



KAREX BERHAD

(Incorporated in Malaysia)

(Registration no: 201201034091 (1018579-U))

Interim Financial Report for the Second Quarter Ended 31 December 2019

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

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS ⁽¹⁾

	Note	3 MONTHS ENDED		PERIOD-TO-DATE	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue		109,094	113,550	204,824	205,708
Cost of goods sold		(85,457)	(89,223)	(161,033)	(156,677)
Gross profit		23,637	24,327	43,791	49,031
Other income		905	386	1,547	543
Distribution expenses		(9,985)	(10,019)	(18,296)	(20,310)
Administrative expenses		(12,808)	(12,548)	(24,884)	(24,378)
Other expenses		(102)	(158)	(114)	(499)
Result from operating activities		1,647	1,988	2,044	4,387
Interest income		175	267	392	552
Finance costs		(729)	(385)	(1,082)	(681)
Net finance expense		(554)	(118)	(690)	(129)
Profit before tax		1,093	1,870	1,354	4,258
Tax expense	B6	(201)	(397)	(307)	(1,012)
Profit for the period	B13	892	1,473	1,047	3,246
Profit/ (Loss) for the period attributable to:					
Owners of the Company		102	1,396	(65)	3,374
Non-controlling interests		790	77	1,112	(128)
Profit for the period		892	1,473	1,047	3,246
Earnings/ (Loss) per share attributable to owners of the Company (sen):					
- Basic	B11	0.01	0.14	(0.01)	0.34
- Diluted	B11	0.01	0.14	(0.01)	0.34

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

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

	3 MONTHS ENDED		PERIOD-TO-DATE		
	Note	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Profit for the period		892	1,473	1,047	3,246
Other comprehensive (expense)/ income, net of tax					
Items that may be reclassified					
subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(273)	(316)	110	5,322
Total comprehensive income for the period		619	1,157	1,157	8,568
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(114)	1,083	76	8,676
Non-controlling interests		733	74	1,081	(108)
Total comprehensive income for the period		619	1,157	1,157	8,568

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	AS AT 31.12.2019 RM'000	AS AT 30.6.2019 RM'000
Assets			
Property, plant and equipment		220,847	220,735
Right-of-use assets		17,676	-
Intangible assets		96,311	96,562
Deferred tax assets		1,495	1,914
Total non-current assets		336,329	319,211
Inventories		113,930	119,628
Trade and other receivables		101,323	82,785
Derivative financial assets		1,030	-
Tax recoverable		4,055	9,837
Cash and cash equivalents		48,833	63,635
Total current assets		269,171	275,885
Total assets		605,500	595,096
Equity			
Share capital		281,980	281,980
Reserves		199,104	209,052
Total equity attributable to owners of the Company		481,084	491,032
Non-controlling interest		2,657	1,576
Total equity		483,741	492,608
Liabilities			
Loan and borrowings	B8	21,894	9,056
Deferred tax liabilities		5,855	8,064
Total non-current liabilities		27,749	17,120
Trade and other payables		65,117	60,339
Loan and borrowings	B8	28,746	24,612
Derivative financial liabilities		-	3
Taxation		147	414
Total current liabilities		94,010	85,368
Total liabilities		121,759	102,488
Total equity and liabilities		605,500	595,096
Net assets per share attributable to owners of the Company (RM)		0.48	0.49

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	← Attributable to owners of the Company →							Total equity RM'000
	← Non-distributable →				Distributable		Non-controlling interests RM'000	
	Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000		
31 December 2019								
At 1 July 2019	281,980	63,511	14,024	718	130,799	491,032	1,576	492,608
Foreign currency translation differences for foreign operations/ Total other comprehensive income/ (expense) for the period	-	-	141	-	-	141	(31)	110
Profit for the period	-	-	-	-	(65)	(65)	1,112	1,047
Total comprehensive income/ (expense) for the period	-	-	141	-	(65)	76	1,081	1,157
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/ Total transactions with owners of the Company	-	-	-	-	(10,024)	(10,024)	-	(10,024)
At 31 December 2019	281,980	63,511	14,165	718	120,710	481,084	2,657	483,741
31 December 2018								
At 1 July 2018, as previously stated	281,980	63,511	3,653	718	133,484	483,346	1,030	484,376
Effect of adopting MFRS 15	-	-	-	-	164	164	-	164
At 1 July 2018, restated	281,980	63,511	3,653	718	133,648	483,510	1,030	484,540
Foreign currency translation differences for foreign operations/ Total other comprehensive income for the period	-	-	5,302	-	-	5,302	20	5,322
Profit/ (Loss) for the period	-	-	-	-	3,374	3,374	(128)	3,246
Total comprehensive income/ (expense) for the period	-	-	5,302	-	3,374	8,676	(108)	8,568
<i>Contributions by and distributions to owners of the Company</i>								
Dividend to owners of the Company/ Total transactions with owners of the Company	-	-	-	-	(5,012)	(5,012)	-	(5,012)
At 31 December 2018	281,980	63,511	8,955	718	132,010	487,174	922	488,096

