

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014 (Unaudited)

	<i>As at</i> 31/12/2014	<i>As at</i> 31/12/2013
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	59,994	58,226
Goodwill on consolidation	8,632	8,632
Total non-current assets	<u>68,626</u>	<u>66,858</u>
Trade and other receivables	29,702	36,456
Inventories	62,855	59,488
Current tax assets	41	310
Cash and cash equivalents	19,391	14,869
Total current assets	<u>111,989</u>	<u>111,123</u>
Total assets	<u>180,615</u>	<u>177,981</u>
Equity		
Share capital	56,052	56,052
Reserves	76,222	72,881
Total equity attributable to owners of the Company	<u>132,274</u>	<u>128,933</u>
Liabilities		
Deferred tax liabilities	6,986	6,296
Loans and borrowings	265	1,072
Total non-current liabilities	<u>7,251</u>	<u>7,368</u>
Trade and other Payables	15,928	14,398
Loans and borrowings	23,999	26,299
Current tax liabilities	1,163	983
Total current liabilities	<u>41,090</u>	<u>41,680</u>
Total liabilities	<u>48,341</u>	<u>49,048</u>
Total equity and liabilities	<u>180,615</u>	<u>177,981</u>
Net assets per share (RM)	2.21	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 YEAR ENDED 31 DECEMBER 2014 (Unaudited)

	3 months ended		Year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	39,465	41,122	144,908	156,940
Operating profit	555	(341)	4,565	4,951
Interest expense	(306)	(510)	(1,118)	(1,219)
Interest income	45	71	285	206
Profit / (Loss) before tax	294	(780)	3,732	3,938
Income tax expense	(2,092)	(589)	(2,960)	(1,831)
Profit / (Loss) for the period	(1,798)	(1,369)	772	2,107
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	2,933	89	2,570	1,793
Total comprehensive income / (expense)	1,135	(1,280)	3,342	3,900
Profit for the year attributable to :				
Owners of the Company	(1,798)	(1,369)	772	2,107
Total comprehensive income / (expense) attributable to :				
Owners of the Company	1,135	(1,280)	3,342	3,900
Earnings per share attributable to owners of the Company				
Basic earnings per ordinary share (sen)	(3.21)	(2.44)	1.38	3.76
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.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014 (Unaudited)

	←	Non- distributable	→	Distributable	
	<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>
At 1 January 2013	56,052	10,614	835	57,532	125,033
Total comprehensive expense for the year					
Foreign currency translation differences for foreign operations	-	-	1,793	-	1,793
Profit for the year	-	-	-	2,107	2,107
Total comprehensive income for the year	-	-	1,793	2,107	3,900
At 31 December 2013	56,052	10,614	2,628	59,639	128,933
At 1 January 2014	56,052	10,614	2,628	59,638	128,932
Total comprehensive expense for the year					
Foreign currency translation differences for foreign operations	-	-	2,570	-	2,570
Profit for the year	-	-	-	772	772
Total comprehensive income for the year	-	-	2,570	772	3,342
At 31 December 2014	56,052	10,614	5,198	60,410	132,274

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 YEAR ENDED 31 DECEMBER 2014 (Unaudited)

