

# REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011 ( Unaudited )

	<i>As at</i> <i>30/09/2011</i> <i>RM'000</i>	<i>As at</i> <i>31/12/2010</i> <i>(Audited)</i> <i>RM'000</i>
<b>Assets</b>		
Property, plant and equipment	48,171	49,496
Goodwill on consolidation	11,901	11,901
<b>Total non-current assets</b>	<b>60,072</b>	<b>61,397</b>
Receivables, deposits and prepayments	43,384	53,509
Inventories	61,601	61,142
Current tax assets	640	643
Cash and cash equivalents	9,653	9,329
<b>Total current assets</b>	<b>115,278</b>	<b>124,623</b>
<b>Total assets</b>	<b>175,350</b>	<b>186,020</b>
<b>Equity</b>		
Share capital	56,052	56,052
Reserves	65,076	67,996
<b>Total equity attributable to owners of the Company</b>	<b>121,128</b>	<b>124,048</b>
<b>Liabilities</b>		
Deferred tax liabilities	3,913	3,961
Borrowings	4,364	5,582
<b>Total non-current liabilities</b>	<b>8,277</b>	<b>9,543</b>
Payables and accruals	8,719	13,549
Borrowings	37,029	38,424
Current tax liabilities	197	456
<b>Total current liabilities</b>	<b>45,945</b>	<b>52,429</b>
<b>Total liabilities</b>	<b>54,222</b>	<b>61,972</b>
<b>Total equity and liabilities</b>	<b>175,350</b>	<b>186,020</b>
<b>Net assets per share (RM)</b>	<b>1.95</b>	<b>2.00</b>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2010.

# REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2011 ( Unaudited )

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>30/09/2011</i>	<i>30/09/2010</i>	<i>30/09/2011</i>	<i>30/09/2010</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Continuing operations</b>				
<b>Revenue</b>	33,016	34,926	97,749	99,783
Operating profit / (loss)	(936)	(1,988)	(1,648)	(2,423)
Interest expense	(339)	(317)	(1,124)	(944)
Interest income	-	-	-	-
<b>Loss before tax</b>	(1,275)	(2,305)	(2,772)	(3,367)
Income tax expense	(23)	(156)	(148)	(180)
<b>Loss for the period</b>	(1,298)	(2,461)	(2,920)	(3,547)
Other comprehensive income	-	-	-	-
<b>Total comprehensive expense for the period</b>	(1,298)	(2,461)	(2,920)	(3,547)
<b>Loss for the period attributable to owners of the Company</b>	(1,298)	(2,461)	(2,920)	(3,547)
<b>Total comprehensive expense attributable to owners of the Company</b>	(1,298)	(2,461)	(2,920)	(3,547)
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings / (loss) per ordinary share (sen)	(2.32)	(4.39)	(5.21)	(6.33)
Diluted earnings per ordinary share (sen)	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

# REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2011 ( Unaudited )

	← <i>Share capital</i>  <i>RM'000</i>	<i>Non- distributable Share premium</i>  <i>RM'000</i>	→ <i>Exchange fluctuation reserve</i>  <i>RM'000</i>	<i>Distributable Retained earnings</i>  <i>RM'000</i>	<i>Total equity</i>  <i>RM'000</i>
<b>At 1 January 2010</b>	56,052	10,614	5,493	59,415	131,574
Dividends paid				(841)	(841)
Loss for the period	-	-	-	(3,547)	(3,547)
<b>At 30 September 2010</b>	56,052	10,614	5,493	55,027	127,186
<b>At 1 January 2011</b>	56,052	10,614	1,599	55,783	124,048
Loss for the period	-	-	-	(2,920)	(2,920)
<b>At 30 September 2011</b>	56,052	10,614	1,599	52,863	121,128

