

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015 (Unaudited)

	<i>As at</i> 31/12/2015	<i>As at</i> 31/12/2014
	<i>RM'000</i>	<i>RM'000</i>
Assets		
Property, plant and equipment	59,329	59,983
Goodwill on consolidation	8,632	8,632
Total non-current assets	67,961	68,615
Trade and other receivables	42,403	29,492
Inventories	61,554	63,007
Current tax assets	432	307
Cash and cash equivalents	16,813	18,543
Total current assets	121,202	111,349
Total assets	189,163	179,964
Equity		
Share capital	61,657	56,052
Reserves	88,435	76,203
Total equity attributable to owners of the Company	150,092	132,255
Liabilities		
Deferred tax liabilities	6,867	6,985
Loans and borrowings	343	267
Total non-current liabilities	7,210	7,252
Trade and other Payables	22,295	16,062
Loans and borrowings	9,019	23,997
Current tax liabilities	547	398
Total current liabilities	31,861	40,457
Total liabilities	39,071	47,709
Total equity and liabilities	189,163	179,964
Net assets per share (RM)	2.29	2.21

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 2014.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>31/12/2015</i>	<i>31/12/2014</i>	<i>31/12/2015</i>	<i>31/12/2014</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Continuing operations				
Revenue	44,923	39,579	165,230	145,022
Operating profit	1,916	432	6,314	4,442
Interest expense	(170)	(355)	(844)	(1,167)
Interest income	27	45	319	285
Profit before tax	1,773	122	5,789	3,560
Income tax expense	(725)	(1,919)	(1,771)	(2,787)
Profit / (Loss) for the period	1,048	(1,797)	4,018	773
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	(751)	2,912	6,770	2,549
Total comprehensive income / (expense)	297	1,115	10,788	3,322
Profit for the year attributable to :				
Owners of the Company	1,048	(1,797)	4,018	773
Total comprehensive income / (expense) attributable to :				
Owners of the Company	297	1,115	10,788	3,322
Earnings per share attributable to owners of the Company				
Basic earnings per ordinary share (sen)	1.70	(3.21)	6.52	1.38
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 and audited financial statements for the year ended 31 December 2014.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

	← <i>Share capital RM'000</i>	<i>Non- distributable Share premium RM'000</i>	→ <i>Translation reserve RM'000</i>	<i>Distributable Retained earnings RM'000</i>	<i>Total equity RM'000</i>
At 1 January 2014	56,052	10,614	2,629	59,638	128,933
Total comprehensive expense for the period					
Foreign currency translation differences for foreign operations	-	-	2,549	-	2,549
Profit for the period	-	-	-	773	773
Total comprehensive income for the period	-	-	2,549	773	3,322
At 31 December 2014	56,052	10,614	5,178	60,411	132,255
At 1 January 2015	56,052	10,614	5,178	60,411	132,255
Issue of shares	5,605	1,491	-	-	7,096
Total comprehensive expense for the period					
Foreign currency translation differences for foreign operations	-	-	6,723	-	6,723
Profit for the period	-	-	-	4,018	4,018
Total comprehensive income for the period	-	-	6,723	4,018	10,741
At 31 December 2015	61,657	12,105	11,901	64,429	150,092

The condensed consolidated statement of changes in equity 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 2014.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

	<i>As at</i> 31/12/2015 RM'000	<i>As at</i> 31/12/2014 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	5,789	3,560
Adjustments for :		
Depreciation of property, plant and equipment	2,676	2,805
Interest expense	844	1,167
Plant and equipment written off	-	110
Loss / (Gain) on disposal of plant and equipment	(1,604)	(25)
Interest income	(319)	(285)
Operating profit before changes in working capital	7,386	7,332
Changes in working capital :		
Inventories	5,846	(2,042)
Trade and other receivables	(7,224)	8,766
Trade and other payables	(361)	449
Cash generated from operations	5,647	14,505
Income tax paid	(1,865)	(2,697)
Net cash from operating activities	3,782	11,808
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,751)	(4,089)
Proceeds from disposal of plant and equipment	3,600	217
Interest received	319	285
Net cash used in investing activities	168	(3,587)
Cash flows from financing activities		
Repayment of term loan	(1,009)	(1,077)
Bank borrowings (net)	(12,427)	(2,550)
Repayment of finance lease liabilities	(115)	(122)
Proceeds from issuance of shares (net)	7,096	-
Interest paid	(844)	(1,167)
Net cash used in financing activities	(7,299)	(4,916)
Net (decrease) / increase in cash and cash equivalents	(3,349)	3,305
Cash and cash equivalents at 1 January	17,416	14,037
Effects of exchange rate fluctuations on cash and cash equivalents	2,746	74
Cash and cash equivalents at 31 December	16,813	17,416

The condensed consolidated cash flows statement 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 2014.

REX INDUSTRY BHD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (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"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 2014. 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 2014. 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 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 124	Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)
Amendments to MFRS 138	Intangible Assets (Annual Improvements 2010 - 2012 Cycle)

The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been effective for annual periods beginning on or after 1 January 2016.

Amendments to MFRS 7	Financial Instruments : Disclosures (Annual Improvements 2012 - 2014 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012 - 2014 Cycle)
Amendments to MFRS 127	Separate Financial Statements
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012 - 2014 Cycle)

The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been effective for annual periods beginning on or after 1 January 2017.

MFRS 15	Revenue from Contracts with Customers.
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The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been effective for annual periods beginning on or after 1 January 2018.

