

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012 ( Unaudited )

	<i>As at</i> 30/06/2012 <i>RM'000</i>	<i>As at</i> 31/12/2011 <i>(Restated)</i> <i>RM'000</i>
<b>Assets</b>		
Property, plant and equipment	46,057	47,833
Goodwill on consolidation	11,901	11,901
<b>Total non-current assets</b>	57,958	59,734
Trade and other receivables	44,672	52,197
Inventories	50,784	57,109
Current tax assets	691	653
Cash and cash equivalents	12,641	12,137
<b>Total current assets</b>	108,788	122,096
<b>Total assets</b>	166,746	181,830
<b>Equity</b>		
Share capital	56,052	56,052
Reserves	63,421	62,567
<b>Total equity attributable to owners of the Company</b>	119,473	118,619
<b>Liabilities</b>		
Deferred tax liabilities	3,550	3,578
Loans and borrowings	2,532	3,417
<b>Total non-current liabilities</b>	6,082	6,995
Trade and other Payables	10,786	15,886
Loans and borrowings	30,204	40,313
Current tax liabilities	201	17
<b>Total current liabilities</b>	41,191	56,216
<b>Total liabilities</b>	47,273	63,211
<b>Total equity and liabilities</b>	166,746	181,830
<b>Net assets per share (RM)</b>	1.92	1.90

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 2011.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )

	3 months ended		Period ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
<b>Revenue</b>	32,828	31,316	65,376	64,733
Operating profit / (loss)	1,842	(32)	2,083	(712)
Interest expense	(414)	(435)	(726)	(785)
Interest income	-	-	-	-
<b>Profit / (Loss) before tax</b>	1,428	(467)	1,357	(1,497)
Income tax expense	(253)	(64)	(341)	(125)
<b>Profit / (Loss) for the period</b>	1,175	(531)	1,016	(1,622)
<b>Other comprehensive expense, net of tax</b>				
Foreign currency translation differences for foreign operations	683	-	(163)	-
<b>Total comprehensive (expense)/ income</b>	1,858	(531)	853	(1,622)
<b>Profit / (Loss) for the year attributable to :</b>				
Owners of the Company	1,175	(531)	1,016	(1,622)
<b>Total comprehensive (expense) / income attributable to :</b>				
Owners of the Company	1,858	(531)	853	(1,622)
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings / (loss) per ordinary share (sen)	2.10	(0.95)	1.81	(2.89)
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 2011.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )

	←	Non- distributable		→	Distributable	
	Share capital	Share premium	Exchange fluctuation reserve	Retained earnings	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2011</b>	56,052	10,614	1,599	50,483	118,748	
Total comprehensive expenses for the period						
Foreign currency translation differences for foreign operations	-	-	-	-	-	-
Loss for the period	-	-	-	(1,622)	(1,622)	(1,622)
<b>At 30 June 2011</b>	56,052	10,614	1,599	48,861	117,126	
<b>At 1 January 2012</b>	56,052	10,614	3,106	48,848	118,620	
Total comprehensive expenses for the period						
Foreign currency translation differences for foreign operations	-	-	(163)	-	(163)	(163)
Profit for the period	-	-	-	1,016	1,016	1,016
<b>At 30 June 2012</b>	56,052	10,614	2,943	49,864	119,473	

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 2011.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )

	<i>As at</i> 30/06/2012 RM'000	<i>As at</i> 30/06/2011 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	1,357	(1,497)
Adjustments for :		
Depreciation of property, plant and equipment	1,396	1,594
Interest expense	726	785
Gain on disposal of plat and equipment	(136)	-
Interest income	-	-
<b>Operating profit before changes in working capital</b>	3,343	882
Changes in working capital :		
Inventories	6,281	7,365
Receivables, deposits and prepayments	7,486	7,571
Payables and accruals	(5,093)	(6,212)
Cash generated from operations	12,017	9,606
Income tax paid	(222)	(453)
<b>Net cash from operating activities</b>	11,795	9,153
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(65)	(473)
Proceed from disposal of plant and equipment	551	-
<b>Net cash used in investing activities</b>	486	(473)
<b>Cash flows from financing activities</b>		
Repayment of term loan	(1,524)	(1,109)
Bank borrowings (net)	(8,713)	(5,241)
Drawdown / (Repayment) of finance lease liabilities	(176)	(182)
Interest paid	(726)	(785)
<b>Net cash from / (used in) financing activities</b>	(11,139)	(7,317)
<b>Net increase in cash and cash equivalents</b>	1,142	1,363
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	(56)	-
<b>Cash and cash equivalents at 1 January</b>	11,181	7,671
<b>Cash and cash equivalents at 30 June</b>	12,267	9,034

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 2011.