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

# REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2011 ( Unaudited )

	<i>As at</i> 30/09/2011 RM'000	<i>As at</i> 30/09/2010 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(2,772)	(3,367)
Adjustments for :		
Depreciation of property, plant and equipment	2,412	2,549
Interest expense	1,124	944
<b>Operating profit before changes in working capital</b>	764	126
Changes in working capital :		
Inventories	(459)	4,122
Receivables, deposits and prepayments	10,126	4,993
Payables and accruals	(4,831)	(4,619)
Cash generated from operations	5,600	4,622
Income tax paid	(453)	(433)
<b>Net cash from operating activities</b>	5,147	4,189
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(976)	(3,999)
<b>Net cash used in investing activities</b>	(976)	(3,999)
<b>Cash flows from financing activities</b>		
Repayment of term loan	(1,751)	(1,914)
Bank borrowings (net)	(11)	5,583
Drawdown / (Repayment) of finance lease liabilities	(278)	(300)
Dividend paid	-	(841)
Interest paid	(1,124)	(944)
<b>Net cash from / (used in) financing activities</b>	(3,164)	1,584
<b>Net increase in cash and cash equivalents</b>	1,007	1,774
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at 1 January</b>	7,671	8,766
<b>Cash and cash equivalents at 30 September</b>	8,678	10,540

The condensed consolidated cash flows statement should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements audited financial statements for the year ended 31 December 2010.

# REX INDUSTRY BHD

(Incorporated in Malaysia) Co. no. 282664-K

## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

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### **1. Basis of preparation and accounting policies**

This interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134<sup>04</sup>, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted for annual audited financial statements for the year ended 31 December 2010, except for the adoption of the following Revised Financial Reporting Standards ("FRSs"), Amendments to RFSs and Interpretations with effective from 1 January 2011 :

FRS 1 (Revised)	: First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	: Business Combinations
FRS 127 (Revised)	: Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised)	: Limited Exemptions from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	: Additional Exemptions First-time Adopters
Amendments to FRS 2	: Share-based Payment
Amendments to FRS 2	: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	: Financial Instruments : Presentation
IC Interpretation 4	: Determining whether an Arrangement contains a Lease
IC Interpretation 12	: Service Concession Arrangements
IC Interpretation 16	: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	: Distributions of Non-cash Assets to Owners
IC Interpretation 18	: Transfers of Assets from Customers
Amendments to IC Interpretation 9	: Reassessments of Embedded Derivatives

The adoption of the above Revised FRSs, Amendments to FRSs and Interpretations does not have significant changes in the accounting policies and presentation of the financial statement of the Group upon their initial application.

### **2. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2010 was qualified.

### **3. Seasonality of operations**

The business of the Group were not affected by any significant seasonal or cyclical factors in the current quarter.

### **4. Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current quarter and the financial period-to-date.

### **5. Material changes in estimates**

There were no significant changes in the nature and amount of estimates used in prior interim reporting or prior financial years that have a material effect on the current quarter and financial period-to-date.

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

### 6. Issuances and repayment of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period.

### 7. Dividends paid

No dividend has been paid during the current quarter.

### 8. Segmental information

In presenting geographical information, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Revenue RM'000	Non-current assets RM'000
<b>9 months ended 30/09/2011</b>		
Malaysia	46,476	48,342
United States of America	26,873	-
Europe	9,757	-
Asia (Excludes Malaysia)	14,643	11,730
Consolidated	<u>97,749</u>	<u>60,072</u>
<b>9 months ended 30/09/2010</b>		
Malaysia	50,285	48,521
United States of America	28,550	-
Europe	9,053	-
Asia (Excludes Malaysia)	11,895	13,412
Consolidated	<u>99,783</u>	<u>61,933</u>

### 9. Revaluation of property, plant and equipment

The valuations of land and buildings have been brought forward without amendment from the financial statements for the year ended 31 December 2010.

### 10. Material events subsequent to the end of the reporting period

There were no material events subsequent to end of the current quarter that have not been reflected in the interim financial report.

### 11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

### 12. Changes in contingent liabilities or contingent assets

	30/09/2011 RM'000	31/12/2010 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	82,700	82,700

### 13. Capital commitments

As at the date of this announcement, the Group has no material capital commitments.