	<i>As at</i> 31/12/2014 <i>RM'000</i>	<i>As at</i> 31/12/2013 <i>RM'000</i>
Cash flows from operating activities		
Profit before tax from continuing operations	3,732	3,938
Adjustments for :		
Depreciation of property, plant and equipment	2,787	2,782
Interest expense	1,118	1,219
Impairment loss on goodwill	-	1,135
Loss / (Gain) on disposal of plant and equipment	(25)	(104)
Interest income	(285)	(206)
Operating profit before changes in working capital	7,327	8,764
Changes in working capital :		
Inventories	(1,890)	929
Trade and other receivables	7,722	1,597
Trade and other payables	1,298	2,691
Cash generated from operations	14,457	13,981
Income tax paid	(1,765)	(1,304)
Net cash from operating activities	12,692	12,677
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4,774)	(562)
Proceeds from disposal of plant and equipment	116	154
Interest received	285	206
Net cash used in investing activities	(4,373)	(202)
Cash flows from financing activities		
Repayment of term loan	(1,077)	(963)
Bank borrowings (net)	(2,300)	(6,284)
Repayment of finance lease liabilities	(122)	(130)
Interest paid	(1,118)	(1,219)
Net cash used in financing activities	(4,617)	(8,596)
Net (decrease) / increase in cash and cash equivalents	3,702	3,879
Cash and cash equivalents at 1 January	14,037	8,964
Effects of exchange rate fluctuations on cash and cash equivalents	526	547
Cash and cash equivalents at 31 December	18,265	13,390

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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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
12 months ended 31/12/2014		
Malaysia	57,217	46,182
United States of America	40,909	-
Europe	20,576	-
Asia (Excludes Malaysia)	26,206	22,444
Consolidated	<u>144,908</u>	<u>68,626</u>
12 months ended 31/12/2013		
Malaysia	70,013	45,634
United States of America	37,601	-
Europe	22,140	-
Asia (Excludes Malaysia)	27,186	21,223
Consolidated	<u>157,163</u>	<u>66,857</u>

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

	31/12/2014 RM'000	31/12/2013 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	80,700	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	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Turnover	39,465	41,122	144,908	156,940
Profit / (loss) before tax	294	(780)	3,732	3,938

The Group recorded a 4.03% decrease in turnover to RM 39.47 million for the final quarter ended 31 December 2014 from RM 41.12 million in the corresponding quarter last year. The marginal decrease in turnover was mainly due to the lower sales performance in the Asian market in the current quarter under review.

The profit before tax increased by RM 1.07 million for the final quarter ended 31 December 2014 to RM 0.29 million as compared to the corresponding quarter last year mainly due to the lower impairment loss on receivables in the current quarter.

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 2014 (Unaudited)

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

	3 months ended	
	31/12/2014 RM'000	30/09/2014 RM'000
Turnover	39,465	39,682
Profit before tax	294	746

For the current quarter under review, the Group recorded a profit before tax of RM 0.29 million as compared to a profit before tax of RM 0.75 million generated in the preceding quarter. The decrease in profit was mainly due to the additional allowance for inventory obsolescence in the current quarter under review.

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		Year ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
Current tax expense				
Malaysia	532	847	771	1,072
Overseas	799	336	1,500	1,387
	1,322	1,183	2,271	2,459
Deferred tax expense	770	(594)	689	(627)
	2,092	589	2,960	1,831

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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	1,126	-
Term loans	1,009	-
Bankers' acceptance	17,766	-
Revolving credit	4,000	-
Finance lease liabilities	98	265
	<u>23,999</u>	<u>265</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 year ended 31 December 2014.

23. Profits / (Loss) before tax

	3 months ended 31/12/2014 RM'000	Year ended 31/12/2014 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(776)	(2,787)
Gain / (Loss) on disposal of property, plant and equipment	(19)	(25)
Impairment loss on receivables	(247)	(463)
Allowance for inventory obsolescence	(519)	(969)
Interest expense	(302)	(1,118)
Unrealised loss on foreign exchange	(379)	(356)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 31/12/2014	Year ended 31/12/2014
Profit / (loss) after tax attributable to owners of the Company (RM'000)	(1,798)	772
Weighted average number of shares in issue ('000)	56,052	56,052
Profit / (loss) per ordinary share (sen)	(3.21)	1.38

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 31/12/2014 (RM'000)	Year to date ended 31/12/2013 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	86,950	86,200
- Unrealised	(8,248)	(8,603)
	78,702	77,597
Less : Consolidation adjustments	(18,292)	(17,959)
Total Group retained earnings	60,410	59,638
