

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017 (Unaudited)

	<i>As at</i> 30/09/2017	<i>As at</i> 30/06/2017
	<i>RM'000</i>	<i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	63,420	62,478
Other investment	2,142	2,142
Goodwill on consolidation	7,889	7,889
	<hr/> 73,451	<hr/> 72,509
Current assets		
Inventories	56,581	57,708
Trade and other receivables	53,999	49,773
Current tax assets	390	131
Cash and cash equivalents	16,211	16,704
	<hr/> 127,181	<hr/> 124,316
Total assets	<hr/> 200,632	<hr/> 196,825
EQUITY AND LIABILITIES		
Equity		
Share capital	73,742	73,742
Reserves	69,433	68,724
Total equity	<hr/> 143,175	<hr/> 142,466
Non-current liabilities		
Deferred tax liabilities	3,270	3,251
Borrowings	257	382
	<hr/> 3,527	<hr/> 3,633
Current Liabilities		
Trade and other payables	26,729	27,403
Borrowings	26,573	21,506
Dividend Payable	-	1,233
Tax payable	628	584
	<hr/> 53,930	<hr/> 50,726
Total liabilities	<hr/> 57,457	<hr/> 54,359
Total equity and liabilities	<hr/> 200,632	<hr/> 196,825
Net assets per share (RM)	2.19	2.18
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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 30 June 2017.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

	<i>3 months ended</i>		<i>Period ended</i>	
	<i>30/09/2017</i>	<i>30/09/2016</i>	<i>30/09/2017</i>	<i>30/09/2016</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<u>Continuing operations</u>				
Revenue	35,613	32,368	35,613	32,368
Operating profit	645	1,720	645	1,720
Interest expense	(350)	(219)	(350)	(219)
Profit before tax	295	1,501	295	1,501
Income tax expense	(33)	(128)	(33)	(128)
Profit from continuing operations, net of tax	262	1,373	262	1,373
<u>Discontinued operations</u>				
Profit from discontinued operations, net of tax	-	672	-	672
Profit for the period, net of tax	262	2,045	262	2,045
Other comprehensive income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	447	361	447	361
Total other comprehensive income for the period	447	361	447	361
Total comprehensive income for the period	709	2,406	709	2,406
Profit for the period attributable to :				
Owners of the parent	262	2,045	262	2,045
Total comprehensive income attributable to :				
Owners of the parent	709	2,406	709	2,406
Basic earning per ordinary share (sen)				
Continuing operations	0.42	2.23	0.42	2.23
Discontinued operation	-	1.09	-	1.09
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

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 30 June 2017.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

	Non-Distributable			Reserve of disposal group classified as held for sales RM'000	Distributable	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000		Retained earnings RM'000	Total equity RM'000
At 1 July 2016	61,657	12,086	(3,243)	13,931	53,421	137,852
Transactions with owners						
Realisation of reserves on disposal of subsidiary	-	-	(158)	(13,931)	14,089	-
Dividend to owners of the Company	-	-	-	-	(1,233)	(1,233)
Transfer of share premium upon abolition of par value	12,086	(12,086)	-	-	-	-
Total transactions with owners	12,086	(12,086)	(158)	(13,931)	12,856	(1,233)
Foreign currency translation differences for foreign operations	-	-	2,630	-	-	2,630
Defined benefit plan actuarial loss	-	-	-	-	(37)	(37)
Total other comprehensive income for the year	-	-	2,630	-	(37)	2,593
Profit for the financial year	-	-	-	-	3,254	3,254
Total comprehensive income for the period	-	-	2,630	-	3,217	5,847
At 30 June 2017	73,743	-	(771)	-	69,494	142,466
At 1 July 2017	73,743	-	(771)	-	69,494	142,466
Transactions with owners						
Foreign currency translation differences for foreign operations	-	-	447	-	-	447
Total other comprehensive income for the period	-	-	447	-	-	447
Profit for the period	-	-	-	-	262	262
Total comprehensive income for the period	-	-	447	-	262	709
At 30 September 2017	73,743	-	(324)	-	69,756	143,175

Note 1 : The Group's and the Company's issued and fully paid-up share capital comprises ordinary shares with a par value of RM1 each. The new Companies Act, 2016, which came into operation on January 31, 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Group's and of the Company's share premium account account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, the Company has a period of 24 months from the effective date of the Act to use the existing balances credited in the share premium in a manner as specified by the Act.

