

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013 ( Unaudited )

	<i>As at</i> 30/09/2013	<i>As at</i> 31/12/2012
	<i>RM'000</i>	<i>RM'000</i>
<b>Assets</b>		
Property, plant and equipment	58,853	61,041
Goodwill on consolidation	9,217	9,767
<b>Total non-current assets</b>	<b>68,070</b>	<b>70,808</b>
Trade and other receivables	37,223	38,659
Inventories	58,082	62,183
Current tax assets	581	711
Cash and cash equivalents	14,018	11,263
<b>Total current assets</b>	<b>109,904</b>	<b>112,816</b>
<b>Total assets</b>	<b>177,974</b>	<b>183,624</b>
<b>Equity</b>		
Share capital	56,052	56,052
Reserves	74,161	68,981
<b>Total equity attributable to owners of the Company</b>	<b>130,213</b>	<b>125,033</b>
<b>Liabilities</b>		
Deferred tax liabilities	6,890	6,924
Loans and borrowings	1,241	2,127
<b>Total non-current liabilities</b>	<b>8,131</b>	<b>9,051</b>
Trade and other Payables	13,375	15,246
Loans and borrowings	25,504	34,086
Current tax liabilities	751	208
<b>Total current liabilities</b>	<b>39,630</b>	<b>49,540</b>
<b>Total liabilities</b>	<b>47,761</b>	<b>58,591</b>
<b>Total equity and liabilities</b>	<b>177,974</b>	<b>183,624</b>
<b>Net assets per share (RM)</b>	<b>2.16</b>	<b>2.06</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 2012.

# REX INDUSTRY BHD

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

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

	3 months ended		Period ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
<b>Revenue</b>	40,876	34,364	115,818	99,740
Operating profit	673	1,205	5,292	3,288
Interest expense	(161)	(277)	(709)	(1,003)
Interest income	59	-	135	-
<b>Profit before tax</b>	571	928	4,718	2,285
Income tax expense	(270)	(86)	(1,242)	(427)
<b>Profit for the period</b>	301	842	3,476	1,858
<b>Other comprehensive (expense) / income, net of tax</b>				
Foreign currency translation differences for foreign operations	1,118	(686)	1,704	(849)
<b>Total comprehensive income</b>	1,419	156	5,180	1,009
<b>Profit for the year attributable to :</b>				
Owners of the Company	301	842	3,476	1,858
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	1,419	156	5,180	1,009
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings per ordinary share (sen)	0.54	1.50	6.20	3.31
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 SEPTEMBER 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>
<b>At 1 January 2012</b>	56,052	10,614	3,106	57,329	127,101	
Total comprehensive expense for the period						
Foreign currency translation differences for foreign operations	-	-	(849)	-	(849)	
Profit for the period	-	-	-	1,858	1,858	
<b>At 30 September 2012</b>	56,052	10,614	2,257	59,187	128,110	
<b>At 1 January 2013</b>	56,052	10,614	835	57,532	125,033	
Total comprehensive income for the period						
Foreign currency translation differences for foreign operations	-	-	1,704	-	1,704	
Profit for the period	-	-	-	3,476	3,476	
<b>At 30 September 2013</b>	56,052	10,614	2,539	61,008	130,213	

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 SEPTEMBER 2013 ( Unaudited )

