

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023 ( Unaudited )

	<i>As at</i> 31/03/2023	<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	78,455	80,378
Right-of-use assets	5,672	5,605
Goodwill on consolidation	7,037	7,037
	91,164	93,020
<b>Current assets</b>		
Inventories	64,042	58,317
Trade and other receivables	34,897	41,159
Tax recoverable	177	161
Cash and cash equivalents	21,269	8,790
	120,385	108,427
<b>Total assets</b>	<b>211,549</b>	<b>201,447</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	113,717	97,903
Warrant reserve	2,093	-
Other reserve	(2,093)	-
Exchange reserve	(4,371)	(3,667)
Retained earnings	29,839	35,478
<b>Total equity</b>	<b>139,185</b>	<b>129,714</b>
<b>Non-current liabilities</b>		
Borrowings	8,309	9,272
Deferred tax liabilities	1,481	1,492
Lease liabilities	495	390
	10,285	11,154
<b>Current Liabilities</b>		
Borrowings	24,408	18,532
Trade and other payables	36,870	41,098
Contract liabilities	535	596
Lease liabilities	250	273
Tax payable	16	80
	62,079	60,579
<b>Total liabilities</b>	<b>72,364</b>	<b>71,733</b>
<b>Total equity and liabilities</b>	<b>211,549</b>	<b>201,447</b>
<b>Net assets per share (RM)</b>	<b>0.21</b>	<b>0.26</b>
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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 2022.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	31/03/2023	31/03/2022		31/03/2023	31/03/2022	
	RM'000	RM'000		RM'000	RM'000	
<b>Continuing operations</b>						
Revenue	36,077	39,499	-9%	125,135	120,209	4%
Operating (loss)/profit	(1,193)	1,042	-214%	(3,702)	3,556	-204%
Interest expense	(400)	(289)	38%	(1,153)	(880)	31%
<b>(Loss)/Profit before tax</b>	<b>(1,593)</b>	<b>753</b>	<b>-312%</b>	<b>(4,855)</b>	<b>2,676</b>	<b>-281%</b>
Income tax expense	(217)	(214)	1%	(784)	(707)	11%
<b>Net (Loss)/Profit for the period</b>	<b>(1,810)</b>	<b>539</b>	<b>-436%</b>	<b>(5,639)</b>	<b>1,969</b>	<b>-386%</b>
<b>Other comprehensive income, net of tax</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	1,237	133		(704)	889	
<b>Total comprehensive income for the period</b>	<b>(573)</b>	<b>672</b>		<b>(6,343)</b>	<b>2,858</b>	
<b>(Loss)/Profit for the period attributable to :</b>						
Owners of the parent	(1,810)	539		(5,639)	1,969	
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	(573)	672		(6,343)	2,858	
<b>Basic and diluted (loss)/earning per ordinary share (sen)</b>	<b>(0.29)</b>	<b>0.11</b>		<b>(0.91)</b>	<b>0.40</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 31 MARCH 2023 ( Unaudited )

	← Non- distributable →					
	<i>Share capital</i>	<i>Translation reserve</i>	<i>Warrant reserve</i>	<i>Other reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>At 1 July 2021</b>	97,903	(4,936)	-	-	34,437	127,404
Foreign currency translation difference for foreign operations	-	1,269	-	-	-	1,269
<b>Total comprehensive income for the period</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	-	-	-	-	(986)	(986)
	-	-	-	-	(986)	(986)
<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	-	(704)	-	-	-	(704)
<b>Total comprehensive loss for the period</b>	-	(704)	-	-	-	(704)
Loss for the financial period	-	-	-	-	(5,639)	(5,639)
Total comprehensive loss for the period	-	(704)	-	-	(5,639)	(6,343)
Transaction with owners :						
Issuance of ordinary shares	15,814	-	2,093	(2,093)	-	15,814
	15,814	-	2,093	(2,093)	-	15,814
<b>At 31 March 2023</b>	113,717	(4,371)	2,093	(2,093)	29,839	139,185

