

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023 ( Unaudited )

	<i>As at</i> 30/06/2023	<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	57,707	80,378
Right-of-use assets	5,568	5,605
Goodwill on consolidation	7,037	7,037
	<hr/> 70,312	<hr/> 93,020
<b>Current assets</b>		
Inventories	58,046	58,317
Trade and other receivables	31,549	41,159
Tax recoverable	187	161
Cash and cash equivalents	18,364	8,790
	<hr/> 108,146	<hr/> 108,427
<b>Total assets</b>	<hr/> <b>178,458</b>	<hr/> <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	(1,569)	(3,667)
Retained earnings	(8,587)	35,478
<b>Total equity</b>	<hr/> 103,561	<hr/> 129,714
<b>Non-current liabilities</b>		
Borrowings	8,179	9,272
Deferred tax liabilities	1,477	1,492
Lease liabilities	478	390
	<hr/> 10,134	<hr/> 11,154
<b>Current Liabilities</b>		
Borrowings	23,586	18,532
Trade and other payables	40,178	41,098
Contract liabilities	740	596
Lease liabilities	178	273
Tax payable	81	80
	<hr/> 64,763	<hr/> 60,579
<b>Total liabilities</b>	<hr/> 74,897	<hr/> 71,733
<b>Total equity and liabilities</b>	<hr/> <b>178,458</b>	<hr/> <b>201,447</b>
<b>Net assets per share (RM)</b>	0.16	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 YEAR ENDED 30 JUNE 2023 ( Unaudited )

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	30/06/2023	30/06/2022		30/06/2023	30/06/2022	
	RM'000	RM'000		RM'000	RM'000	
<b>Continuing operations</b>						
Revenue	37,527	40,902	-8%	162,662	161,111	1%
Operating (loss)/profit	(38,094)	549	-7039%	(41,796)	4,105	-1118%
Interest expense	(463)	(291)	59%	(1,616)	(1,171)	38%
<b>(Loss)/profit before tax</b>	<b>(38,557)</b>	<b>258</b>	<b>-15045%</b>	<b>(43,412)</b>	<b>2,934</b>	<b>-1580%</b>
Income tax expense	(203)	(200)	2%	(987)	(907)	9%
<b>Net (Loss)/profit for the year</b>	<b>(38,760)</b>	<b>58</b>	<b>-66928%</b>	<b>(44,399)</b>	<b>2,027</b>	<b>-2290%</b>
<b>Other comprehensive income, net of tax</b>						
Foreign currency translation	2,802	380		2,098	1,269	
Defined benefit plan actuarial gain	334	-		334	-	
<b>Total other comprehensive income for the year</b>	<b>3,136</b>	<b>380</b>		<b>2,432</b>	<b>1,269</b>	
<b>Total comprehensive income for the year</b>	<b>(35,624)</b>	<b>438</b>		<b>(41,967)</b>	<b>3,296</b>	
<b>(Loss)/profit for the period attributable to :</b>						
Owners of the parent	(38,760)	58		(44,399)	2,027	
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	(35,624)	438		(41,967)	3,296	
<b>Basic and diluted (loss)/earning per ordinary share (sen)</b>	<b>(5.89)</b>	<b>0.01</b>		<b>(7.05)</b>	<b>0.38</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 YEAR ENDED 30 JUNE 2023 ( Unaudited )

	Share capital RM'000	Translation reserve RM'000	← Non-distributable → Warrant reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity RM'000
<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 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	-	-	-	-	(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	-	2,098	-	-	-	2,098
Defined benefit plan actuarial gain	-	-	-	-	334	334
<b>Total comprehensive income for the year</b>	-	2,098	-	-	334	2,432
Loss for the financial year	-	-	-	-	(44,399)	(44,399)
Total comprehensive loss for the year	-	2,098	-	-	(44,065)	(41,967)
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 30 June 2023</b>	113,717	(1,569)	2,093	(2,093)	(8,587)	103,561

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 YEAR ENDED 30 JUNE 2023 ( Unaudited )

	<i>Current Period-to-date Period Ended 30/06/2023 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>	(43,412)	2,934
Adjustments for :		
Allowance/ (reversal) for expected credit loss on trade and other receivables	671	(1,040)
Allowance/ (reversal) for inventories obsolescence	4,611	(526)
Depreciation of property, plant and equipment	4,239	4,155
Depreciation of right-of-use assets	418	476
Gain on disposal of property, plant and equipment	-	(390)
Gain on lease termination	(2)	(6)
Gain on lease modification	-	(2)
Impairment loss on property, plant and equipment	20,633	156
Interest expense	1,617	1,171
Interest income	(149)	(59)
Provision of termination benefits	900	306
Unrealised loss on foreign exchange	790	433
Written off deposit for purchase of machineries	2,267	-
<b>Operating profit before changes in working capital</b>	(7,417)	7,608
<b>Changes in working capital :</b>		
Inventories	(2,266)	(4,374)
Receivables	6,572	(3,446)
Payables	(2,186)	4,240
Cash (used in)/generated from operations	(5,297)	4,028
Interest received	149	59
Interest paid	(1,617)	(1,171)
Tax refund	-	40
Tax paid	(1,030)	(1,031)
<b>Net cash (used in)/from operating activities</b>	(7,795)	1,925
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,674)	(5,946)
Acquisition of right-of-use assets	(90)	(85)
Proceeds from disposal of property, plant and equipment	-	930
<b>Net cash used in investing activities</b>	(1,764)	(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	2,716	(1,780)
Payment for the principal portion of lease liabilities	(288)	(337)
<b>Net cash from/(used in) financing activities</b>	18,242	(3,103)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	8,683	(6,279)
<b>Cash and cash equivalents at the beginning of the financial year</b>	7,507	13,756
<b>Effect of exchange rate changes on cash and bank balances</b>	101	30
<b>Cash and cash equivalents at end of the financial year</b>	16,291	7,507

