

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013 (Unaudited)

	<i>As at</i> 30/06/2013	<i>As at</i> 31/12/2012
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	60,047	61,041
Goodwill on consolidation	9,767	9,767
Total non-current assets	69,814	70,808
Trade and other receivables	35,942	38,659
Inventories	57,780	62,183
Current tax assets	486	711
Cash and cash equivalents	13,664	11,263
Total current assets	107,872	112,816
Total assets	177,686	183,624
Equity		
Share capital	56,052	56,052
Reserves	73,297	68,981
Total equity attributable to owners of the Company	129,349	125,033
Liabilities		
Deferred tax liabilities	6,901	6,924
Loans and borrowings	1,625	2,127
Total non-current liabilities	8,526	9,051
Trade and other Payables	10,871	15,246
Loans and borrowings	28,558	34,086
Current tax liabilities	382	208
Total current liabilities	39,811	49,540
Total liabilities	48,337	58,591
Total equity and liabilities	177,686	183,624
Net assets per share (RM)	2.13	2.06

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 2012.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

	3 months ended		Period ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	38,263	32,828	74,942	65,376
Operating profit	3,049	1,842	4,619	2,083
Interest expense	(259)	(414)	(548)	(726)
Interest income	28	-	76	-
Profit before tax	2,762	1,428	3,995	1,357
Income tax expense	(890)	(253)	(972)	(341)
Profit for the period	1,872	1,175	3,023	1,016
Other comprehensive (expense) / income, net of tax				
Foreign currency translation differences for foreign operations	1,118	683	1,293	(163)
Total comprehensive income	2,990	1,858	4,316	853
Profit for the year attributable to :				
Owners of the Company	1,872	1,175	3,023	1,016
Total comprehensive income attributable to :				
Owners of the Company	2,990	1,858	4,316	853
Earnings per share attributable to owners of the Company				
Basic earnings per ordinary share (sen)	3.34	2.10	5.39	1.81
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 2012.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

	←	<i>Non- distributable</i>		→	<i>Distributable</i>	
	<i>Share capital</i>	<i>Share premium</i>	<i>Translation 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 2012	56,052	10,614	3,106	57,329	127,101	
Total comprehensive expense for the period						
Foreign currency translation differences for foreign operations	-	-	(163)	-	(163)	
Profit for the period	-	-	-	1,016	1,016	
At 30 June 2012	56,052	10,614	2,943	58,345	127,954	
At 1 January 2013	56,052	10,614	835	57,532	125,033	
Total comprehensive income for the period						
Foreign currency translation differences for foreign operations	-	-	1,293	-	1,293	
Profit for the period	-	-	-	3,023	3,023	
At 30 June 2013	56,052	10,614	2,128	60,555	129,349	

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 2012.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

	<i>As at</i> 30/06/2013 RM'000	<i>As at</i> 30/06/2012 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	3,995	1,357
Adjustments for :		
Depreciation of property, plant and equipment	1,328	1,396
Interest expense	548	726
Gain on disposal of plant and equipment	-	(136)
Interest income	(76)	-
Operating profit before changes in working capital	5,795	3,343
Changes in working capital :		
Inventories	4,953	6,281
Trade and other receivables	3,011	7,486
Trade and other payables	(4,510)	(5,093)
Cash generated from operations	9,249	12,017
Income tax paid	(596)	(222)
Net cash from operating activities	8,653	11,795
Cash flows from investing activities		
Acquisition of property, plant and equipment	(129)	(65)
Proceed from disposal of plant and equipment	-	551
Interest received	76	-
Net cash used in investing activities	(53)	486
Cash flows from financing activities		
Repayment of term loan	(435)	(1,524)
Bank borrowings (net)	(3,948)	(8,713)
Repayment of finance lease liabilities	(96)	(176)
Interest paid	(548)	(726)
Net cash from / (used in) financing activities	(5,027)	(11,139)
Net increase in cash and cash equivalents	3,573	1,142
Cash and cash equivalents at 1 January	8,964	11,181
Effects of exchange rate fluctuations on cash and cash equivalents	381	(56)
Cash and cash equivalents at 30 June	12,918	12,267

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 2012.