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 31 MARCH 2023 ( Unaudited )

	<i>Current Period-to-date Period Ended 31/03/2023 RM'000</i>	<i>Preceding Year-to-date Year Ended 30/06/2022 RM'000</i>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax from continuing operations	(4,855)	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	3,454	4,155
Depreciation of right-of-use assets	319	476
Gain on disposal of property, plant and equipment	-	(390)
Gain on lease termination	-	(6)
Gain on lease modification	-	(2)
Reversal of impairment loss on property, plant and equipment	(9)	156
Interest expense	1,153	1,171
Interest income	(90)	(59)
Provision of termination benefits	-	306
Reversal of allowance for expected credit losses on trade and other receivables	-	(1,147)
Reversal of allowance for inventories obsolescences	(6)	(563)
Unrealised loss on foreign exchange	91	433
<b>Operating profit before changes in working capital</b>	57	7,608
<b>Changes in working capital :</b>		
Inventories	(6,412)	(4,374)
Receivables	4,504	(3,446)
Payables	(2,575)	4,240
Cash (used in)/generated from operations	(4,426)	4,028
Interest received	90	59
Interest paid	(1,153)	(1,171)
Tax refund	-	40
Tax paid	(874)	(1,031)
<b>Net cash (used in)/from operating activities</b>	(6,363)	1,925
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,093)	(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>	(2,093)	(5,101)
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders	-	(986)
Proceeds from issuance of ordinary shares	15,814	-
Drawdown/(Repayment) of bank borrowings	4,821	(1,780)
Payment for the principal portion of lease liabilities	(219)	(337)
<b>Net cash from/(used in) financing activities</b>	20,416	(3,103)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	11,960	(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>	123	30
<b>Cash and cash equivalents at end of the financial period/year</b>	19,590	7,507

# REX INDUSTRY BHD

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

## **CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )**

Cash and cash equivalents comprise of the following:-

	31/03/2023	30/06/2022
	RM'000	RM'000
Cash and bank balances	12,912	7,890
Fixed deposit with licensed bank	1,255	900
Money market deposit	7,102	-
	<hr/>	<hr/>
	21,269	8,790
Less: Bank overdrafts	(1,679)	(1,283)
	<hr/>	<hr/>
	19,590	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 31 MARCH 2023 ( Unaudited )**

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### **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 31 MARCH 2023 ( 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 31 March 2023**

	<b>Revenue</b> RM'000	<b>Non-current assets</b> RM'000
Malaysia	50,992	75,821
United States of America	56,098	-
Europe	14,200	-
Asia (Excludes Malaysia)	3,845	15,343
Consolidated	<u>125,135</u>	<u>91,164</u>

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 ( 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

	31/03/2023 RM'000	30/06/2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	40,327	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:

	31/03/2023 RM'000
<b>Approved and contracted for:</b>	
- Machineries	2,617

### 14. Significant related party transactions

The Group carried out the following significant transactions with the related parties during the current quarter:

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
<b>Services from related parties</b>				
- Providing of vehicle fleet management services	24	10	63	58
- Transportation, freight handling services and warehouse management	1,551	1,709	4,276	3,795
- Purchase of tickets and tour arrangement	16	3	59	14



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )

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

	3 months ended 31/03/2023 RM'000	3 months ended 31/03/2022 RM'000
Revenue	36,077	39,499
(Loss)/ Profit before tax	(1,593)	753

The Group recorded a 8.7% decrease in revenue to RM 36.1 million for the 3rd quarter ended 31 March 2023 from RM39.5 million in the corresponding quarter last year. The decrease in turnover was mainly due to lower sales from the local subsidiaries in current quarter under review.