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 30 June 2017.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

	<i>As at</i> 30/09/2017 RM'000	<i>As at</i> 30/06/2017 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	295	2,493
(Loss) / Profit before tax from discontinued operations	-	(60)
Adjustments for :		
Depreciation of property, plant and equipment	921	2,886
Gain on disposal of property, plant and equipment	(26)	(1,238)
Gain on disposal of subsidiary	-	(259)
Impairment loss on trade and other receivables	-	801
Interest expense	350	1,071
Fair value gain on other investment	-	(33)
Unrealised (gain)/loss on foreign exchange	(68)	9
Interest income	(82)	(256)
Operating profit before changes in working capital	1,390	5,414
Changes in working capital :		
Inventories	2,118	(4,692)
Trade and other receivables	(4,156)	(10,958)
Trade and other payables	(1,114)	14,118
Cash generated from / (used in) operations	(1,762)	3,882
Interest received	82	256
Interest paid	(350)	(1,071)
Tax paid	(228)	827
Net cash from operating activities	(2,258)	3,894
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,876)	(16,245)
Proceeds from disposal of property, plant and equipment	40	5,344
Net cash inflow from disposal of subsidiary	-	1,165
Net cash used in investing activities	(1,836)	(9,736)
Cash flows from financing activities		
Drawdown / (Repayment) of bank borrowings	5,199	9,437
Drawdown / (Repayment) of finance lease payables	(129)	(433)
Dividend paid	(1,233)	-
Net cash used in financing activities	3,837	9,004
Net (decrease) / increase in cash and cash equivalents	(257)	3,162
Cash and cash equivalents at 1 July / January	15,413	12,323
Effects of exchange rate fluctuations on cash and cash equivalents	(42)	(72)
Cash and cash equivalents	15,114	15,413

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/09/2017	30/06/2017
	RM'000	RM'000
Cash and bank balances	1,840	2,415
Short-term repurchase agreement ("REPO")	14,371	14,289
	<hr/>	<hr/>
	16,211	16,704
Less: Bank overdrafts	(1,097)	(1,291)
	<hr/>	<hr/>
	15,114	15,413

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 30 June 2017.

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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 2017 (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 30 June 2017. 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 30 June 2017. The condensed consolidated interim financial statements and notes do not include all of the information required for full set of financial statement prepared in accordance with MFRS.

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int"), Amendments to IC Int are as follow :

a) Adoption of New MFRS AND Amendments/Improvements to MFRSs

The Group and the Company had adopted the following new MFRSs and amendments/improvements to MFRSs that are mandatory as follows :-

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities - Applying the Consolidation Exception
Amendments to MFRS 11	Joint Arrangement : Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Presentation of Financial Statements : Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 14	Regulatory Deregulation Accounts
Annual Improvements to MFRSs 2012 - 2014 Cycle	

b) New MFRSs Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to MFRS 107	Disclosure of Interest in Other Entities (Annual Improvements to MFRSs 2014 -2016 Cycle)

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 1	Clarifications and Measurement of Share-based Payment Transactions
Clarification to MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS9 Financial Instruments with Insurance Contracts
Amendments to MFRS 128	Investment in Associates and Joint Ventures (Annual Improvements to MFRSs 2014 - 2016 Cycle)
Amendments to MFRS 140	Transfer of Investment Property (Transfer of Investment Property)
IC Interpretation 22	Foreign Currency Transactions and Advances Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

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 30 June 2017 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

3. Seasonality of operations

The business of the Group was 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

On 24 May 2017, the Directors declared an interim single tier dividend of RM0.02 per ordinary share for the financial year ended 30 Jun 2017 amounting to RM1,233,133 based on current year profit which was paid on 23 August 2017.

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
3 months ended 30/09/2017		
Continuing operations:		
Malaysia	19,425	57,830
United States of America	11,896	-
Europe	2,661	-
Asia (Excludes Malaysia)	1,631	13,479
	<hr/> 35,613	<hr/> 71,309
Discontinued operations (Disposed on 11 November 2016) :		
United States of America	N/A	N/A
Asia (Excludes Malaysia)	N/A	N/A
	<hr/> -	<hr/> -
Consolidated	<hr/> <hr/> 35,613	<hr/> <hr/> 71,309

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (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 30 June 2017.