# REX INDUSTRY BHD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023 ( Unaudited )

Cash and cash equivalents comprise of the following:-

	30/06/2023 RM'000	30/06/2022 RM'000
Cash and bank balances	11,507	7,890
Fixed deposit with licensed bank	936	900
Money market deposit	5,921	-
	<hr/>	<hr/>
	18,364	8,790
Less: Bank overdrafts	(2,073)	(1,283)
	<hr/>	<hr/>
	16,291	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 YEAR ENDED 30 JUNE 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 year**

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
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 YEAR ENDED 30 JUNE 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 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 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	Revenue RM'000	Non-current assets RM'000
<b>Year ended 30 June 2023</b>		
Malaysia	65,231	54,207
United States of America	71,693	-
Europe	21,215	-
Asia (Excludes Malaysia)	4,523	16,105
Consolidated	<u>162,662</u>	<u>70,312</u>

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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

	30/06/2023 RM'000	30/06/2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	39,980	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:

	30/06/2023 RM'000
<b>Approved and contracted for:</b>	
- Machineries	362

### 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	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b>Services from related parties</b>				
- Providing of vehicle fleet management services	13	37	76	95
- Transportation, freight handling services and warehouse management	1,141	881	5,417	4,676
- Purchase of tickets and tour arrangement	1	10	60	24



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023 ( Unaudited )

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

	3 months ended 30/06/2023 RM'000	3 months ended 30/06/2022 RM'000
Revenue	37,527	40,902
(Loss)/ profit before tax	(38,557)	258

The Group recorded a 8.2% decrease in revenue to RM37.5 million for the 4th quarter ended 30 June 2023 from RM40.9 million in the corresponding quarter last year. The reduction in revenue was mainly due to lower demand in the current quarter under review.

The Group recorded loss before tax of RM38.6 million compared to profit before tax of RM0.2 million generated in the corresponding quarter last year. The loss before tax was mainly due to decommissioning of Bukit Minyak production facility in line with the business rationalisation plan. This resulted in a one-off impairment of the plant's fixed assets, provision allowance of inventories obsolescence and staff retrenchment cost. This coupled with the continuous higher input cost and the effect of a weakening Ringgit were also contributing factors to the loss.

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

	3 months ended 31/06/2023 RM'000	3 months ended 31/03/2023 RM'000
Revenue	37,527	36,077
Loss before tax	(38,557)	(1,593)

The Group recorded a 4.0% increase in revenue to RM37.5 million for the 4th quarter ended 30 June 2023 from RM36.0 million in the preceding quarter. The increase in turnover was due to higher sales from the local subsidiary offset by lower revenue in the oversea subsidiary.

Despite the higher revenue, the Group's loss before tax of RM38.6 million was mainly due to the one-off impairment of the plant's fixed assets, provision allowance of inventories obsolescence and staff retrenchment cost following the decommissioning plan of Bukit Minyak Production facility. The weakening of the Ringgit and escalation of input cost were also factors contributing to the loss.

### 17. Current year prospects

The Group expects the next 6 months to remain challenging due to uncertainty in the commodity market, weakening of the Ringgit and inflationary pressures on input cost impacting on consumer demand.

With the implementation of the business rationalisation plan, the Group expects to improve the financial position moving forward.

The Group will further explore outsourcing certain products to third parties and continue to invest in our brands & product innovation to drive sustainable growth.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
<b>Current income tax</b>				
Malaysia	-	-	-	-
Overseas	(207)	(204)	(1,002)	(923)
	<u>(207)</u>	<u>(204)</u>	<u>(1,002)</u>	<u>(923)</u>
<b>Deferred tax</b>				
Reversal of temporary differences	4	4	15	16
	<u>(203)</u>	<u>(200)</u>	<u>(987)</u>	<u>(907)</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 YEAR ENDED 30 JUNE 2023 ( Unaudited )

### 22. Group borrowings

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

As at 30 June 2023	Payable within	Payable after
	12 months RM'000	12 months RM'000
<b>Denominated in RM</b>		
Bank overdraft	2,073	-
Bankers' acceptance	7,869	-
Revolving credit	3,000	-
Term loans	1,174	8,179
<b>Denominated in USD</b>		
Bankers' acceptance	9,470	-
	<u>23,586</u>	<u>8,179</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 year ended 30 June 2023.

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

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
(Loss)/ profit before tax is arrived at after charging/(crediting):				
Allowance/ (reversal) for expected credit loss on trade and other receivables	671	(1,040)	671	(1,040)
Allowance/ (reversal) for inventories obsolescence	4,617	(526)	4,611	(526)
Depreciation of property, plant and equipment	785	1,011	4,239	4,155
Depreciation of right-of-use assets	99	103	418	476
Gain on disposal of property, plant and equipment	-	(415)	-	(390)
Impairment on property, plant and equipment	20,642	156	20,633	156
Interest expense	464	291	1,617	1,171
Interest income	(59)	-	(149)	(59)
Provision of termination benefits	900	-	900	306
Realised (gain)/loss on foreign exchange	73	(72)	365	(54)
Unrealised loss on foreign exchange	699	291	790	433
Written off deposit for purchase of machineries	2,267	-	2,267	-

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
<b>Basic earnings per share:</b>				
(Loss)/ profit after tax attributable to owners of the Company (RM'000)	(38,760)	58	(44,399)	2,027
Weighted average number of shares in issue ('000)	657,671	493,252	630,193	530,215
Basic (loss)/ earnings per share (sen)	(5.89)	0.01	(7.05)	0.38

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.