. This acquisition marks the beginning of an exciting journey for our company towards creating a world renowned brand.

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DIVIDEND

In conjunction with the dividend policy, the Board is pleased to propose a final single tier dividend of 2.5 sen per share for the financial year ended 2014 subject to the approval of shareholders at the forthcoming Second Annual General Meeting.

PROSPECTS

The global demand for condoms is expected to rise in tandem with population growth and this will augur well for Karex as the world's largest condom manufacturer. Moving forward, I believe that 2015 will be an exciting year for Karex.

APPRECIATION

Our historical 2014 would not have been possible without the tireless and concerted effort of all our staff in the Group. I would also like to extend my heartfelt appreciation to our customers, business associates, government bodies, analysts and members of the media for their steadfast support. A special mention must be accorded to my fellow Board members for their wisdom and insightfulness throughout the year. I would like to take this opportunity to thank GP for making this deal a success and at the same time welcome them on board. Finally to all our shareholders, thank you for placing your trust and faith in Karex.



Gearing ratio

**0.10
times**

Revenue growth

23.3%