MFRS 9	Financial Instruments (2014)
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The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

3. Seasonality of operations

Generally, the Group's operations are not materially affected by seasonal or cyclical factors. However, the Group's revenue and performance are influenced by festivities in Malaysia and the Asia Pacific region being the dominant markets of the Group's food and beverage products range. Accordingly, revenue will be generally lower in the subsequent months after major festivals.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

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, save for the disclosure below.

New issuance of 5,605,000 ordinary shares of RM 1.00 each at an issue price of RM 1.28 pursuant to the Private Placement of shares were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 2 September 2015.

7. Dividends paid

No dividend was 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	Non-current assets
	RM'000	RM'000
12 months ended 31/12/2015		
Malaysia	70,620	45,099
United States of America	42,469	-
Europe	19,269	-
Asia (Excludes Malaysia)	32,872	22,862
Consolidated	<u>165,230</u>	<u>67,961</u>
12 months ended 31/12/2014		
Malaysia	57,217	46,268
United States of America	40,869	-
Europe	20,576	-
Asia (Excludes Malaysia)	26,360	22,347
Consolidated	<u>145,022</u>	<u>68,615</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (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 2014.

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

	31/12/2015 RM'000	30/09/2015 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	79,800	79,800

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	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Turnover	44,923	39,579	165,230	145,022
Profit before tax	1,773	122	5,789	3,560

The Group recorded a 13.5% increase in turnover to RM 44.92 million for the fourth quarter ended 31 December 2015 from RM 39.58 million in the corresponding quarter last year. The increase in turnover was mainly due to the higher sales performance in Malaysia market in the current quarter under review.

The profit before tax increased by RM1.65 million for the fourth quarter ended 31 December 2015 to RM 1.77 million as compared to the corresponding quarter last year mainly due to the higher sale volume and better operation performance achieved by the domestic and China subsidiaries.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

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

	3 months ended	
	31/12/2015 RM'000	30/09/2015 RM'000
Turnover	44,923	41,613
Profit before tax	1,685	2,221

For the current quarter under review, the Group recorded a profit before tax of RM 1.69 million as compared to a profit before tax of RM 2.22 million generated in the preceding quarter. The decrease in profit was mainly due to the higher impairment loss on receivables coupled with the change in finished goods valuation method in the current quarter under review.

16. Current year prospects

The Board is cautiously optimistic of the business outlook for the countries in which we operate.

The Board will continue to monitor the Group's operation and to look out for business opportunities. Barring any unforeseen circumstances, the Board is optimistic that the Group's operating performance will improve in the current financial period ending 30 June 2016.

17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended		Period ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Current tax expense				
Malaysia	73	358	468	606
Overseas	691	791	1,421	1,492
	764	1,149	1,889	2,098
Deferred tax expense	(39)	770	(118)	689
	725	1,919	1,771	2,787

Income tax expense is recognised in each financial period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The disproportionate effective tax rate for the current financial period ended 31 December 2015 was principally due to certain expenses that are not deductible for tax purposes and tax losses of certain subsidiaries as there is group tax relief for such losses.

The Group's effective tax rate for the corresponding financial period ended 31 December 2014 was higher than the statutory tax rate principally due to certain expenses that were not deductible for tax purposes and tax losses of certain subsidiaries.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (Unaudited)

19. Status of corporate proposals announced

On 24 June 2015, announcement made on the proposed private placement of up to 10% of the issued and paid-up share capital of the Company.

On 2 September 2015, announcement made on the new issuance of 5,605,000 ordinary shares pursuant to the Private Placement were granted listing and quotation on the Main Market of Bursa Malaysia Securities Berhad, marking the completion of the Private Placement.

On 31 December 2015, announcement made on the acquisition of 100% equity interest held in Summit Teamtrade (2011) Sdn. Bhd. The Group had entered into a Shares Sales Agreement dated 31 December 2015 with Vong Nee Toh and Patel Vong Joon Chin for the acquisition of 1,000 ordinary shares of RM1.00 each, representing 100% of total issued and paid-up share capital of Summit Teamtrade (2011) Sdn. Bhd. At a total cash consideration of RM800,000. The acquisition was completed on 3 February 2016 and Summit Teamtrade (2011) Sdn. Bhd. shall become a wholly-owned subsidiary of the Group.

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		
Bankers' acceptance	8,875	-
Finance lease liabilities	144	342
	<u>9,019</u>	<u>342</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 did not recommend any dividend in respect of the financial period ended 31 December 2015.

23. Profits / (Loss) before tax

	3 months ended 31/12/2015 RM'000	Period ended 31/12/2015 RM'000
Profit / (Loss) before tax is arrived at after crediting / (charging) :		
Depreciation and amortisation of property, plant and equipment	(695)	(2,676)
Impairment loss on receivables	(800)	(1,504)
Allowance for inventory obsolescence	-	(1,316)
Interest expense	(170)	(844)
Gain on disposal of plant and equipment	-	1,653

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015 (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 31/12/2015	Period ended 31/12/2015
Profit after tax attributable to owners of the Company (RM'000)	1,048	4,018
Weighted average number of shares in issue ('000)	61,657	61,657
Profit per ordinary share (sen)	1.70	6.52

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 30/09/2015 (RM'000)	Year to date ended 31/12/2014 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	88,731	85,265
- Unrealised	(3,186)	(2,744)
	85,545	82,521
Less : Consolidation adjustments	(21,116)	(22,110)
Total Group retained earnings	64,429	60,411