

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012 ( Unaudited )

	<i>As at</i> 31/12/2012 <i>RM'000</i>	<i>As at</i> 31/12/2011 (Restated) <i>RM'000</i>	<i>As at</i> 01/01/2011 (Restated) <i>RM'000</i>
<b>Assets</b>			
Property, plant and equipment	61,520	59,686	61,710
Goodwill on consolidation	9,766	11,901	11,901
<b>Total non-current assets</b>	<b>71,286</b>	<b>71,587</b>	<b>73,611</b>
Trade and other receivables	38,688	52,197	48,209
Inventories	62,183	57,109	61,142
Current tax assets	1,052	653	643
Cash and cash equivalents	11,262	12,137	9,329
<b>Total current assets</b>	<b>113,185</b>	<b>122,096</b>	<b>119,323</b>
<b>Total assets</b>	<b>184,471</b>	<b>193,683</b>	<b>192,934</b>
<b>Equity</b>			
Share capital	56,052	56,052	56,052
Reserves	72,360	74,420	74,910
<b>Total equity attributable to owners of the Company</b>	<b>128,412</b>	<b>130,472</b>	<b>130,962</b>
<b>Liabilities</b>			
Deferred tax liabilities	4,097	3,578	3,961
Loans and borrowings	3,316	3,417	5,582
<b>Total non-current liabilities</b>	<b>7,413</b>	<b>6,995</b>	<b>9,543</b>
Trade and other Payables	14,911	15,886	13,549
Loans and borrowings	32,898	40,313	38,424
Current tax liabilities	837	17	456
<b>Total current liabilities</b>	<b>48,646</b>	<b>56,216</b>	<b>52,429</b>
<b>Total liabilities</b>	<b>56,059</b>	<b>63,211</b>	<b>61,972</b>
<b>Total equity and liabilities</b>	<b>184,471</b>	<b>193,683</b>	<b>192,934</b>
<b>Net assets per share (RM)</b>	<b>2.12</b>	<b>2.12</b>	<b>2.12</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 2011.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )

	3 months ended		Year ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
<b>Revenue</b>	39,168	44,085	138,908	141,834
Operating profit / (loss)	(25)	1,528	3,263	(120)
Interest expense	(381)	(274)	(1,384)	(1,398)
Interest income	-	153	-	153
<b>Profit / (Loss) before tax</b>	(406)	1,101	1,879	(1,671)
Income tax expense	(1,246)	(178)	(1,673)	(326)
<b>Profit / (Loss) for the period</b>	(1,652)	923	206	(1,997)
<b>Other comprehensive expense, net of tax</b>				
Foreign currency translation differences for foreign operations	(1,580)	1,507	(2,266)	1,507
<b>Total comprehensive (expense)/ income</b>	(3,232)	2,430	(2,060)	(490)
<b>Profit / (Loss) for the year attributable to :</b>				
Owners of the Company	(1,652)	923	206	(1,997)
<b>Total comprehensive (expense) / income attributable to :</b>				
Owners of the Company	(3,232)	2,430	(2,060)	(490)
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings / (loss) per ordinary share (sen)	(2.95)	1.65	0.37	(3.56)
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 YEAR ENDED 31 DECEMBER 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, restated</b>	56,052	10,614	1,599	62,697	130,962	
Total comprehensive expenses for the period						
Foreign currency translation differences for foreign operations	-	-	1,507	-	1,507	
Loss for the period	-	-	-	(1,997)	(1,997)	
<b>At 31 December 2011</b>	56,052	10,614	3,106	60,700	130,472	
<b>At 1 January 2012</b>	56,052	10,614	3,106	60,700	130,472	
Total comprehensive expenses for the period						
Foreign currency translation differences for foreign operations	-	-	(2,266)	-	(2,266)	
Profit for the period	-	-	-	206	206	
<b>At 31 Deember 2012</b>	56,052	10,614	840	60,906	128,412	

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 YEAR ENDED 31 DECEMBER 2012 ( Unaudited )

	<i>As at</i> 31/12/2012 RM'000	<i>As at</i> 31/12/2011 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	1,879	(1,670)
Adjustments for :		
Depreciation of property, plant and equipment	3,046	3,690
Interest expense	1,384	1,398
Gain on disposal of plat and equipment	(136)	12
Impairment of goodwill	2,134	
Interest income	-	(153)
<b>Operating profit before changes in working capital</b>	8,307	3,277
Changes in working capital :		
Inventories	(6,995)	5,008
Receivables, deposits and prepayments	10,935	(3,038)
Payables and accruals	1,713	1,092
Cash generated from operations	13,960	6,339
Income tax paid	(732)	(1,169)
<b>Net cash from operating activities</b>	13,228	5,170
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,523)	(1,182)
Proceed from disposal of plant and equipment	551	18
Interest received	-	153
<b>Net cash used in investing activities</b>	(4,972)	(1,011)
<b>Cash flows from financing activities</b>		
Repayment of term loan	(3,103)	(2,451)
Bank borrowings (net)	(5,308)	3,143
Drawdown / (Repayment) of finance lease liabilities	(448)	(375)
Interest paid	(1,384)	(1,398)
<b>Net cash from / (used in) financing activities</b>	(10,243)	(1,081)
<b>Net increase in cash and cash equivalents</b>	(1,987)	3,078
Effects of exchange rate fluctuations on cash and cash equivalents	(230)	432
Cash and cash equivalents at 1 January	11,181	7,671
<b>Cash and cash equivalents at 31 December</b>	8,964	11,181

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 YEAR ENDED 31 DECEMBER 2012 ( Unaudited )**

### **1. Basis of preparation**

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's 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. The impact of the transition from FRS to MFRS is described in Note 2 below.

