

REX INDUSTRY BHD

(Incorporated in Malaysia) Com. No. 199301027926 (282664-K)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 (Unaudited)

	<i>As at</i> 30/06/2021	<i>As at</i> 30/06/2020
	<i>RM'000</i>	<i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	78,906	80,108
Right-of-use assets	6,144	6,382
Other investment	-	754
Goodwill on consolidation	7,037	7,037
	<hr/> 92,087	<hr/> 94,281
Current assets		
Inventories	52,116	47,949
Trade and other receivables	35,667	33,437
Current tax assets	19	182
Cash and cash equivalents	14,628	6,854
	<hr/> 102,430	<hr/> 88,422
Total assets	<hr/> 194,517	<hr/> 182,703
EQUITY AND LIABILITIES		
Equity		
Share capital	98,405	73,742
Reserves	28,988	28,149
Total equity	<hr/> 127,393	<hr/> 101,891
Non-current liabilities		
Borrowings	10,562	11,588
Deferred tax liabilities	1,510	1,526
Lease liabilities	771	935
	<hr/> 12,843	<hr/> 14,049
Current Liabilities		
Borrowings	18,309	30,621
Trade and other payables	35,076	35,438
Contract liabilities	582	265
Lease liabilities	314	307
Tax payable	-	132
	<hr/> 54,281	<hr/> 66,763
Total liabilities	<hr/> 67,124	<hr/> 80,812
Total equity and liabilities	<hr/> 194,517	<hr/> 182,703
Net assets per share (RM)	0.26	0.41
	-	-

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 2020.

REX INDUSTRY BHD

(Incorporated in Malaysia) Com. No. 199301027926 (282664-K)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Year ended		Changes %
	30/06/2021	30/06/2020		30/06/2021	30/06/2020	
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Revenue	39,590	40,927	(3.3)	160,539	149,245	7.6
Operating profit / (loss)	798	(3,606)	n/m	5,446	(6,346)	n/m
Interest expense	(329)	(579)	(43.2)	(1,530)	(2,051)	(25.4)
Profit/ (loss) before tax	469	(4,185)	n/m	3,916	(8,397)	n/m
Income tax expense	(277)	(432)	n/m	(1,312)	(1,069)	n/m
Net Profit/ (loss) for the period / year	192	(4,617)	n/m	2,604	(9,466)	n/m
Other comprehensive income, net of tax						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	123	297		(1,569)	(2,651)	
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Defined benefit plan actuarial gain	306	336		306	336	
Total other comprehensive income for the period	429	633		(1,263)	(2,315)	
Total comprehensive income for the period / year	621	(3,984)		1,341	(11,781)	
Profit / (loss) for the period attributable to :						
Owners of the parent	192	(4,617)		2,604	(9,466)	
Total comprehensive income attributable to :						
Owners of the parent	621	(3,984)		1,341	(11,781)	
Basic and diluted earning per ordinary share (sen)	0.04	(1.87)		0.69	(3.84)	

* not meaningful

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 2020.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

	← Non-distributable →			
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2019	73,742	(728)	40,658	113,672
Foreign currency translation difference for foreign operations	-	(2,651)	-	(2,651)
Defined benefit plan actuarial gain	-	-	336	336
Total comprehensive income for the year	-	(2,651)	336	(2,315)
Loss for the financial year	-	-	(9,466)	(9,466)
Total comprehensive income for the year	-	(2,651)	(9,130)	(11,781)
At 30 June 2020	73,742	(3,379)	31,528	101,891
At 1 July 2020	73,742	(3,379)	31,528	101,891
Foreign currency translation difference for foreign operations	-	(1,569)	-	(1,569)
Defined benefit plan actuarial gain	-	-	306	306
Total comprehensive income for the year	-	(1,569)	306	(1,263)
Profit for the financial year	-	-	2,604	2,604
Total comprehensive income for the year	-	(1,569)	2,910	1,341
Transaction with owners :				
Issuance of ordinary shares	24,663	-	-	24,663
Right issue expense	-	-	(502)	(502)
	24,663	-	(502)	24,161
At 30 June 2021	98,405	(4,948)	33,936	127,393

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements for the year ended 30 June 2020.

