

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013 (Unaudited)

	<i>As at</i> 31/12/2013	<i>As at</i> 31/12/2012
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	58,437	61,041
Goodwill on consolidation	8,632	9,767
Total non-current assets	<u>67,069</u>	<u>70,808</u>
Trade and other receivables	35,526	38,659
Inventories	59,486	62,183
Current tax assets	286	711
Cash and cash equivalents	14,854	11,263
Total current assets	<u>110,152</u>	<u>112,816</u>
Total assets	<u>177,221</u>	<u>183,624</u>
Equity		
Share capital	56,052	56,052
Reserves	72,887	68,981
Total equity attributable to owners of the Company	<u>128,939</u>	<u>125,033</u>
Liabilities		
Deferred tax liabilities	5,779	6,924
Loans and borrowings	1,072	2,127
Total non-current liabilities	<u>6,851</u>	<u>9,051</u>
Trade and other Payables	13,416	15,246
Loans and borrowings	26,393	34,086
Current tax liabilities	1,622	208
Total current liabilities	<u>41,431</u>	<u>49,540</u>
Total liabilities	<u>48,282</u>	<u>58,591</u>
Total equity and liabilities	<u>177,221</u>	<u>183,624</u>
Net assets per share (RM)	2.15	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 YEAR ENDED 31 DECEMBER 2013 (Unaudited)

	3 months ended		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	41,345	39,168	157,163	138,908
Operating profit	(844)	282	4,448	3,570
Interest expense	(473)	(452)	(1,182)	(1,455)
Interest income	70	236	205	236
Profit / (Loss) before tax	(1,247)	(406)	3,471	1,879
Income tax expense	(122)	(1,249)	(1,364)	(1,676)
Profit / (Loss) for the period	(1,369)	(1,655)	2,107	203
Other comprehensive (expense) / income, net of tax				
Foreign currency translation differences for foreign operations	95	(1,422)	1,799	(2,271)
Total comprehensive income	(1,274)	(3,077)	3,906	(2,068)
Profit for the year attributable to :				
Owners of the Company	(1,369)	(1,655)	2,107	203
Total comprehensive income attributable to :				
Owners of the Company	(1,274)	(3,077)	3,906	(2,068)
Earnings per share attributable to owners of the Company				
Basic earnings per ordinary share (sen)	(2.44)	(2.95)	3.76	0.36
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 YEAR ENDED 31 DECEMBER 2013 (Unaudited)

	<i>Share capital</i> RM'000	<i>Non- distributable Share premium</i> RM'000	<i>Translation reserve</i> RM'000	<i>Distributable Retained earnings</i> RM'000	<i>Total equity</i> RM'000
At 1 January 2012	56,052	10,614	3,106	57,329	127,101
Total comprehensive expense for the year					
Foreign currency translation differences for foreign operations	-	-	(2,271)	-	(2,271)
Profit for the year	-	-	-	203	203
At 31 December 2012	56,052	10,614	835	57,532	125,033
At 1 January 2013	56,052	10,614	835	57,532	125,033
Total comprehensive income for the year					
Foreign currency translation differences for foreign operations	-	-	1,799	-	1,799
Profit for the year	-	-	-	2,107	2,107
At 31 December 2013	56,052	10,614	2,634	59,639	128,939

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 YEAR ENDED 31 DECEMBER 2013 (Unaudited)

	<i>As at</i> 31/12/2013 RM'000	<i>As at</i> 31/12/2012 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	3,471	1,879
Adjustments for :		
Depreciation of property, plant and equipment	2,808	3,091
Interest expense	1,182	1,455
Gain on disposal of plant and equipment	(120)	(137)
Impairment loss on goodwill	1,135	2,134
Interest income	(205)	(236)
Operating profit before changes in working capital	8,271	8,186
Changes in working capital :		
Inventories	931	(6,998)
Trade and other receivables	2,526	10,961
Trade and other payables	1,638	2,052
Cash generated from operations	13,366	14,201
Income tax paid	(669)	(1,025)
Net cash from operating activities	12,697	13,176
Cash flows from investing activities		
Acquisition of property, plant and equipment	(745)	(5,634)
Proceed from disposal of plant and equipment	184	552
Interest received	205	235
Net cash used in investing activities	(356)	(4,847)
Cash flows from financing activities		
Repayment of term loan	(963)	(1,969)
Bank borrowings (net)	(5,748)	(6,605)
Repayment of finance lease liabilities	(130)	(284)
Interest paid	(1,182)	(1,455)
Net cash from / (used in) financing activities	(8,023)	(10,313)
Net (decrease) / increase in cash and cash equivalents	4,318	(1,984)
Cash and cash equivalents at 1 January	8,964	11,181
Effects of exchange rate fluctuations on cash and cash equivalents	645	(234)
Cash and cash equivalents at 31 December	13,927	8,963

