

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021 (Unaudited)

	<i>As at</i> 30/09/2021	<i>As at</i> 30/06/2021
	<i>RM'000</i>	<i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	79,225	78,903
Right-of-use assets	6,264	6,135
Goodwill on consolidation	7,037	7,037
	<hr/> 92,526	<hr/> 92,075
Current assets		
Inventories	48,356	52,116
Trade and other receivables	38,734	36,509
Tax recoverable	192	191
Cash and cash equivalents	10,501	14,628
	<hr/> 97,783	<hr/> 103,444
Total assets	<hr/> 190,309	<hr/> 195,519
EQUITY AND LIABILITIES		
Equity		
Share capital	97,903	97,903
Reserves	30,989	29,501
Total equity	<hr/> 128,892	<hr/> 127,404
Non-current liabilities		
Borrowings	10,170	10,516
Deferred tax liabilities	1,504	1,508
Lease liabilities	843	774
	<hr/> 12,517	<hr/> 12,798
Current Liabilities		
Borrowings	18,102	18,369
Trade and other payables	29,417	35,862
Contract liabilities	961	582
Lease liabilities	373	333
Tax payable	47	171
	<hr/> 48,900	<hr/> 55,317
Total liabilities	<hr/> 61,417	<hr/> 68,115
Total equity and liabilities	<hr/> 190,309	<hr/> 195,519
Net assets per share (RM)	0.26	0.26
	-	-

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 2021.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended 30/09/2021	Quarterly ended 30/09/2020	Changes %	Period ended 30/09/2021	Period ended 30/09/2020	Changes %
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Revenue	40,186	44,067	(8.8)	40,186	44,067	(8.8)
Operating profit	1,160	1,752	(33.8)	1,160	1,752	(33.8)
Interest expense	(322)	(441)	(27.0)	(322)	(441)	(27.0)
Profit before tax	838	1,311	(36.1)	838	1,311	(36.1)
Income tax expense	(236)	(522)	(54.8)	(236)	(522)	(54.8)
Net Profit for the period	602	789	(23.7)	602	789	(23.7)
Other comprehensive income, net of tax						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	886	(2,471)		886	(2,471)	
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Defined benefit plan actuarial gain	-	-		-	-	
Total other comprehensive income for the period	886	(2,471)		886	(2,471)	
Total comprehensive income for the period	1,488	(1,682)		1,488	(1,682)	
Profit for the period attributable to :						
Owners of the parent	602	789		602	789	
Total comprehensive income attributable to :						
Owners of the parent	1,488	(1,682)		1,488	(1,682)	
Basic and diluted earning per ordinary share (sen)						
	0.12	0.32		0.12	0.32	

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 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

	← Non-distributable →			
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 July 2020	73,742	(3,379)	31,528	101,891
Foreign currency translation difference for foreign operations	-	(1,556)	-	(1,556)
Defined benefit plan actuarial gain	-	-	306	306
Total comprehensive income for the year	-	(1,556)	306	(1,250)
Profit for the financial year	-	-	2,602	2,602
Total comprehensive income for the year	-	(1,556)	2,908	1,352
Transaction with owners :				
Issuance of ordinary shares	24,161	-	-	24,161
At 30 June 2021	97,903	(4,935)	34,436	127,404
At 1 July 2021	97,903	(4,935)	34,436	127,404
Foreign currency translation difference for foreign operations	-	886	-	886
Defined benefit plan actuarial gain	-	-	-	-
Total comprehensive income for the year	-	886	-	886
Profit for the financial period	-	-	602	602
Total comprehensive income for the period	-	886	602	1,488
At 30 September 2021	97,903	(4,049)	35,038	128,892

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 2021.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

	<i>As at</i> 30/09/2021 RM'000	<i>As at</i> 30/06/2021 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	838	3,912
Adjustments for :		
Depreciation of property, plant and equipment	984	3,372
Depreciation of right-of-use assets	113	427
Gain on disposal on other investment	-	(43)
Loss/(gain) on disposal of property, plant and equipment	37	(148)
Interest expense	322	1,530
Interest income	(29)	(111)
Inventories written off	-	658
Reversal of impairment loss on trade receivables	-	(15)
Reversal of allowance for inventories obsolescence	-	(658)
Unrealised (gain)/loss on foreign exchange	4	295
Operating profit before changes in working capital	2,269	9,219
Changes in working capital :		
Inventories	4,648	(5,672)
Receivables	(2,252)	(4,601)
Payables	(6,085)	2,377
Cash generated from / (used in) operations	(1,420)	1,323
Interest received	29	111
Interest paid	(322)	(1,530)
Tax refund	-	5
Tax paid	(385)	(1,296)
Net cash from / (used in) operating activities	(2,098)	(1,387)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,512)	(2,965)
Proceeds from disposal of property, plant and equipment	360	528
Proceeds from disposal of other investments	-	796
Net cash from / (used in) investing activities	(1,152)	(1,641)
Cash flows from financing activities		
Drawdown / (Repayment) of bank borrowings	(760)	(10,321)
Proceeds from issuance of ordinary shares	-	24,161
Payment for the principal portion of lease liabilities	(89)	(319)
Net cash from / (used in) financing activities	(849)	13,521
Net increase / (decrease) in cash and cash equivalents	(4,099)	10,493
Cash and cash equivalents at 1 July	13,756	3,373
Effect of exchange rate changes on cash and bank balances	23	(110)
Cash and cash equivalents	9,680	13,756

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/09/2021 RM'000	30/06/2021 RM'000
Cash and bank balances	8,366	12,501
Fixed deposit with licensed bank	350	350
Short-term fund	1,785	1,777
	<hr/>	<hr/>
	10,501	14,628
Less: Bank overdrafts	(821)	(872)
	<hr/>	<hr/>
	9,680	13,756

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 2021.