### **2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing the condensed report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as described below :-

#### **Property, plant and equipment**

Under FRSs, the Group measured its land and buildings at cost. Upon transition to MFRSs, the Group elected to apply the optional exemption to use that fair value at the date of transition as deemed cost under MFRSs. The revaluation surplus at 1 January 2011 was transferred to retained earnings.

#### **At 1 January 2011 (date of transition)**

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	49,496	12,214	61,710
Deferred tax liabilities	3,961	0	3,961
Retained earnings	49,251	12,214	61,465

#### **At 31 December 2011**

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	47,833	11,853	59,686
Deferred tax liabilities	3,961	0	3,961
Retained earnings	48,847	11,853	60,700

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

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

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )

### 4. Seasonality of operations

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

### 5. 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.

### 6. 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.

### 7. 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.

### 8. Dividends paid

No dividend has been paid during the current quarter.

### 9. 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>12 months ended 31/12/2012</b>		
Malaysia	64,927	48,092
United States of America	36,885	-
Europe	15,252	-
Asia (Excludes Malaysia)	21,844	23,194
Consolidated	<u>138,908</u>	<u>71,286</u>
<b>12 months ended 31/12/2011 (Restated)</b>		
Malaysia	68,104	52,386
United States of America	42,902	-
Europe	12,577	-
Asia (Excludes Malaysia)	18,407	19,201
Consolidated	<u>141,990</u>	<u>71,587</u>

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )**

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

Upon the adoption of the MFRS framework, the Group regards the fair value of its lands and buildings at 1 January 2011 as deemed cost. The Group has updated the valuation of lands and buildings to reflect the fair value at 1 January 2011. The financial impact of the valuation exercise has been incorporated in the Statement of Financial Position as at 1 January 2011. The impact of this is described in Note 2 above.

### 11. 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.

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

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

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

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

### 14. Capital commitments

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

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

	3 months ended 31/12/2012 RM'000	31/12/2011 RM'000	Year ended 31/12/2012 RM'000	31/12/2011 RM'000
Turnover	39,168	44,085	138,908	141,834
Profit / (Loss) before tax	(406)	1,101	1,879	(1,671)

The Group recorded a 11.15% decrease in turnover to RM 39.17 million for the final quarter ended 31 December 2012 from RM 44.09 million in the corresponding quarter last year. The decrease in turnover was mainly due the seasonal sales of Chinese New Year 2013 which the sales was captured in the early year of 2013, whereas the Chinese New Year sales for year 2012 was captured in December 2011.

The profit before tax decreased by RM 1.51 million for the final quarter ended 31 December 2012 to a loss before tax of RM 0.41 million as compared to the corresponding quarter last year mainly due to the impairment on goodwill of RM 2.13 million couple with the additional impairment loss on receivables and provision of stock obsolesces of RM 0.87 million.

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.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )

### 16. Material change in Profit / (Loss) Before Taxation reported on as compared with the immediate preceding quarter

	3 months ended	
	31/12/2012	30/09/2012
	RM'000	RM'000
Turnover	39,168	34,364
Profit / (loss) before tax	(406)	928

For the current quarter under review, the Group recorded a loss before tax of RM 0.41 million as compared to a profit before tax of RM 0.93 million generated in the preceding quarter. The decrease in profit was mainly due to the provision of year end bonus and the additional impairment loss on goodwill, provision for stock obsolesces and impairment loss on receivables in the current quarter.

### 17. 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.

### 18. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

### 19. Tax expense

	3 months ended		Year ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia	46	(40)	201	-
Overseas	53	549	266	711
	99	513	1,149	711
Deferred tax expense	560	(335)	524	(384)
	659	178	1,673	326

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.



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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )**

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### 20. Status of corporate proposals announced

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

### 21. 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	2,298	-
Term loans	1,863	3,122
Bankers' acceptance	28,600	-
Revolving credit	4,000	-
Finance lease liabilities	126	135
	<u>34,887</u>	<u>3,257</u>

### 22. Changes in material litigation

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

### 23. Dividends

The Board of Directors does not recommend any dividend in respect of the financial period ended 31 December 2012.

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

	3 months ended 31/12/2012 RM'000	Year ended 31/12/2012 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(993)	(3,046)
Foreign exchange (loss) / gain	(33)	138
Gain on disposal of property, plant and equipment	-	136
Impairment loss on receivables	(426)	(36)
Impairment loss on goodwill	(2,134)	(2,134)
Interest expense	(381)	(1,384)
Provision for stock obsolescent	(447)	-

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 ( Unaudited )**

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### 25. (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 31/12/2012	Year ended 31/12/2012
Profit / (loss) after tax attributable to owners of the Company (RM'000)	(1,652)	206
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	(2.95)	0.37

### 26. 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 31/12/2012 (RM'000)	Year to date ended 31/12/2011 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	69,222	69,565
- Unrealised	11,598	10,888
	80,820	80,453
Less : Consolidation adjustments	(19,914)	(19,753)
Total Group retained earnings	60,906	60,700