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 YEAR ENDED 31 DECEMBER 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 the first adoption.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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
12 months ended 31/12/2013		
Malaysia	70,235	45,636
United States of America	37,602	-
Europe	22,140	-
Asia (Excludes Malaysia)	27,186	21,433
Consolidated	<u>157,163</u>	<u>67,069</u>
12 months ended 31/12/2012		
Malaysia	64,927	48,158
United States of America	36,885	-
Europe	15,252	-
Asia (Excludes Malaysia)	21,844	22,650
Consolidated	<u>138,908</u>	<u>70,808</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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

	31/12/2013 RM000	31/12/2012 RM000
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		Year ended	
	31/12/2013 RM000	31/12/2012 RM000	31/12/2013 RM000	31/12/2012 RM000
Turnover	41,345	39,168	157,163	138,908
Profit / (loss) before tax	(1,247)	(406)	3,471	1,879

The Group recorded a 5.56% increase in turnover to RM41.35 million for the final quarter ended 31 December 2013 from RM39.17 million in the corresponding quarter last year. The increase in turnover was mainly due to the seasonal sales of Chinese New Year 2014 couple with the strong sales performance in the Europe market by a foreign subsidiary.

The loss before tax increased by RM0.84 million for the final quarter ended 31 December 2013 to RM1.25 million as compared to the corresponding quarter last year mainly due to the additional impairment loss on receivables and allowance for inventory obsolescence of RM1.95 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 2013 (Unaudited)

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

	3 months ended	
	31/12/2013 RM000	30/09/2013 RM000
Turnover	41,345	40,876
Profit / (loss) before tax	(1,247)	571

For the current quarter under review, the Group recorded a loss before tax of RM 1.25 million as compared to a profit before tax of RM 0.57 million generated in the preceding quarter. The decrease in profit was mainly due to the impairment loss on receivables and allowance for inventory obsolescence in the current quarter.

16. Current year prospects

Global economic condition in 2014 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		Year ended	
	31/12/2013 RM000	31/12/2012 RM000	31/12/2013 RM000	31/12/2012 RM000
Current tax expense				
Malaysia	675	(196)	900	5
Overseas	558	886	1,609	1,152
	1,233	690	2,509	1,157
Deferred tax expense	(1,111)	559	(1,145)	519
	122	1,249	1,364	1,676

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 2013 (Unaudited)

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 :-

	Pavable within 12 months RM'000	Pavable after 12 months RM'000
RM denominated borrowings		
Unsecured		
Bank overdraft	927	-
Term loans	1,096	991
Bankers' acceptance	22,815	-
Revolving credit	1,500	-
Finance lease liabilities	55	81
	<u>26,393</u>	<u>1,072</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 31 December 2013.

23. Profits / (Loss) before tax

	3 months ended 31/12/2013 RM'000	Year ended 31/12/2013 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(734)	(2,808)
Gain on disposal of property, plant and equipment	(97)	120
Impairment loss on receivables	(1,609)	(1,609)
Impairment loss on goodwill	(585)	(1,135)
Interest expense	(473)	(1,182)
Allowance for inventory obsolescence	(436)	(436)
Unrealised loss on foreign exchange	(1,151)	(2,308)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 31/12/2013	Year ended 31/12/2013
Profit / (loss) after tax attributable to owners of the Company (RM'000)	(1,369)	2,207
Weighted average number of shares in issue ('000)	56,052	56,052
Profit / (loss) per ordinary share (sen)	(2.44)	3.76

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 31/12/2013 (RM'000)	Year to date ended 31/12/2012 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	88,134	82,632
- Unrealised	(4,273)	(2,427)
	83,861	80,205
Less : Consolidation adjustments	(24,222)	(22,673)
Total Group retained earnings	59,639	57,532