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	PERIOD-TO-DATE	
	31.12.2019 RM'000	31.12.2018 RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	1,354	4,258
Adjustment for:		
Non-cash items	8,831	8,410
Operating profit before changes in working capital	10,185	12,668
Net changes in current assets	(14,971)	(4,854)
Net changes in current liabilities	4,870	(7,748)
Cash generated from operations	84	66
Tax paid	3,418	(2,873)
Net cash from/ (used in) operating activities	3,502	(2,807)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of:		
- Property, plant and equipment	(8,360)	(8,925)
- Intangible asset	-	(166)
Proceed from disposal of property, plant and equipment	47	1,213
Interest received	392	552
Net cash used in investing activities	(7,921)	(7,326)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividend paid to owners of the Company	(10,024)	(5,012)
Net (repayment)/ drawdown of borrowings and interest paid	(321)	9,829
Increase placement in fixed deposits pledged to licensed banks	74	(450)
Net cash (used in)/ from financing activities	(10,271)	4,367
Effect of exchange rate fluctuations on cash held	(38)	28
Net changes in cash and cash equivalents	(14,728)	(5,738)
Cash and cash equivalents at beginning of the period	62,243	46,334
Cash and cash equivalents at end of the period	47,515	40,596

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

Interim financial report for the second quarter ended 31 December 2019
(The figures have not been audited)

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	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash and bank balances	37,360	20,171
Deposits with licensed banks	1,318	1,508
Deposits with other corporations	10,155	20,425
	48,833	42,104
Less: Fixed deposits pledged	(1,318)	(1,508)
	47,515	40,596

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 2019 and the accompanying explanatory notes as attached to this interim financial statements.

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

Interim financial report for the second quarter ended 31 December 2019

(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 2019 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 2019.

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 2019, except for the adoption of the following new/revised MFRSs and clarifications/amendments to MFRS:

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases – Incentives and IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group has assessed the estimated impact that the initial application of MFRS 16 will have on its consolidated financial statements as at 1 July 2019 as below.

	Statement of financial position as at	
	1 July 2019	
	As currently stated	After expected restatement
	RM'000	RM'000
Property, plant and equipment	220,735	219,781
Right-of-use assets	-	19,491
Trade and other receivables	82,785	82,322
Loan and Borrowings		
- Finance lease liabilities	807	-
- Lease liabilities	-	18,881
	-	18,881

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 (continued)

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 2020

Amendments to MFRS 3, Business Combinations – Definition of a Business

Amendments to MFRS 9, Financial Instruments, MFRS 7, Financial Instrument Disclosures and MFRS 139, Financial Instruments: Recognition and Measurement

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance Contracts

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 period-to-date.

A6. Dividends paid

Since the end of the previous financial year, the Company paid a final single tier dividend of 1.0 sen per ordinary share totalling RM 10,023,750 in respect of the financial year ended 30 June 2019 on 23 December 2019.

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.

