

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014 (Unaudited)

	<i>As at</i> 30/06/2014	<i>As at</i> 31/12/2013
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	57,416	58,226
Goodwill on consolidation	8,632	8,632
Total non-current assets	<u>66,048</u>	<u>66,858</u>
Trade and other receivables	30,574	36,456
Inventories	62,532	59,488
Current tax assets	192	310
Cash and cash equivalents	15,341	14,869
Total current assets	<u>108,639</u>	<u>111,123</u>
Total assets	<u>174,687</u>	<u>177,981</u>
Equity		
Share capital	56,052	56,052
Reserves	73,327	72,881
Total equity attributable to owners of the Company	<u>129,379</u>	<u>128,933</u>
Liabilities		
Deferred tax liabilities	6,442	6,296
Loans and borrowings	427	1,072
Total non-current liabilities	<u>6,869</u>	<u>7,368</u>
Trade and other Payables	15,018	14,398
Loans and borrowings	22,446	26,299
Current tax liabilities	975	983
Total current liabilities	<u>38,439</u>	<u>41,680</u>
Total liabilities	<u>45,308</u>	<u>49,048</u>
Total equity and liabilities	<u>174,687</u>	<u>177,981</u>
Net assets per share (RM)	2.15	2.15
	-	-

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 2013.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014 (Unaudited)

	3 months ended		Period ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	32,238	38,263	65,761	74,942
Operating profit	1,501	2,993	2,972	4,467
Interest expense	(149)	(259)	(420)	(548)
Interest income	58	28	140	76
Profit before tax	1,410	2,762	2,692	3,995
Income tax expense	(354)	(890)	(690)	(972)
Profit for the period	1,056	1,872	2,002	3,023
Other comprehensive income / (expense), net of tax				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(1,396)	1,118	(1,555)	1,293
Total comprehensive income / (expense)	(340)	2,990	447	4,316
Profit for the year attributable to :				
Owners of the Company	1,056	1,872	2,002	3,023
Total comprehensive income / (expense) attributable to :				
Owners of the Company	(340)	2,990	447	4,316
Earnings per share attributable to owners of the Company				
Basic earnings per ordinary share (sen)	1.88	3.34	3.57	5.39
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 2013.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2014 (Unaudited)

	←	<i>Non- distributable</i>		→	<i>Distributable</i>	
	<i>Share capital RM'000</i>	<i>Share premium RM'000</i>	<i>Translation reserve RM'000</i>	<i>Retained earnings RM'000</i>	<i>Total equity RM'000</i>	
At 1 January 2013	56,052	10,614	835	57,532	125,033	
Total comprehensive expense for the period						
Foreign currency translation differences for foreign operations	-	-	1,293	-	1,293	
Profit for the period	-	-	-	3,023	3,023	
Total comprehensive income for the period	-	-	1,293	3,023	4,316	
At 30 June 2013	56,052	10,614	2,128	60,555	129,349	
At 1 January 2014	56,052	10,614	2,628	59,638	128,932	
Total comprehensive expense for the period						
Foreign currency translation differences for foreign operations	-	-	(1,555)	-	(1,555)	
Profit for the period	-	-	-	2,002	2,002	
Total comprehensive income for the period	-	-	(1,555)	2,002	447	
At 30 June 2014	56,052	10,614	1,073	61,640	129,379	

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 2013.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2014 (Unaudited)

	<i>As at</i> <i>30/06/2014</i> <i>RM'000</i>	<i>As at</i> <i>30/06/2013</i> <i>RM'000</i>
Cash flows from operating activities		
Profit before tax from continuing operations	2,692	3,995
Adjustments for :		
Depreciation of property, plant and equipment	1,352	1,328
Interest expense	420	548
Loss on disposal of plat and equipment	2	-
Interest income	(140)	(76)
Operating profit before changes in working capital	4,326	5,795
Changes in working capital :		
Inventories	(3,392)	4,953
Trade and other receivables	4,451	3,011
Trade and other payables	1,469	(4,510)
Cash generated from operations	6,854	9,249
Income tax paid	(377)	(596)
Net cash from operating activities	6,477	8,653
Cash flows from investing activities		
Acquisition of property, plant and equipment	(827)	(129)
Proceeds from disposal of plant and equipment	45	-
Interest received	140	76
Net cash used in investing activities	(642)	(53)
Cash flows from financing activities		
Repayment of term loan	(544)	(435)
Bank borrowings (net)	(3,671)	(3,948)
Repayment of finance lease liabilities	(91)	(96)
Interest paid	(420)	(548)
Net cash used in financing activities	(4,726)	(5,027)
Net (decrease) / increase in cash and cash equivalents	1,109	3,573
Cash and cash equivalents at 1 January	14,037	8,964
Effects of exchange rate fluctuations on cash and cash equivalents	(484)	381
Cash and cash equivalents at 30 June	14,662	12,918

