

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ( Unaudited )

	<i>As at</i> 30/09/2022	<i>As at</i> 30/06/2022
	<i>RM'000</i>	<i>RM'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	80,045	80,378
Right-of-use assets	5,506	5,605
Goodwill on consolidation	7,037	7,037
	<hr/> 92,588	<hr/> 93,020
<b>Current assets</b>		
Inventories	56,102	58,317
Trade and other receivables	40,640	41,159
Tax recoverable	164	161
Cash and cash equivalents	18,701	8,790
	<hr/> 115,607	<hr/> 108,427
<b>Total assets</b>	<hr/> <b>208,195</b>	<hr/> <b>201,447</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	113,737	97,903
Warrant reserve	2,093	-
Other reserve	(2,093)	-
Translation reserve	(2,585)	(3,667)
Retained earnings	33,511	35,478
<b>Total equity</b>	<hr/> 144,663	<hr/> 129,714
<b>Non-current liabilities</b>		
Borrowings	8,960	9,272
Deferred tax liabilities	1,488	1,492
Lease liabilities	346	390
	<hr/> 10,794	<hr/> 11,154
<b>Current Liabilities</b>		
Borrowings	22,630	18,532
Trade and other payables	28,776	41,098
Contract liabilities	927	596
Lease liabilities	249	273
Tax payable	156	80
	<hr/> 52,738	<hr/> 60,579
<b>Total liabilities</b>	<hr/> 63,532	<hr/> 71,733
<b>Total equity and liabilities</b>	<hr/> <b>208,195</b>	<hr/> <b>201,447</b>
<b>Net assets per share (RM)</b>	0.22	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 2022.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	30/09/2022	30/09/2021		30/09/2022	30/09/2021	
	RM'000	RM'000		RM'000	RM'000	
<b>Continuing operations</b>						
Revenue	47,094	40,186	17.2	47,094	40,186	17.2
Operating (loss)/profit	(1,329)	1,160	(214.6)	(1,329)	1,160	(214.6)
Interest expense	(343)	(322)	6.5	(343)	(322)	6.5
<b>(Loss)/Profit before tax</b>	<b>(1,672)</b>	<b>838</b>	<b>(299.5)</b>	<b>(1,672)</b>	<b>838</b>	<b>(299.5)</b>
Income tax expense	(295)	(236)	25.0	(295)	(236)	25.0
<b>Net (Loss)/Profit for the period</b>	<b>(1,967)</b>	<b>602</b>	<b>(426.7)</b>	<b>(1,967)</b>	<b>602</b>	<b>(426.7)</b>
<b>Other comprehensive income, net of tax</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	1,082	866		1,082	866	
<b>Total comprehensive income for the period</b>	<b>(885)</b>	<b>1,468</b>		<b>(885)</b>	<b>1,468</b>	
<b>(Loss)/Profit for the period attributable to :</b>						
Owners of the parent	(1,967)	602		(1,967)	602	
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	(885)	1,468		(885)	1,468	
<b>Basic and diluted (loss)/earning per ordinary share (sen)</b>	<b>(0.36)</b>	<b>0.12</b>		<b>(0.36)</b>	<b>0.12</b>	

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 2022.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

	← Non-distributable →				Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000		
<b>At 1 July 2021</b>	97,903	(4,936)	-	-	34,438	127,405
Foreign currency translation difference for foreign operations	-	1,269	-	-	-	1,269
<b>Total comprehensive income for the year</b>	-	1,269	-	-	-	1,269
Profit for the financial year	-	-	-	-	2,027	2,027
Total comprehensive income for the year	-	1,269	-	-	2,027	3,296
Transaction with owners :						
Dividend paid	-	-	-	-	(987)	(987)
	-	-	-	-	(987)	(987)
<b>At 30 June 2022</b>	97,903	(3,667)	-	-	35,478	129,714
<b>At 1 July 2022</b>	97,903	(3,667)	-	-	35,478	129,714
Foreign currency translation difference for foreign operations	-	1,082	-	-	-	1,082
<b>Total comprehensive income for the period</b>	-	1,082	-	-	-	1,082
Loss for the financial period	-	-	-	-	(1,967)	(1,967)
Total comprehensive income for the period	-	1,082	-	-	(1,967)	(885)
Transaction with owners :						
Issuance of ordinary shares	15,834	-	2,093	(2,093)	-	15,834
	15,834	-	2,093	(2,093)	-	15,834
<b>At 30 September 2022</b>	113,737	(2,585)	2,093	(2,093)	33,511	144,663

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 2022.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

