

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023 (Unaudited)

	<i>As at</i> 30/09/2023	<i>As at</i> 30/06/2023
	<i>RM'000</i>	<i>RM'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	52,618	52,239
Right-of-use assets	5,474	5,577
Investment properties	5,506	5,506
Goodwill on consolidation	7,037	7,037
	<hr/> 70,635	<hr/> 70,359
Current assets		
Inventories	51,538	58,046
Trade and other receivables	29,833	31,549
Tax recoverable	287	187
Cash and cash equivalents	14,788	18,364
	<hr/> 96,446	<hr/> 108,146
Total assets	<hr/> 167,081	<hr/> 178,505
EQUITY AND LIABILITIES		
Equity		
Share capital	113,717	113,717
Warrant reserve	2,093	2,093
Other reserve	(2,093)	(2,093)
Exchange reserve	(2,570)	(1,569)
Retained earnings	(9,035)	(8,586)
	<hr/> 102,112	<hr/> 103,562
Non-current liabilities		
Borrowings	7,721	8,179
Deferred tax liabilities	1,474	1,477
Lease liabilities	446	478
	<hr/> 9,641	<hr/> 10,134
Current Liabilities		
Borrowings	23,487	23,587
Trade and other payables	28,724	37,620
Contract liabilities	2,904	3,296
Lease liabilities	213	226
Tax payable	-	80
	<hr/> 55,328	<hr/> 64,809
Total liabilities	<hr/> 64,969	<hr/> 74,943
Total equity and liabilities	<hr/> 167,081	<hr/> 178,505
Net assets per share (RM)	0.16	0.16
	-	-

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 2023.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	30/09/2023	30/09/2022		30/09/2023	30/09/2022	
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Revenue	37,303	47,094	-21%	37,303	47,094	-21%
Operating profit/(loss)	98	(1,329)	-107%	98	(1,329)	-107%
Interest expense	(481)	(343)	40%	(481)	(343)	40%
Loss before tax	(383)	(1,672)	-77%	(383)	(1,672)	-77%
Income tax expense	(66)	(295)	-78%	(66)	(295)	-78%
Net Loss for the period	(449)	(1,967)	-77%	(449)	(1,967)	-77%
Other comprehensive income, net of tax						
Foreign currency translation	(1,001)	1,082		(1,001)	1,082	
Defined benefit plan actuarial gain	-	-		-	-	
Total other comprehensive income for the period	(1,001)	1,082		(1,001)	1,082	
Total comprehensive income for the period	(1,450)	(885)		(1,450)	(885)	
Loss for the period attributable to :						
Owners of the parent	(449)	(1,967)		(449)	(1,967)	
Total comprehensive income attributable to :						
Owners of the parent	(1,450)	(885)		(1,450)	(885)	
Basic and diluted loss per ordinary share (sen)	(0.07)	(0.36)		(0.07)	(0.36)	

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 2023.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

	← Non-distributable →				Accumulated losses RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000		
At 1 July 2022	97,903	(3,667)	-	-	35,478	129,714
Foreign currency translation difference for foreign operations	-	2,098	-	-	-	2,098
Defined benefit plan actuarial gain	-	-	-	-	335	335
Total other comprehensive income for the year	-	2,098	-	-	335	2,433
Loss for the financial year	-	-	-	-	(44,399)	(44,399)
Total comprehensive income for the year	-	2,098	-	-	(44,064)	(41,966)
Transaction with owners of the company:						
Rights issue with warrants, net of transaction cost	15,814	-	2,093	(2,093)	-	15,814
	15,814	-	2,093	(2,093)	-	15,814
At 30 June 2023	113,717	(1,569)	2,093	(2,093)	(8,586)	103,562
At 1 July 2023	113,717	(1,569)	2,093	(2,093)	(8,586)	103,562
Foreign currency translation difference for foreign operations	-	(1,001)	-	-	-	(1,001)
Total other comprehensive income for the period	-	(1,001)	-	-	-	(1,001)
Loss for the financial period	-	-	-	-	(449)	(449)
Total comprehensive income for the period	-	(1,001)	-	-	(449)	(1,450)
At 30 September 2023	113,717	(2,570)	2,093	(2,093)	(9,035)	102,112

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 2023.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