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

Interim financial report for the second quarter ended 31 December 2019

(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)

	Sexual Wellness RM'000	Medical RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>6 months ended 31.12.2019</u>					
<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>
<u>6 months ended 31.12.2018</u>					
<u>Revenue</u>					
External revenue	187,838	15,083	2,787	-	205,708
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>187,838</u>	<u>15,083</u>	<u>2,787</u>	<u>-</u>	<u>205,708</u>
<u>Results</u>					
Segment profit/ (loss)	3,408	1,799	(51)	-	5,156
Interest income					13
Finance cost					(681)
Unallocated amounts					(230)
Profit before tax					<u>4,258</u>
Tax expense					(1,012)
Profit after tax					<u>3,246</u>
<u>Total Assets</u>					
Reportable segment assets	535,215	27,273	3,695	-	566,183
Unallocated assets					21,855
Total Assets					<u>588,038</u>

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

Interim financial report for the second quarter ended 31 December 2019

(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	
	31.12.2019	31.12.2018
	RM'000	RM'000
Asia	48,942	62,029
Africa	57,885	54,184
Americas	62,563	58,592
Europe	35,434	30,903
	<u>204,824</u>	<u>205,708</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 were 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 2019

(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			
	31.12.2019	31.12.2018	Variance		31.12.2019	31.12.2018	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	109,094	113,550	(4,456)	(3.9)	204,824	205,708	(884)	(0.4)
Result from operating activities	1,647	1,988	(341)	(10.3)	2,044	4,387	(2,343)	(50.3)
Profit before tax	1,093	1,870	(777)	(41.6)	1,354	4,258	(2,904)	(68.2)
Profit after tax	892	1,473	(581)	(39.4)	1,047	3,246	(2,199)	(67.7)
Profit/ (Loss) attributable to owners of the Company	102	1,396	(1,294)	(92.7)	(65)	3,374	(3,439)	(101.9)

For the second quarter ended 31 December 2019 ("2QFY2020"), revenue decreased by 3.9% in comparison to the quarter in the preceding year. Contribution from the Sexual Wellness segment in particular was lower by 4.5% due to reduced orders from the Tender and Commercial segments.

Although raw material cost had eased slightly, ongoing social compliance costs continued to exert pressure on profitability which resulted in a profit before tax of RM1.1million for the quarter. Profit after tax for the quarter stood at RM 0.9 million after the provision on tax for profitable subsidiaries.

For the six months period under review (6MFY2020), revenue remains resilient supported by stable contribution from Sexual Wellness segment. Nevertheless, profitability were held back by a less favourable sales mix coupled with ongoing social compliance payments. Results from operating activities and profit before tax have correspondingly decreased.

B2. Variance of results for the current quarter ended 31 December 2019 against the immediately preceding quarter

	3 MONTHS ENDED			
	31.12.2019	30.9.2019	Variance	
	RM'000	RM'000	RM'000	%
Revenue	109,094	95,730	13,364	14.0
Result from operating activities	1,647	397	1,250	349.4
Profit before tax	1,093	261	832	318.8
Profit after tax	892	155	737	475.5
Profit/ (Loss) attributable to owners of the Company	102	(167)	269	(161.1)

Revenue in 2QFY2020 grew by 14.0% to RM109.1 million driven by higher condom sales volume from the Tender market in particular, as compared to the preceding quarter. Higher sales volume has also improved the profit before tax to RM 1.1 million and profit after tax to RM 0.9 million as compared to the previous quarter.

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

Interim financial report for the second quarter ended 31 December 2019

(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 2020 ("FYE 2020")

The global condom industry is expected to remain challenging with shifting trends in condom purchasing patterns and uncertainty surrounding humanitarian aid budgets around the world. Erratic raw material prices as well as the rising cost of social compliance are major factors that are expected to challenge condom manufacturers around the world. In spite of this, the Group remains confident in our ability to take advantage of opportunities presented by these challenges and remain optimistic that the long-term prospects of the industry remain intact. We intend to achieve growth through our continued commitment to our strategies by leveraging on our cost advantages via the implementation of automation, as well as persisting with the investment into our branded segment to enable us 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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current tax expenses				
- Current period	1,576	563	1,643	1,263
Deferred taxation:				
- Origination and reversal of temporary differences	(1,375)	(166)	(1,336)	(251)
	201	397	307	1,012

The Group effective tax rate for the current quarter and period-to-date are lower than statutory tax rate mainly due to profit generated by foreign subsidiaries with lower 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 2019