	<i>Current Period-to-date Period Ended 30/09/2022 RM'000</i>	<i>Preceding Year-to-date Year Ended 30/06/2022 RM'000</i>
<b>Cash flows from operating activities</b>		
<b>(Loss)/Profit before tax from continuing operations</b>	(1,672)	2,934
Adjustments for :		
Allowance for expected credit loss on trade and other receivables	-	107
Allowance for inventories obsolescence	-	37
Depreciation of property, plant and equipment	1,086	4,155
Depreciation of right-of-use assets	106	476
Gain on disposal of property, plant and equipment	-	(390)
Gain on lease termination	-	(6)
Gain on lease modification	-	(2)
Impairment loss on property, plant and equipment	-	156
Interest expense	343	1,171
Interest income	(7)	(59)
Provision of staff termination benefits	-	306
Reversal of allowance for expected credit losses on trade and other receivables	-	(1,147)
Reversal of allowance for inventories obsolescences	-	(563)
Unrealised loss on foreign exchange	150	433
<b>Operating profit before changes in working capital</b>	6	7,608
<b>Changes in working capital :</b>		
Inventories	3,220	(4,374)
Receivables	(456)	(3,446)
Payables	(11,178)	4,241
Cash (used in)/generated from operations	(8,408)	4,029
Interest received	7	59
Interest paid	(343)	(1,171)
Tax refund	-	40
Tax paid	(228)	(1,031)
<b>Net cash (used in)/from operating activities</b>	(8,972)	1,926
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(479)	(5,946)
Acquisition of right-of-use assets	-	(85)
Proceeds from disposal of property, plant and equipment	-	930
<b>Net cash used in investing activities</b>	(479)	(5,101)
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders	-	(987)
Proceeds from issuance of ordinary shares	15,833	-
Drawdown/(Repayment) of bank borrowings	2,940	(1,780)
Payment for the principal portion of lease liabilities	(72)	(337)
<b>Net cash from/(used in) financing activities</b>	18,701	(3,104)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	9,250	(6,279)
<b>Cash and cash equivalents at the beginning of the financial period/year</b>	7,507	13,756
<b>Effect of exchange rate changes on cash and bank balances</b>	(184)	30
<b>Cash and cash equivalents at end of the financial period/year</b>	16,573	7,507

# REX INDUSTRY BHD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

Cash and cash equivalents comprise of the following:-

	30/09/2022	30/06/2022
	RM'000	RM'000
Cash and bank balances	5,656	7,890
Fixed deposit with licensed bank	906	900
Money market fund	12,139	-
	<hr/>	<hr/>
	18,701	8,790
Less: Bank overdrafts	(2,128)	(1,283)
	<hr/>	<hr/>
	16,573	7,507

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 2022.

# 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 2022 (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 2022. 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 2022. 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.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

#### a) Accounting pronouncements that are effective and adopted during the financial period

Amendments to MFRS 9, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Perform – (Phase 2)
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

The adoption of the above did not have any significant effect on the financial statements of the Group and of the Company.

#### b) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective Date after
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 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	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 year. 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 2022 was not qualified.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

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### 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 for the current quarter under review and the financial period to date except for the Company increased its issued and paid up ordinary share capital by issuance of 164,417,645 new ordinary shares of RM0.10 per rights share together with 54,805,881 Warrants on 30 August 2022.

### 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

Period ended 30 September 2022

	Revenue RM'000	Non-current assets RM'000
Malaysia	19,660	77,267
United States of America	21,800	-
Europe	4,347	-
Asia (Excludes Malaysia)	1,287	15,321
Consolidated	<u>47,094</u>	<u>92,588</u>

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

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### 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 2022.

### 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

	30/09/2022 RM'000	30/06/2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	41,107	41,398

### 13. Capital commitment

Authorised capital expenditure not provided for in the interim financial report at the end of the current quarter under review is as follows:

	30/09/2022 RM'000
<b>Approved and contracted for:</b>	
- Machineries	2,267

### 14. Review of earnings and / or revenue of the Company and its subsidiaries for current quarter and financial period-to-date

	3 months ended 30/09/2022 RM'000	3 months ended 30/09/2021 RM'000
<b>Revenue</b>	47,094	40,186
<b>(Loss)/Profit before tax</b>	(1,672)	838

The Group recorded a 17.2% increase in revenue to RM 47.1 million for the 1st quarter ended 30 Sept 2022 from RM40.2 million in the corresponding quarter last year. The increase in turnover was mainly due to higher sales from the foreign subsidiary in current quarter under review.

The Group recorded loss before tax of RM 1.7 million compared to profit before tax of RM 0.8 million generated in the corresponding quarter last year despite higher revenue in the current quarter. The loss before tax was mainly due to escalating costs of material, higher freight cost and the effect of a weakening in Ringgit that impacted local subsidiaries' financial performance.