### 14. Review of earnings and / or revenue of the Company and its subsidiaries for current quarter and financial period-to-date

	3 months ended		period ended	
	30/09/2011 RM'000	30/09/2010 RM'000	30/09/2011 RM'000	30/09/2010 RM'000
Turnover	33,016	34,926	97,749	99,783
Loss before tax	(1,275)	(2,305)	(2,772)	(3,367)

The Group recorded a 5.47% decrease in the turnover to RM 33.02 million for the third quarter ended 30 September 2011 from RM 34.93 million in the corresponding quarter last year. The marginal decrease in turnover was mainly due to the lower demand in domestic market in the current quarter.

The loss before tax decreased by RM 1.03 million for the third quarter ended 30 September 2011 to RM1.28 million as compared to the corresponding quarter last year, this was mainly due to the increase in the selling price in the current quarter.

In the opinion of the Directors, the results of the current quarter under review have not been substantially affected by any item, transaction or event of a material and unusual nature.

### 15. Material change in Loss Before Taxation reported on as compared with the immediate preceding quarter

	3 months ended	
	30/09/2011 RM'000	30/06/2011 RM'000
Turnover	33,016	31,316
Loss before tax	(1,275)	(467)

For the current quarter under review, the Group suffered a loss before tax of RM1.28 million as compared to a loss before tax of RM0.47 million generated in the preceding quarter. The increase in loss was mainly due to the higher operation costs incurred by the Group in the current quarter.

### 16. Current year prospects

Barring any unforeseen circumstances, the Board is confident that the Group's operating performance will be improved in the coming financial year.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

### 17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

### 18. Tax expense

	3 months ended		period ended	
	30/09/2011	30/09/2010	30/09/2011	30/09/2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia				
- current	18	(52)	40	25
- prior year	-	-	-	-
Overseas	21	175	157	227
	39	123	197	252
Deferred tax expense	(16)	(17)	(49)	(72)
	23	106	148	180

The disproportionate tax charge in relation to the results of the Group for the current financial period to date was mainly due to the availability of tax incentives to certain subsidiaries.

### 19. Unquoted investments and / or properties

There were no purchases and disposals of unquoted investments and properties during the period under review.

### 20. Quoted investments

There were no purchases and disposals of quoted securities during the period under review.

### 21. Status of corporate proposals announced

There were no corporate proposals that have been announced by the Company as the date of this announcement.

### 22. Group borrowings

The Group's borrowings as at the end of the current reporting period are as follows :-

RM denominated borrowings	Payable within	Payable after
	12 months	12 months
	RM'000	RM'000
<b>Unsecured</b>		
Bank overdraft	975	-
Term loans	1,672	4,047
Bankers' acceptance	30,051	-
Revolving credit	4,000	-
Finance lease liabilities	331	317
	37,029	4,364



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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### 23. Off balance sheet financial instrument

There were no financial instruments not recognised at the reporting date as at 30 September 2011.

### 24. Changes in material litigation

There were no material litigations at the date of this interim financial report.

### 25. Dividends

No dividends have been declared for the period ended 30 September 2011.

### 26. (Loss) / Earnings per ordinary share

The earnings per share was computed based on the net profit/(loss) attributable to ordinary shareholders divided by the weighted average number of ordinary shares.

	3 months ended 30/09/2011	Period ended 30/09/2011
Loss after tax attributable to owners of the Company ("RM'000")	(1,298)	(1,670)
Weighted average number of shares in issue ('000)	56,052	56,052
Basic loss per ordinary share (sen)	(2.32)	(2.98)

### 27. Breakdown of realised and unrealised profits / (losses)

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listing issuers pursuant to Paragraphs 2.06 and 2.23 Bursa Malaysia Main Market Listing Requirement. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised profits or losses.

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits / (losses) is as follows :

	Year to date ended 30/09/2011 (RM'000)	Year to date ended 31/12/2010 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	74,918	77,710
- Unrealised	(1,489)	(1,507)
	73,429	76,203
Less : Consolidation adjustments	(20,566)	(20,419)
Total Group retained earnings	52,863	55,784