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

	30/09/2017 RM'000	30/06/2017 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	67,000	67,000

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 30/06/2017 RM'000	3 months ended 30/09/2016 RM'000
Revenue		
Continuing operations	35,613	32,368
Discontinued operations (Disposed on 11 November 2016)	N/A	7,052
Profit before tax		
Continuing operations	295	1,501
Discontinued operations (Disposed on 11 November 2016)	N/A	672

The Group recorded a 10.03% increase in revenue to RM 35.61 million for the first quarter ended 30 September 2017 from RM 32.37 million in the corresponding quarter last year. Despite the softer consumer sentiment in Malaysia, the increase in turnover was mainly due to the higher sales performance from the subsidiary in Indonesia in the current quarter under review.

The profit before tax decreased by RM1.21 million for the first quarter ended 30 September 2017 to RM0.30 million as compared to the corresponding quarter last year, mainly due to the higher operating costs incurred by local subsidiary in the current quarter under review.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

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

	3 months ended 30/09/2017 RM'000	3 months ended 30/06/2017 RM'000
Revenue		
Continuing operations	35,613	31,463
Discontinued operations (Disposed on 11 November 2016)	N/A	N/A
	<hr/>	<hr/>
(Loss) /Profit before tax		
Continuing operations	295	(770)
Discontinued operations (Disposed on 11 November 2016)	N/A	N/A
	<hr/>	<hr/>

For the current quarter under review, the Group recorded a profit before tax of RM0.30 million as compared to a loss before tax of RM 0.77 million generated in the preceding quarter. The increase in profit was mainly due to the higher sales achieved in the current quarter couple with the improved operation performance achieved by the domestic subsidiaries.

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.

17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

18. Tax expense

	3 months ended 30/09/2017 RM'000	Period ended 30/09/2017 RM'000
Current income tax		
Malaysia	35	35
Overseas	27	27
Overprovision for prior year	(48)	(48)
	<hr/>	<hr/>
	14	14
Deferred tax		
Reversal of temporary differences	19	19
	<hr/>	<hr/>
	33	33

The disproportionate tax charge in relation to the results of the Group for the current financial period to date was mainly due to the non-deductible expenses and losses not available for set off in certain subsidiaries.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (Unaudited)

19. Status of corporate proposals announced

On 17 August 2017, announced that the Company proposes to undertake a share split involving the subdivision of every one (1) existing REX share into four (4) Split Shares help on an entitlement date to be determined and announced later by the Board.

On 21 August 2017, Company announced that the application for the Proposed Share Split had been submitted to Bursa Malaysia Securities Berhad on 21 August 2017.

On 25 August 2017, Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 25 August 2017, resolved to approve the Proposed Share Split.

On 13 September 2017, Circular issued to Shareholders in relation to the proposed share split involving the subdivision of every one (1) existing share in REX into four (4) ordinary shares in REX held on an entitlement date to be determined and announced later by the Board.

On 23 October 2017, Company announced that based on the entitlement date of 23 October 2017 for the Share Split, the issue share capital of 61,656,617 ordinary shares in REX have been subdivided into 246,626,468 ordinary shares in REX pursuant to the Share split.

On 24 October 2017, Company announced that the Share Split has been completed following the listing of, an quotation for 246,626,468 ordinary shares in REX on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 24 October 2017.

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	1,097	-
Bankers' acceptance	21,958	-
Revolving credit	3,000	-
Finance lease liabilities	518	257
	<u>26,573</u>	<u>387</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 30 September 2017.

23. Profit before tax

	3 months ended 30/09/2017 RM'000	Period ended 30/09/2017 RM'000
Profit before tax is arrived at after charging / (crediting) :		
Depreciation of property, plant and equipment	921	921
Gain on disposal of property, plant and equipment	(26)	(26)
Interest expense	350	350
Unrealised (gain)/loss on foreign exchange	(68)	(68)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (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 30/09/2017	Period ended 30/09/2017
Profit after tax attributable to owners of the parent (RM'000)	262	262
Weighted average number of shares in issue ('000)	61,657	61,657
Earning per ordinary share (sen)	0.42	0.42

Diluted loss per share is the same as basic loss per share as there is no dilutive potential ordinary shares outstanding during the financial period.

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 :

	3 month ended 30/09/2017 (RM'000)	Year ended 30/06/2017 (RM'000)
Total retained profits of the Company and its subsidiaries :		
- Realised	94,703	93,969
- Unrealised	(727)	(661)
	93,976	93,308
Less : Consolidation adjustments	(24,220)	(23,814)
Total Group retained earnings	69,756	69,495

26. Other Investment

	Period ended 30/09/2017 (RM'000)	Year ended 30/06/2017 (RM'000)
At fair value through profit or loss		
- Quoted shares in Malaysia	2,110	2,110
At market value	1,764	2,142