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (Unaudited)

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

	3 months ended 30/09/2022 RM'000	3 months ended 30/06/2022 RM'000
Revenue	47,094	40,902
(Loss)/Profit before tax	(1,672)	258

The Group recorded a 15.1% increase in revenue to RM47.1 million for the 1st quarter ended 30 Sept 2022 from RM40.9 million in the preceding quarter. The increase in turnover was mainly due to higher sales from the oversea subsidiary in the current quarter under review.

The loss before tax that the Group recorded of RM 1.7 million as compared to profit before tax of RM 0.3 million in the preceding quarter was mainly due to loss incurred by local subsidiaries from significant increase in cost of material, higher freight cost and the effect of a weakening in Ringgit.

### 16. Current year prospects

The Group expects the environment for the Food & Beverage industry to remain challenging especially in the near future. The high raw material cost, escalating freight charges and specially volatility of the Ringgit are expected to impact on our business, while rising inflationary pressures will continue to impact consumer spending.

We will endeavour to cushion the impact of increased cost pressures to our business by practising tight management of operations for efficiencies and prudent cost minimisation.

Going forward, the Group will remain focused on driving sustainable growth. We will continue to improve our production efficiency by investing in automation where appropriate, lessen the impact on our bottom line through diligent cost management measures and enhance margins with the right product mix as well as through selective price adjustments where possible. We continue to focus on strengthening our market position with these strategies.

### 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	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
<b>Current income tax</b>				
Malaysia	-	-	-	-
Overseas	(299)	(240)	(299)	(240)
	<u>(299)</u>	<u>(240)</u>	<u>(299)</u>	<u>(240)</u>
<b>Deferred tax</b>				
Reversal of temporary differences	4	4	4	4
	<u>(295)</u>	<u>(236)</u>	<u>(295)</u>	<u>(236)</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 2022 ( 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 had on 30 August 2022 completed a Renounceable Rights Issue of 164,417,645 new ordinary shares on the basis of 1 Rights Shares for every 3 existing Rex Shares held together with 54,805,881 free detachable Warrants on the basis of 1 Warrant for every 3 Rights Shares subscribed on the main board of Bursa Securities. The Renounceable Rights Issue with warrants had raised a gross proceeds of RM16.44 million. Status of utilisation of proceeds derived from the corporate proposal by the company as at the end of the reporting period are as follows:-

Details of utilisation	Proposed utilisation	Actual utilisation	Unutilised proceeds	Estimated Timeframe for utilisation
	RM'000	RM'000	RM'000	
Business expansion	10,000	-	10,000	within 18 months
Working capital	5,882	(2,221)	3,661	within 12 months
Expenses for corporate exercise	560	(560)	-	
	<u>16,442</u>	<u>(2,781)</u>	<u>13,661</u>	

### 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
<b>As at 30 September 2022</b>		
<b>Denominated in RM</b>		
Bank overdraft	2,128	-
Bankers' acceptance	7,443	-
Revolving credit	3,000	-
Term loans	1,255	8,960
<b>Denominated in USD</b>		
Bankers' acceptance	8,804	-
	<u>22,630</u>	<u>8,960</u>
<b>As at 30 June 2022</b>		
<b>Denominated in RM</b>		
Bank overdraft	1,283	-
Bankers' acceptance	4,264	-
Revolving credit	3,000	-
Term loans	1,240	9,272
<b>Denominated in USD</b>		
Bankers' acceptance	8,745	-
	<u>18,532</u>	<u>9,272</u>

### 22. Changes in material litigation

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

# REX INDUSTRY BHD

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022 ( Unaudited )

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### 23. Dividends

The Board of directors did not recommend any dividend in respect of the financial period ended 30 September 2022.

### 24. (Loss)/Profit before tax

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
(Loss)/Profit before tax is arrived at after charging / (crediting) :				
Depreciation of property, plant and equipment	1,086	984	1,086	984
Depreciation of right-of-use assets	106	113	106	113
Loss on disposal of property, plant and equipment	-	37	-	37
Interest expense	343	322	343	322
Interest income	(7)	(29)	(7)	(29)
Realised (gain)/loss on foreign exchange	(39)	42	(39)	42
Unrealised loss on foreign exchange	150	4	150	4

### 25. (Loss)/Profit per ordinary share

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

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
(Loss)/Profit after tax attributable to owners of the parent (RM'000)	(1,967)	602	(1,967)	602
Weighted average number of shares in issue ('000)	548,655	493,252	548,655	493,252
(Loss)/Profit per ordinary share (sen)	(0.36)	0.12	(0.36)	0.12

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