

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012 (Unaudited)

	<i>As at</i> 30/09/2012 <i>RM'000</i>	<i>As at</i> 31/12/2011 (Restated) <i>RM'000</i>
Assets		
Property, plant and equipment	51,249	47,833
Goodwill on consolidation	11,901	11,901
Total non-current assets	63,150	59,734
Trade and other receivables	38,432	52,197
Inventories	57,508	57,109
Current tax assets	810	653
Cash and cash equivalents	11,345	12,137
Total current assets	108,095	122,096
Total assets	171,245	181,830
Equity		
Share capital	56,052	56,052
Reserves	63,577	62,567
Total equity attributable to owners of the Company	119,629	118,619
Liabilities		
Deferred tax liabilities	3,537	3,578
Loans and borrowings	2,346	3,417
Total non-current liabilities	5,883	6,995
Trade and other Payables	10,481	15,886
Loans and borrowings	34,992	40,313
Current tax liabilities	260	17
Total current liabilities	45,733	56,216
Total liabilities	51,616	63,211
Total equity and liabilities	171,245	181,830
Net assets per share (RM)	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 SETEMBER 2012 (Unaudited)

	3 months ended		Period ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	34,364	33,016	99,740	97,749
Operating profit / (loss)	1,205	(936)	3,288	(1,648)
Interest expense	(277)	(339)	(1,003)	(1,124)
Interest income	-	-	-	-
Profit / (Loss) before tax	928	(1,275)	2,285	(2,772)
Income tax expense	(86)	(23)	(427)	(148)
Profit / (Loss) for the period	842	(1,298)	1,858	(2,920)
Other comprehensive expense, net of tax				
Foreign currency translation differences for foreign operations	(686)	-	(849)	-
Total comprehensive (expense)/ income	156	(1,298)	1,009	(2,920)
Profit / (Loss) for the year attributable to :				
Owners of the Company	842	(1,298)	1,858	(2,920)
Total comprehensive (expense) / income attributable to :				
Owners of the Company	156	(1,298)	1,009	(2,920)
Earnings per share attributable to owners of the Company				
Basic earnings / (loss) per ordinary share (sen)	1.50	(2.32)	3.31	(5.21)
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 SEPTEMBER 2012 (Unaudited)

	←	<i>Non- distributable</i>		→	<i>Distributable</i>	
	<i>Share capital</i>	<i>Share premium</i>	<i>Share premium</i>	<i>Exchange fluctuation reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At 1 January 2011	56,052	10,614	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	-	-	-	-	(2,920)	(2,920)
At 30 September 2011	56,052	10,614	10,614	1,599	47,563	115,828
At 1 January 2012	56,052	10,614	10,614	3,106	48,848	118,620
Total comprehensive expenses for the period						
Foreign currency translation differences for foreign operations	-	-	-	(849)	-	(849)
Profit for the period	-	-	-	-	1,858	1,858
At 30 September 2012	56,052	10,614	10,614	2,257	50,706	119,629

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 SEPTEMBER 2012 (Unaudited)

	<i>As at</i> 30/09/2012 RM'000	<i>As at</i> 30/09/2011 RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	2,285	(2,772)
Adjustments for :		
Depreciation of property, plant and equipment	2,053	2,412
Interest expense	1,003	1,124
Gain on disposal of plat and equipment	(136)	-
Interest income	-	-
Operating profit before changes in working capital	5,205	764
Changes in working capital :		
Inventories	(627)	(459)
Receivables, deposits and prepayments	13,565	10,126
Payables and accruals	(5,374)	(4,831)
Cash generated from operations	12,769	5,600
Income tax paid	(382)	(453)
Net cash from operating activities	12,387	5,147
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,042)	(976)
Proceed from disposal of plant and equipment	551	-
Net cash used in investing activities	(5,491)	(976)
Cash flows from financing activities		
Repayment of term loan	(2,831)	(1,751)
Bank borrowings (net)	(3,238)	(11)
Drawdown / (Repayment) of finance lease liabilities	(393)	(278)
Interest paid	(1,003)	(1,124)
Net cash from / (used in) financing activities	(7,465)	(3,164)
Net increase in cash and cash equivalents	(569)	1,007
Effects of exchange rate fluctuations on cash and cash equivalents	(292)	-
Cash and cash equivalents at 1 January	11,181	7,671
Cash and cash equivalents at 30 September	10,320	8,678

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 SEPTEMBER 2012 (Unaudited)

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 SEPTEMBER 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
9 months ended 30/09/2012		
Malaysia	47,177	46,212
United States of America	26,632	-
Europe	9,726	-
Asia (Excludes Malaysia)	16,205	16,938
Consolidated	<u>99,740</u>	<u>63,150</u>
9 months ended 30/09/2011		
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>

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

	30/09/2012 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 SEPTEMBER 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	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Turnover	34,364	33,016	65,376	97,749
Profit / (Loss) before tax	928	(1,275)	2,285	(2,772)

The Group recorded a 4.1% increase in the turnover to RM 34.36 million for the third quarter ended 30 September 2012 from RM 33.02 million in the corresponding quarter last year. The increase in turnover was mainly due to the strong sales performance in the export and domestic market by foreign subsidiaries.

The profit before tax increased by RM 2.20 million for the third quarter ended 30 September 2012 to RM 0.93 million as compared to the corresponding quarter last year mainly due to the continuous efforts in embarking on cost reduction measures and improvement in operation efficiency.

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	
	30/09/2012	30/06/2012
	RM'000	RM'000
Turnover	34,364	32,828
Profit before tax	928	1,428

For the current quarter under review, the Group recorded a profit before tax of RM 0.93 million as compared to a profit before tax of RM1.43 million generated in the preceding quarter. The decrease in profit was mainly due to the higher operation costs incurred by the Group in the current quarter.

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 SEPTEMBER 2012 (Unaudited)

18. Tax expense

	3 months ended		period ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia	46	18	201	40
Overseas	53	21	266	157
	99	49	467	197
Deferred tax expense	(13)	(16)	(40)	(49)
	86	23	427	148

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 :-

RM denominated borrowings	Payable within	Payable after
	12 months	12 months
	RM'000	RM'000
Unsecured		
Bank overdraft	1,026	-
Term loans	1,134	2,188
Bankers' acceptance	28,669	-
Revolving credit	4,000	-
Finance lease liabilities	163	158
	34,992	2,346

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 September 2012.

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

23. Profits / (Loss) before tax

	3 months ended 30/09/2012 RM'000	Period ended 30/09/2012 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Interest expense	(277)	(1,003)
Depreciation and amortisation	(657)	(2,053)
Provision for and written off of receivables	-	(36)
Foreign exchange (loss) / gain	(10)	105
Gain on disposal of plant and equipment	-	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 30/09/2012	Period ended 30/09/2012
Profit after tax attributable to owners of the Company (RM'000)	842	1,858
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	1.50	3.31

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 30/09/2012 (RM'000)	Year to date ended 31/12/2011 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	71,622	69,565
- Unrealised	(1,043)	(964)
	70,579	68,601
Less : Consolidation adjustments	(19,873)	(19,753)
Total Group retained earnings	50,706	48,848