REX INDUSTRY BHD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

1. Basis of preparation

This condensed consolidated 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 condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012. These explanatory notes attached to the interim financial report 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 31 December 2012. 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 following MFRSs and Amendments to MFRSs applicable to the Group have been effective for annual periods beginning on or after 1 January 2013.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)
MFRS 128	Investments in Associates and Joint Ventures (2011)
Amendments to MFRS 7	Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Financial Reporting Standards - Government Loans
Amendments to MFRS 1	First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments : Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Transition Guidance

The adoption of the above standards and amendments are not expected to have any material financial impact to the current and prior periods financial statements of the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and yet effective for adoption by the Group.

Amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011) : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities

MFRSs and Amendment effective for annual periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
Amendments to MFRS 7	Financial Instruments : Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 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.

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
6 months ended 30/06/2013		
Malaysia	35,620	47,391
United States of America	16,754	-
Europe	9,152	-
Asia (Excludes Malaysia)	13,416	22,423
Consolidated	<u>74,942</u>	<u>69,814</u>
6 months ended 30/06/2012		
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>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

9. Carrying amount of revaluation assets

The valuation of property, plant and equipment have been brought forward without amendments from the financial statements for the year ended 31 December 2012.

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

	30/06/2013 RM'000	31/12/2012 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	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Turnover	38,263	32,828	74,942	65,376
Profit before tax	2,762	1,428	3,995	1,357

The Group recorded a 16.60% increase in turnover to RM 38.26 million for the second quarter ended 30 June 2013 from RM 32.83 million in the corresponding quarter last year. The increase in turnover was mainly due to the strong sales performance in the domestic market by a foreign subsidiary coupled with the increase in domestic sales by Malaysian subsidiary.

The profit before tax increased by RM1.33 million for the second quarter ended 30 June 2013 to RM1.43 million as compared to the corresponding quarter last year mainly due to the increase in turnover and 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.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

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

	3 months ended	
	30/06/2013 RM'000	31/03/2013 RM'000
Turnover	38,263	36,679
Profit before tax	2,762	1,233

For the current quarter under review, the Group recorded a profit before tax of RM 2.76 million as compared to a profit before tax of RM 1.23 million generated in the preceding quarter. The increase in profit was mainly due to the improvement in operation efficiency and cost control measures in the current quarter under review.

16. Current year prospects

Global economic condition in 2013 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.

18. Tax expense

	3 months ended		period ended	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Current tax expense				
Malaysia	230	155	251	155
Overseas	672	112	744	213
	902	267	995	368
Deferred tax expense	(12)	(14)	(23)	(27)
	890	253	972	341

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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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
RM denominated borrowings		
Unsecured		
Bank overdraft	746	-
Term loans	1,098	1,517
Bankers' acceptance	24,652	-
Revolving credit	2,000	-
Finance lease liabilities	62	108
	<u>28,558</u>	<u>1,625</u>

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 2013.

23. Profits / (Loss) before tax

	3 months ended 30/06/2013 RM'000	Period ended 30/06/2013 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(640)	(1,328)
Foreign exchange (loss) / gain	20	48
Interest expense	(259)	(548)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013 (Unaudited)

24. Earnings per ordinary share

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

	3 months ended 30/06/2013	Period ended 30/06/2013
Profit after tax attributable to owners of the Company (RM'000)	1,872	3,023
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	3.34	5.39

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 30/06/2013 (RM'000)	Year to date ended 31/12/2012 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	85,106	82,632
- Unrealised	(1,634)	(2,427)
	83,472	80,205
Less : Consolidation adjustments	(22,917)	(22,673)
Total Group retained earnings	60,555	57,532