# REX INDUSTRY BHD

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

## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )**

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

This interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements 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 2011. 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 2011. The condensed consolidated interim financial statements and notes do not include all of the information required for full set of financial statements prepared in accordance with MFRS.

The Group has adopted the Malaysian Financial Reporting Standard framework issued by Malaysia Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Accounting Standards Board. The transition from the previous FRSs to the new MFRSs has no material impact on the Group financial position, financial performance and the notes to the financial statements.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

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

The auditors' report on the financial statements for the year ended 31 December 2011 was not 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.

### **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.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )

### 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>6 months ended 30/06/2012</b>		
Malaysia	29,586	46,595
United States of America	19,344	-
Europe	7,806	-
Asia (Excludes Malaysia)	8,640	11,363
Consolidated	<u>65,376</u>	<u>57,958</u>
<b>6 months ended 30/06/2011</b>		
Malaysia	31,778	48,435
United States of America	17,874	-
Europe	6,520	-
Asia (Excludes Malaysia)	8,561	11,952
Consolidated	<u>64,733</u>	<u>60,387</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 2011.

### 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.

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

	30/06/2012 RM'000	31/12/2011 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>82,700</u>	<u>82,700</u>

### 13. Capital commitments

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

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )**

### 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	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Turnover	32,828	31,316	65,376	64,733
Profit / (Loss) before tax	1,428	(467)	1,357	(1,497)

The Group recorded a 4.8% increase in the turnover to RM 32.83 million for the second quarter ended 30 June 2012 from RM 31.32 million in the corresponding quarter last year. The increase in turnover was mainly due to the strong sales performance in the export market by foreign subsidiaries.

The profit before tax increased by RM 1.90 million for the second quarter ended 30 June 2012 to RM 1.43 million as compared to the corresponding quarter last year mainly due to the continuous efforts in embarking on cost reduction measures.

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 Profit / (Loss) Before Taxation reported on as compared with the immediate preceding quarter

	3 months ended	
	30/06/2012	31/03/2012
	RM'000	RM'000
Turnover	32,828	32,548
Profit / (Loss) before tax	1,428	(71)

For the current quarter under review, the Group recorded a profit before tax of RM 1.43 million as compared to a loss before tax of RM71,000 generated in the preceding quarter. The increase in profit was mainly due to the improvement in operation efficiency and cost reduction measures in the current quarter under review.

### 16. Current year prospects

Global economic condition in 2012 are expected to remain challenging, the Directors expect the Group's result to improve for the current financial year. Plans for this year include charting a successful roadmap to accelerate the growth in package drink products and to penetrate the international markets. The Board will continue to monitor the Group's operation and to look out for business opportunities. Barring any unforeseen circumstances, the Board is confident that the Group's operating performance will be improved in the coming financial year.

### 17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )**

### 18. Tax expense

	3 months ended		period ended	
	30/06/2012 RM'000	30/06/2011 RM'000	30/06/2012 RM'000	30/06/2011 RM'000
Current tax expense				
Malaysia	155	22	155	22
Overseas	112	26	213	136
	267	78	368	158
Deferred tax expense	(14)	(14)	(27)	(33)
	253	64	341	125

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. Status of corporate proposals announced

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

### 20. Group borrowings

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

	Payable within 12 months RM'000	Payable after 12 months RM'000
<b>RM denominated borrowings</b>		
<b>Unsecured</b>		
Bank overdraft	374	-
Term loans	1,134	2,362
Bankers' acceptance	24,492	-
Revolving credit	4,000	-
Finance lease liabilities	204	170
	30,204	2,532

### 21. Changes in material litigation

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

### 22. Dividends

The Board of Directors does not recommend any dividend in respect of the financial period ended 30 June 2012.



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012 ( Unaudited )

### 23. Profits / (Loss) before tax

	3 months ended 30/06/2012 RM'000	Period ended 30/06/2012 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Interest expense	(414)	(726)
Depreciation and amortisation	(688)	(1,396)
Provision for and written off of receivables	-	(36)
Foreign exchange (loss) / gain	149	115
Gain on disposal of plant and equipment	136	136

### 24. (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 30/06/2012	Period ended 30/06/2012
Profit after tax attributable to owners of the Company (RM'000)	1,175	1,016
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	2.10	1.81

### 25. Breakdown of realised and unrealised profits / (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 30/06/2012 (RM'000)	Year to date ended 31/12/2011 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	70,742	69,565
- Unrealised	(1,045)	(964)
	69,697	68,601
Less : Consolidation adjustments	(19,833)	(19,753)
Total Group retained earnings	49,864	48,848