The Group recorded loss before tax of RM 1.6 million compared to profit before tax of RM 0.8 million generated in the corresponding quarter last year. The loss before tax was mainly due to escalating input cost and the effect of a weakening Ringgit.

### 16. Material change in Loss Before Taxation reported on as compared with the immediate preceding quarter

	3 months ended 31/03/2023 RM'000	3 months ended 31/12/2022 RM'000
Revenue	36,077	41,964
Loss before tax	(1,593)	(1,590)

The Group recorded a 14.0% decrease in revenue to RM36.1 million for the 3rd quarter ended 31 March 2023 from RM41.9 million in the preceding quarter. The decrease in turnover was mainly due to lower sales from the local and overseas subsidiaries in the current quarter under review.

Despite the lower revenue, the Group's loss before tax of RM1.6 million is similar to the loss in the preceding quarter due to cost optimisation initiatives taken.

### 17. Current year prospects

The Group expects the next 6 months to remain challenging as a result of the volatile economic conditions due to continued inflationary pressures, uncertainty in commodity markets and the recent disruptions of financial markets in United State and Europe. The upsurge in utility, labour and raw material costs are additional headwinds plaguing the business.

The Group will continue to focus on improving the efficiency of operations as well as introduce measures to minimise the operating costs and where possible to keep costs under control. In this regard, the Group will review monthly expenditures, seek more competitive prices of raw materials as far as is possible and implement other operational cost reduction initiatives.

In order to drive operational efficiencies and cost optimisation, the Group is exploring outsourcing certain products to third parties. The Group is also considering additional capital investment to upgrade and enhance current production facilities.

We will continue to invest in our brands and product innovation to drive sustainable growth.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )

### 18. Variance of actual and forecast profit

Not applicable as no profit forecast was published.

### 19. Tax expense

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
<b>Current income tax</b>				
Malaysia	-	-	-	-
Overseas	(221)	(218)	(795)	(719)
	<u>(221)</u>	<u>(218)</u>	<u>(795)</u>	<u>(719)</u>
<b>Deferred tax</b>				
Reversal of temporary differences	4	4	11	12
	<u>(217)</u>	<u>(214)</u>	<u>(784)</u>	<u>(707)</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.

### 20. 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.

### 21. 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	(2,620)	7,380	within 18 months
Working capital	5,882	(5,882)	-	
Expenses for corporate exercise	560	(560)	-	
	<u>16,442</u>	<u>(9,062)</u>	<u>7,380</u>	

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )

### 22. Group borrowings

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

As at 31 March 2023	Payable within 12 months RM'000	Payable after 12 months RM'000
<b>Denominated in RM</b>		
Bank overdraft	1,679	-
Bankers' acceptance	8,131	-
Revolving credit	3,000	-
Term loans	1,304	8,309
<b>Denominated in USD</b>		
Bankers' acceptance	10,294	-
	<u>24,408</u>	<u>8,309</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>

### 23. Changes in material litigation

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

### 24. Dividends

The Board of directors did not recommend any dividend in respect of the financial period ended 31 March 2023.

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

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	1,212	1,090	3,454	3,144
Depreciation of right-of-use assets	108	130	319	373
Loss on disposal of property, plant and equipment	-	-	-	25
Reversal of impairment on property, plant and equipment	(9)	-	(9)	-
Interest expense	400	289	1,153	880
Interest income	(41)	(16)	(90)	(59)
Reversal of allowance for inventories obsolescence	(6)	-	(6)	-
Realised (gain)/loss on foreign exchange	(92)	(18)	292	18
Unrealised loss on foreign exchange	76	56	91	142

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023 ( Unaudited )**

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### **26. Earnings per ordinary share**

The earnings 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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
<b>Basic earnings per share:</b>				
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,810)	539	(5,639)	1,969
Weighted average number of shares in issue ('000)	621,066	493,252	621,066	493,252
Basic (loss)/earnings per share (sen)	(0.29)	0.11	(0.91)	0.40

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.