(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	31.12.2019		31.12.2018	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Non-current					
Term Loan	RM	N/A	1,583	N/A	1,818
	Thai Baht ⁽¹⁾	-	-	18,311	2,342
	USD ⁽¹⁾	1,693	6,928	2,153	8,911
			8,511		13,071
Hire Purchase	RM	N/A	-	N/A	468
Lease Liabilities	RM	N/A	1,056		-
	Thai Baht	20,307	2,778		-
	USD	1,012	4,138		-
	GBP	1,006	5,411		-
			13,383		-
			21,894		13,539
Current					
Term Loan	RM	N/A	233	N/A	2,722
	Thai Baht ⁽¹⁾	8,414	1,151	12,604	1,612
	USD ⁽¹⁾	689	2,816	404	1,673
			4,200		6,007
Hire Purchase	RM	N/A	-	N/A	431
Banker acceptance	Thai Baht ⁽¹⁾	132,310	18,100	107,834	13,792
Trust Receipt	USD ⁽¹⁾	-	-	115	476
Export Financing	USD ⁽¹⁾	453	1,853	314	1,301
Revolving Credit	USD ⁽¹⁾	125	512	475	1,965
Lease Liabilities	RM	N/A	968		-
	Thai Baht	2,749	376		-
	USD	465	1,900		-
	GBP	156	837		-
			4,081		-
			28,746		23,972

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

Interim financial report for the second quarter ended 31 December 2019

(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	31.12.2019		31.12.2018	
		Foreign Currency in'000	RM'000	Foreign Currency in'000	RM'000
Total					
Term Loan	RM	N/A	1,816	N/A	4,540
	Thai Baht ⁽¹⁾	8,414	1,151	30,915	3,954
	USD ⁽¹⁾	2,382	9,744	2,557	10,584
			12,711		19,078
Hire Purchase	RM	N/A	-	N/A	899
Banker acceptance	Thai Baht ⁽¹⁾	132,310	18,100	107,834	13,792
	USD ⁽¹⁾	-	-	-	-
Trust Receipt	USD ⁽¹⁾	-	-	115	476
Export Financing	USD ⁽¹⁾	453	1,853	314	1,301
Revolving Credit	USD ⁽¹⁾	125	512	475	1,965
Lease Liabilities	RM	N/A	2,024		-
	Thai Baht	23,056	3,154		-
	USD	1,477	6,038		-
	GBP	1,162	6,248		-
			17,464		-
			50,640		37,511
	100 Thai Baht to RM		13.68		12.79
	1 USD to RM		4.09		4.14
	1 GBP to RM		5.38		5.27

Notes:

(1) Converted at the respective exchange rate prevailing as at period ended

Loans and borrowings were paid based on the agreed instalments. Hire Purchase has been reclassified to lease liabilities upon adoption of MFRS 16, Leases

B9. Changes in material litigation

There was no material litigation as at the date of this report.

B10. Dividend proposed

On 24 February 2020, the Board of Directors had proposed a first interim dividend of 0.5 sen per ordinary share amounting to RM5,011,875.00 for the financial year ending 30 June 2020 payable on 25 March 2020. The entitlement date has been fixed on 11 March 2020.

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

Interim financial report for the second quarter ended 31 December 2019

(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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit/ (Loss) attributable to ordinary shareholders of the Company (RM'000)	102	1,396	(65)	3,374
Weighted average number of ordinary shares ('in million)	1,002	1,002	1,002	1,002
Basic EPS (sen)	0.01	0.14	(0.01)	0.34

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 2019 were not qualified.

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

	3 MONTHS ENDED		PERIOD-TO-DATE	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	175	267	392	552
(b) Other income including investment income	-	-	-	-
(c) Interest expense	(729)	(385)	(1,082)	(681)
(d) Depreciation and amortization	(4,451)	(3,919)	(8,794)	(7,738)
Depreciation for right-of-use assets	(893)	-	(1,815)	-
(e) Impairment loss on receivables	(66)	(93)	(66)	(135)
(f) Provision for and write off of inventories	(846)	(552)	(965)	(911)
(g) Gain on loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (loss)/ gain	(647)	(1,391)	219	(242)
(j) Gain on derivatives	1,478	1,633	1,052	187
(k) Rental expenses	(385)	(1,051)	(679)	(2,082)
(l) Exceptional items	-	-	-	-

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

Interim financial report for the second quarter ended 31 December 2019

(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 31.12.2019 RM'000	AS AT 30.6.2019 RM'000
Total retained earnings of the Company and subsidiary companies:		
- Realised	244,069	252,007
- Unrealised	(3,285)	(2,611)
	240,784	249,396
Consolidated adjustments	(120,074)	(118,597)
Total retained earnings	120,710	130,799

By order of the Board
25 February 2020