	<i>As at</i> 30/09/2013 RM'000	<i>As at</i> 30/09/2012 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	4,718	2,285
Adjustments for :		
Depreciation of property, plant and equipment	2,074	2,053
Interest expense	709	1,003
Gain on disposal of plant and equipment	(23)	(136)
Impairment loss on goodwill	550	-
Interest income	(135)	-
<b>Operating profit before changes in working capital</b>	7,893	5,205
Changes in working capital :		
Inventories	2,959	(627)
Trade and other receivables	1,194	13,565
Trade and other payables	623	(5,374)
Cash generated from operations	12,669	12,769
Income tax paid	(602)	(382)
<b>Net cash from operating activities</b>	12,067	12,387
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(253)	(6,042)
Proceed from disposal of plant and equipment	35	551
Interest received	135	-
<b>Net cash used in investing activities</b>	(83)	(5,491)
<b>Cash flows from financing activities</b>		
Repayment of term loan	(763)	(2,831)
Bank borrowings (net)	(6,721)	(3,238)
Repayment of finance lease liabilities	(115)	(393)
Interest paid	(709)	(1,003)
<b>Net cash from / (used in) financing activities</b>	(8,308)	(7,465)
<b>Net (decrease) / increase in cash and cash equivalents</b>	3,676	(569)
<b>Cash and cash equivalents at 1 January</b>	8,964	11,181
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	547	(292)
<b>Cash and cash equivalents at 30 September</b>	13,187	10,320

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 SEPTEMBER 2013 ( Unaudited )**

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### **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.

# REX INDUSTRY BHD

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

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

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### 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
<b>9 months ended 30/09/2013</b>		
Malaysia	51,999	46,489
United States of America	26,492	-
Europe	17,066	-
Asia (Excludes Malaysia)	20,261	21,581
Consolidated	<u>115,818</u>	<u>68,070</u>
<b>9 months ended 30/09/2012</b>		
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>

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

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

	30/09/2013 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	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Turnover	40,876	34,364	115,818	99,740
Profit before tax	571	928	4,718	2,285

The Group recorded a 18.95% increase in turnover to RM 40.88 million for the third quarter ended 30 September 2013 from RM 34.36 million in the corresponding quarter last year. The increase in turnover was mainly due to the strong sales performance in the Europe market by a foreign subsidiary coupled with the increase in domestic sales by Malaysian subsidiary.

The profit before tax decreased by RM0.36 million for the third quarter ended 30 September 2013 to RM0.57 million as compared to the corresponding quarter last year mainly due to the impairment loss on goodwill of RM0.55 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 PERIOD ENDED 30 SEPTEMBER 2013 ( Unaudited )

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

	3 months ended	
	30/09/2013 RM'000	30/06/2013 RM'000
Turnover	40,876	38,263
Profit before tax	571	2,762

For the current quarter under review, the Group recorded a profit before tax of RM 0.57 million as compared to a profit before tax of RM 2.76 million generated in the preceding quarter. The decrease in profit was mainly due to the unrealised loss on foreign exchange of RM1.03 million and impairment loss on goodwill incurred 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	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Current tax expense				
Malaysia	(26)	46	225	201
Overseas	307	53	1,051	266
	281	99	1,276	467
Deferred tax expense	(11)	(13)	(34)	(40)
	270	86	1,242	427

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 PERIOD ENDED 30 SEPTEMBER 2013 ( Unaudited )**

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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
<b>RM denominated borrowings</b>		
<b>Unsecured</b>		
Bank overdraft	831	-
Term loans	1,140	1,148
Bankers' acceptance	21,976	-
Revolving credit	1,500	-
Finance lease liabilities	57	93
	<u>25,504</u>	<u>1,241</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 September 2013.

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

	3 months ended 30/09/2013 RM'000	Period ended 30/09/2013 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(746)	(2,074)
Gain on disposal of property, plant and equipment	23	23
Impairment loss on receivables	-	-
Impairment loss on goodwill	(550)	(550)
Interest expense	(161)	(709)
Realised gain on foreign exchange	439	487
Unrealised loss on foreign exchange	(1,025)	(1,157)

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

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### 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 30/09/2013	Period ended 30/09/2013
Profit after tax attributable to owners of the Company (RM'000)	301	3,476
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	0.54	6.20

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### 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 30/09/2013 (RM'000)	Year to date ended 31/12/2012 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	86,841	82,632
- Unrealised	(3,115)	(2,427)
	83,726	80,205
Less : Consolidation adjustments	(22,718)	(22,673)
Total Group retained earnings	61,008	57,532

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