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(Incorporated in Malaysia) Com. No. 199301027926 (282664-K)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

	<i>As at</i> 30/06/2021 RM'000	<i>As at</i> 30/06/2020 RM'000
Cash flows from operating activities		
Profit/ (loss) before tax from continuing operations	3,916	(8,397)
Adjustments for :		
Allowance for expected credit loss on trade and other receivables	-	1,527
Allowance for inventories obsolescence	-	1,411
Depreciation of property, plant and equipment	3,361	3,304
Depreciation of right-of-use assets	427	272
Fair value loss on other investment	-	104
(Gain)/loss on disposal on other investment	(43)	39
Gain on disposal of property, plant and equipment	(148)	(125)
Interest expense	1,530	2,051
Interest income	(114)	(150)
Inventories written off	-	432
Reversal of impairment loss on trade receivables	-	(198)
Unrealised loss on foreign exchange	295	389
Operating profit before changes in working capital	9,224	659
Changes in working capital :		
Inventories	(4,391)	(619)
Receivables	(2,415)	13,496
Payables	(1,073)	5,579
Cash generated from/(used in) operations	1,345	19,115
Interest received	114	150
Interest paid	(1,530)	(2,051)
Tax paid	(1,282)	(312)
Net cash from/(used in) operating activities	(1,353)	16,902
Cash flows from/(used in) investing activities		
Acquisition of property, plant and equipment	(2,969)	(26,647)
Proceeds from issuance of ordinary shares	24,663	-
Right issue expense	(502)	-
Proceeds from disposal of property, plant and equipment	528	433
Proceeds from disposal of other investments	797	489
Net cash from/(used in) investing activities	22,517	(25,725)
Cash flows from/(used in) financing activities		
Drawdown/(Repayment) of bank borrowings	(10,352)	3,208
Repayment of finance lease payables	(57)	(126)
Payment for the principal portion of lease liabilities	(262)	(103)
Net cash from/(used in) financing activities	(10,671)	2,979
Net increase/(decrease) in cash and cash equivalents	10,493	(5,844)
Cash and cash equivalents at 1 July	3,373	9,162
Effect of exchange rate changes on cash and bank balances	(110)	55
Cash and cash equivalents	13,756	3,373

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/06/2021 RM'000	30/06/2020 RM'000
Cash and bank balances	12,501	3,677
Short-term repurchase agreement ("REPO")	2,127	3,177
	<hr/>	<hr/>
	14,628	6,854
Less: Bank overdrafts	(872)	(3,481)
	<hr/>	<hr/>
	13,756	3,373

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 2020.

REX INDUSTRY BHD

(Incorporated in Malaysia) Com. No. 199301027926 (282664-K)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (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 2020. 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 2020. 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"), and Amendments to IC Int are as follow :

a) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int

The Group and the Company had adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC that are mandatory as follows :-

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interest in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 - 2017 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 Date
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 16	Covid-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs 2018 to 2020		1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Effective date to be announced

The Group and the Company plan to apply the above mentioned 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 2020 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (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 year-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 year-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 year except for:-

- The Company issued new ordinary shares pursuant to rights issues exercise as below:

Corporate Exercise	Listing Date	No of shares	Share Price	Proceeds (RM'000)
Right issue	15 December 2020	246,626,468	RM0.10	24,662

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 RM'000	Non-current assets RM'000
Year ended 30 June 2021		
Malaysia	55,511	77,772
United States of America	56,488	-
Europe	41,880	-
Asia (Excludes Malaysia)	6,660	14,315
Consolidated	<u>160,539</u>	<u>92,087</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (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 2020.

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

	30/06/2021 RM'000	30/06/2020 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	22,086	41,117

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 30/06/2021 RM'000	3 months ended 30/06/2020 RM'000
Revenue	39,590	40,927
Profit / (loss) before tax	469	(4,185)

The Group recorded a 3.3% decrease in revenue to RM 39.6 million for the 4th quarter ended 30 June 2021 from RM 40.9 million in the corresponding quarter last year. The decrease in turnover was mainly due to lower sales from the oversea subsidiary in current quarter under review.

The Group recorded a profit before tax of RM0.5 million as compared to a loss before tax of RM4.2 million generated in the corresponding quarter last year, which was mainly contributed from improved operational efficiency and lower operating expenses in implementing cost saving exercise coupled with absence of provision for credit loss on trade and other receivables and inventory obsolescence in the corresponding quarter last year as well as higher profit achieved by the oversea subsidiary.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

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

	3 months ended 30/06/2021 RM'000	3 months ended 31/03/2021 RM'000
Revenue	39,590	37,988
Profit before tax	469	1,106

The Group recorded a 4.2% increase in revenue to RM 39.6 million for the 4th quarter ended 30 June 2021 from RM 38.0 million in the preceding quarter. The increase in turnover was mainly due to aggressive sales performance from the oversea subsidiary in current quarter under review.

For the current quarter under review, the Group recorded a profit before tax of RM0.5 million as compared to RM 1.1 million generated in the preceding quarter despite of higher revenue in current quarter, which was mainly due to higher operating cost by the biscuit division as production was shutdown for installation of new production line as well as the rise of raw material prices and freight charges in shipment.

16. Current year prospects

The Board will continue to monitor the status and progress of COVID-19 and shall endeavour, to the extent possible, to review the performance and progress of our Group's operations and financial performance as well as introduce measures to minimise our operating costs where required.