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 2013.

REX INDUSTRY BHD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014 (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 2013. 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 2013. 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, Interpretations and Amendments to MFRSs applicable to the Group have been 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
Amendments to MFRS 136	Impairment of Assets : Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been effective for annual periods beginning on or after 1 July 2014.

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to MFRS 3	Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)
Amendments to MFRS 8	Operating Segments (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)
Amendments to MFRS 13	Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)
Amendments to MFRS 119	Employee Benefits - Defined Benefit Plans : Employee Contributions
Amendments to MFRS 124	Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)

MFRSs, Interpretations and Amendment effective for a date yet to be confirmed

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 initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014 (Unaudited)

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 30/06/2014		
Malaysia	26,394	44,857
United States of America	17,513	-
Europe	9,458	-
Asia (Excludes Malaysia)	12,396	21,191
Consolidated	<u>65,761</u>	<u>66,048</u>
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>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014 (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 2013.

10. Material events subsequent to the end of the reporting period

There were no material events subsequent to the 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

	30/06/2014 RM'000	31/12/2013 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	
	30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Turnover	32,238	38,263	65,761	74,942
Profit before tax	1,410	2,762	2,692	3,995

The Group recorded a 15.75% decrease in turnover to RM 32.24 million for the second quarter ended 30 June 2014 from RM 38.26 million in the corresponding quarter last year. The decrease in turnover was mainly due to the reduce in domestic demand after Chinese New Year 2014 couple with lower sales performance in the Europe market in the current quarter under review.

The profit before tax decreased by RM 1.35 million for the second quarter ended 30 June 2014 to RM 1.41 million as compared to the corresponding quarter last year mainly due to the lower Group's turnover and higher operation costs incurred in foreign subsidiaries.

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 2014 (Unaudited)

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

	3 months ended	
	30/06/2014	31/03/2014
	RM'000	RM'000
Turnover	32,238	33,523
Profit before tax	1,410	1,282

For the current quarter under review, the Group recorded a profit before tax of RM 1.41 million as compared to a profit before tax of RM 1.28 million generated in the preceding quarter. The increase in profit was mainly due to the continuous efforts on cost reduction measures.

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 current 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	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysia	61	230	166	251
Overseas	221	672	379	744
	282	902	545	995
Deferred tax expense	72	(12)	145	(23)
	354	890	690	972

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 JUNE 2014 (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 :-

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
Unsecured		
Bank overdraft	679	-
Term loans	1,126	417
Bankers' acceptance	17,107	-
Revolving credit	3,500	-
Finance lease liabilities	34	10
	<u>22,446</u>	<u>427</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 2014.

23. Profits / (Loss) before tax

	3 months ended 30/06/2014 RM'000	Period ended 30/06/2014 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(677)	(1,352)
Gain / (Loss) on disposal of property, plant and equipment	20	(2)
Impairment loss on receivables	-	(55)
Interest expense	(149)	(420)
Unrealised Gain on foreign exchange	35	278

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014 (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 30/06/2014	Period ended 30/06/2014
Profit after tax attributable to owners of the Company (RM'000)	1,056	2,002
Weighted average number of shares in issue ('000)	56,052	56,052
Profit per ordinary share (sen)	1.88	3.57

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 30/06/2014 (RM'000)	Year to date ended 31/12/2013 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	87,337	86,200
- Unrealised	(7,803)	(8,603)
	79,534	77,597
Less : Consolidation adjustments	(17,894)	(17,959)
Total Group retained earnings	61,640	59,638