REX INDUSTRY BHD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 2021. 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 2021. 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 :-

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to References to the Conceptual Framework in MFRSs	

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 9, 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 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transactions	
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 will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 June 2021 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 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 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
Period ended 30 September 2021		
Malaysia	17,250	77,806
United States of America	15,562	-
Europe	6,715	-
Asia (Excludes Malaysia)	659	14,720
Consolidated	<u>40,186</u>	<u>92,526</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 2021.

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

	30/09/2021 RM'000	30/06/2021 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	33,255	33,255

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 30/09/2021 RM'000	3 months ended 30/09/2020 RM'000
Revenue	40,186	44,067
Profit before tax	838	1,311

The Group recorded a 8.8% decrease in revenue to RM 40.2 million for the 1st quarter ended 30 September 2021 from RM 44.0 million in the corresponding quarter last year. The decrease in turnover was mainly due to lower sales from the oversea subsidiary as a result of shortage of containers and deferment of shipment in export sales in current quarter under review.

The Group recorded a profit before tax of RM0.8 million as compared to RM1.3 million generated in the corresponding quarter last year, which was mainly due to lower sales from oversea subsidiary, rise of raw material & packaging cost and higher freight charges for export sales.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

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

	3 months ended 30/09/2021 RM'000	3 months ended 30/06/2021 RM'000
Revenue	40,186	39,590
Profit before tax	838	465

The Group recorded a 1.5% increase in revenue to RM 40.2 million for the 1st quarter ended 30 September 2021 from RM 39.6 million in the preceding quarter. The increase in turnover was mainly due to aggressive sales performance from the local subsidiaries in current quarter under review.

For the current quarter under review, the Group recorded a profit before tax of RM0.8 million as compared to RM 0.5 million generated in the preceding quarter which was mainly contributed by higher sales from local subsidiaries, improved operational efficiency and lower operating expenses.

16. Current year prospects

The Group's business will remain challenging and volatile due to the uncertainty caused by Covid-19 pandemic. We are, however, encouraged by our performance in 1st quarter ended 30 September 2021. We are cautiously confident of building on this positive momentum into FYE 30 June 2022.

With the aggressive rate of vaccination programs being rolled out in Malaysia, along with a streamlined product portfolio, our proven strategies and plans and great teamwork, the group remains optimistic on further strengthening our market position.

We remain proactive in addressing the challenges ahead and are cautiously optimistic of a positive performance in the FYE 30 June 2022.

17. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

18. Tax expense

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Current income tax				
Malaysia	-	-	-	-
Overseas	(240)	(525)	(240)	(525)
	<u>(240)</u>	<u>(525)</u>	<u>(240)</u>	<u>(525)</u>
Deferred tax				
Reversal of temporary differences	4	3	4	3
	<u>(236)</u>	<u>(522)</u>	<u>(236)</u>	<u>(522)</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 PERIOD ENDED 30 SEPTEMBER 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. Utilisation of Proceeds raised from Corporate Proposal

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 by 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	Revised Timeframe
Repayment of bank borrowings	11,000	(11,000)	-	-
Working capital	11,133	(11,161)	*(28)	-
Upgrade of machineries	2,000	-	2,000	15 June 2022
Estimated expenses	530	(502)	*28	-
Total gross proceeds	24,663	(22,663)	2,000	

Note : * the balance of the unutilised proceeds of RM28,000 for the estimated expenses had been reclassified and utilised as working purposes.

21. Group borrowings

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

	Payable within 12 months RM'000	Payable after 12 months RM'000
As at 30 September 2021		
Denominated in RM		
Bank overdraft	821	-
Bankers' acceptance	4,872	-
Revolving credit	3,000	-
Term loans	1,200	10,170
Denominated in USD		
Bankers' acceptance	8,209	-
	<u>18,102</u>	<u>10,170</u>
As at 30 June 2021		
Denominated in RM		
Bank overdraft	873	-
Bankers' acceptance	5,070	-
Revolving credit	3,000	-
Term loans	1,187	10,516
Denominated in USD		
Bankers' acceptance	8,239	-
	<u>18,369</u>	<u>10,516</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 PERIOD ENDED 30 SEPTEMBER 2021 (Unaudited)

23. Dividends

The Board has declared the payment of first and final single tier dividend of 0.20 sen per ordinary share amounting to RM986,505 in respect of the financial year ending 30 June 2021, payable on 11 November 2021 to depositors registered in the Records of Depositors at close of business on 28 October 2021.

24. Profit before tax

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2021 RM'000	30/09/2020 RM'000	30/09/2021 RM'000	30/09/2020 RM'000
Profit before tax is arrived at after charging / (crediting) :				
Depreciation of property, plant and equipment	984	805	984	805
Depreciation of right-of-use assets	113	103	113	103
Gain on disposal on other investment	-	(43)	-	(43)
Loss/(gain) on disposal of property, plant & equipment	37	(84)	37	(84)
Interest expense	322	441	322	441
Interest income	(29)	(18)	(29)	(18)
Realised (gain)/loss on foreign exchange	42	319	42	319
Unrealised (gain)/loss on foreign exchange	4	(227)	4	(227)

25. Profit 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.

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Profit after tax attributable to owners of the parent (RM'000)	602	789	602	789
Weighted average number of shares in issue ('000)	493,252	246,626	493,252	246,626
Profit per ordinary share (sen)	0.12	0.32	0.12	0.32

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

26. Other Investment

	As at 30/09/2021 RM'000	As at 30/06/2021 RM'000
At fair value through profit or loss		
- Quoted shares in Malaysia		
At beginning of the year	-	754
Disposed	-	(754)
	-	-
At market value	-	-