The Board will adopt a proactive approach to meet the forthcoming challenges with an optimised product portfolio that is appropriate to the market situation. Cost rationalisation, plant automation, operational efficiencies, product innovations and improvement on routes to market will be vigorously pursued.

The Board is optimistic that our strategies and plans will enable us to strengthen and grow our market position in this challenging period.

17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

18. Tax expense

	Individual Quarter Quarter Ended		Cumulative Quarter Year Ended	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Current income tax				
Malaysia	-	-	-	-
Overseas	(281)	(437)	(1,327)	(1,088)
	<u>(281)</u>	<u>(437)</u>	<u>(1,327)</u>	<u>(1,088)</u>
Deferred tax				
Reversal of temporary differences	4	5	15	19
	<u>(277)</u>	<u>(432)</u>	<u>(1,312)</u>	<u>(1,069)</u>

The disproportionate tax charge in relation to the results of the Group for the current financial period to date was mainly due to no Group tax relief for losses incurred by certain subsidiaries.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

19. Status of corporate proposals announced

There were no other corporate proposals that have been announced by the Company as at the date of this announcement.

20. Status of corporate proposals announced

The Company has on 15 December 2020 completed a Renounceable Rights Issue of 246,626,468 Rights Shares on the main board of Bursa Securities. The Renounceable Rights Issue has raised a gross proceeds of RM24,662,647. Status of utilisation of proceeds derived from the corporate proposal the company as at the date of this announcement was as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceeds RM'000	Intended Timeframe for Utilisation
Repayment of bank borrowings	11,000	(11,000)	-	Within 3 months
Working capital	11,133	(11,133)	-	Within 12 months
Upgrade of machineries	2,000	-	2,000	Within 6 months
Estimated expenses	530	(502)	28	Immediate
Total gross proceeds	24,663	(22,635)	2,028	

21. Group borrowings

The Group's borrowings as at the end of the reporting period are as follows :-

As at 30 June 2021	Payable within 12 months RM'000	Payable after 12 months RM'000
Denominated in RM		
Bank overdraft	872	-
Bankers' acceptance	5,070	-
Revolving credit	3,000	-
Term loans	1,105	10,562
Denominated in USD		
Bankers' acceptance	8,240	-
Denominated in Rupiah		
Finance lease liabilities	22	-
	<u>18,309</u>	<u>10,562</u>
As at 30 June 2020		
Denominated in RM		
Bank overdraft	3,481	-
Bankers' acceptance	13,586	-
Revolving credit	4,000	-
Term loans	1,086	11,588
Finance lease liabilities	-	-
Denominated in USD		
Bankers' acceptance	8,468	-
	<u>30,621</u>	<u>11,588</u>

22. Changes in material litigation

There were no material litigations at the date of this interim financial report.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 (Unaudited)

23. Dividends

The Board of Directors has recommended a first and final dividend of 0.2 sen per ordinary share amounting to RM986,505 in respect of the financial year ended 30 June 2021. The entitlement date and date of payment will be determined and announced in due course.

24. Profit / (loss) before tax

	Individual Quarter Quarter Ended		Cumulative Quarter Year Ended	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Profit / (loss) before tax is arrived at after charging / (crediting) :				
Depreciation of property, plant and equipment	883	634	3,361	3,304
Depreciation of right-of-use assets	118	272	427	272
Gain on disposal on other investment	-	-	(43)	-
Gain on disposal of property, plant and equipment	-	-	(148)	-
Interest expense	328	579	1,530	2,050
Interest income	(32)	(69)	(114)	(151)
Unrealised loss on foreign exchange	458	238	295	389

25. Profit/ (loss) per ordinary share

The earnings per share was computed based on the net profit/(loss) attributable to ordinary shareholders divided by the weighted average number of ordinary shares.

	Individual Quarter Quarter Ended		Cumulative Quarter Year Ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit/ (loss) after tax attributable to owners of the parent (RM'000)	192	(4,617)	2,604	(9,466)
Weighted average number of shares in issue ('000)	493,252	246,626	379,736	246,626
Profit/ (loss) per ordinary share (sen)	0.04	(1.87)	0.69	(3.84)

Diluted profit/(loss) per share is the same as basic profit/(loss) per share as there is no dilutive potential ordinary shares outstanding during the financial year.

26. Other Investment

	As at 30/06/2021 RM'000	As at 30/06/2020 RM'000
	At fair value through profit or loss	
- Quoted shares in Malaysia		
At beginning of the year	754	1,386
Disposed	(754)	(528)
Fair value (loss)/gain	-	(104)
	<u>-</u>	<u>754</u>
At market value	<u>-</u>	<u>754</u>