	<i>Current Period-to-date Period Ended 30/09/2023 RM'000</i>	<i>Preceding Period-to-date Year Ended 30/09/2022 RM'000</i>
Cash flows from operating activities		
Loss before tax	(383)	(1,672)
Adjustments for :		
Depreciation of property, plant and equipment	493	1,086
Depreciation of right-of-use assets	57	106
Interest expense	482	343
Interest income	(38)	(7)
Unrealised loss on foreign exchange	201	150
Operating profit before changes in working capital	812	6
Changes in working capital :		
Inventories	5,523	3,220
Receivables	1,208	(456)
Payables	(8,919)	(11,178)
Cash used in from operations	(1,376)	(8,408)
Interest received	38	7
Interest paid	(482)	(343)
Tax paid	(246)	(228)
Net cash used in operating activities	(2,066)	(8,972)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,088)	(479)
Net cash used in investing activities	(1,088)	(479)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	15,833
(Repayment)/Drawdown of bank borrowings	(489)	2,940
Payment for the principal portion of lease liabilities	(35)	(72)
Net cash (used in)/from financing activities	(524)	18,701
Net (decrease)/increase in cash and cash equivalents	(3,678)	9,250
Cash and cash equivalents at the beginning of the financial period	16,292	7,507
Effect of exchange rate changes on cash and bank balances	170	(184)
Cash and cash equivalents at end of the financial period	12,784	16,573

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/09/2023 RM'000	30/09/2022 RM'000
Cash and bank balances	8,553	5,656
Fixed deposit with licensed bank	1,300	906
Money market deposit	4,935	12,139
	<hr/>	<hr/>
	14,788	18,701
Less: Bank overdrafts	(2,004)	(2,128)
	<hr/>	<hr/>
	12,784	16,573

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 2023.

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 2023 (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 2023. 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 2023. 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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transactions

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:

Amendments to MFRS 107 and MFRS 7	Disclosures – Supplier Finance Arrangements	Effective Date after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
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 2023 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (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 current quarter.

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
Period ended 30 September 2023		
Malaysia	14,892	55,027
United States of America	16,880	-
Europe	3,240	-
Asia (Excludes Malaysia)	2,291	15,608
Consolidated	<u>37,303</u>	<u>70,635</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (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 2023.

10. Material events subsequent to the end of the reporting period

The Group had on 10 November 2023, announced that the Group entered into a conditional sales and purchase agreement for the disposal of the land and buildings located at plot 125 and plot 126, Jalan Perindustrian Bukit Minyak 5, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai, Pulau Pinang for a total disposal consideration of RM41.80 million ("Proposed Disposal").

The Proposed Disposal is subject to the following approvals being obtained:-

- (i) shareholders of Rex at an extraordinary general meeting to be convened;
- (ii) the consent of the Penang Development Corporation and Penang State Authority; and
- (iii) any other relevant authorities/ parties, if required.

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

	30/09/2023 RM'000	30/09/2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	31,208	31,590

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:

	30/09/2023 RM'000
Approved and contracted for:	
- Machineries	417

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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Services from related parties				
- Providing of vehicle fleet management services	25	19	25	19
- Transportation, freight handling services and warehouse management	904	1,288	904	1,288
- Purchase of tickets and tour arrangement	10	1	10	1

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

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

	3 months ended 30/09/2023 RM'000	3 months ended 30/09/2022 RM'000
Revenue	37,303	47,094
Loss before tax	(383)	(1,672)

The Group recorded a 20.8% reduction in revenue to RM37.3 million for the 1st quarter ended 30 September 2023 from RM47.0 million in the corresponding quarter last year. The decline in revenue was mainly due to lower demand in the current quarter under review.

The Group incurred lower loss before tax of RM0.4 million compared to loss before tax of RM1.7 million incurred in the corresponding quarter last year. The lower loss was mainly attributed to better operational efficiencies and the initiatives instituted from the business rationalisation plan.

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

	3 months ended 30/09/2023 RM'000	3 months ended 30/06/2023 RM'000
Revenue	37,303	37,527
Loss before tax	(383)	(38,557)

The Group recorded a revenue of RM37.3 million for the 1st quarter ended 30 September 2023 as compared against RM37.5 million in the preceding quarter.

For the current quarter under review, the Group recorded a loss before tax of RM0.4 million. The huge loss before tax of RM 38.5 million in the preceding quarter was due to additional cost incurred in relation to decommissioning of Bukit Minyak facility for one-off impairment of the plants' fixed assets, provision allowance of inventories obsolescence and staff retrenchment cost.

The initiatives instituted in the business rationalisation plan and better operational efficiencies had significantly contributed to the reduction in the current quarter loss.

17. Current year prospects

The Group expects the business environment in the current year to remain challenging due to continued uncertainties in the commodity markets, geo-political tensions, weakening of the Ringgit and consumer demand being impacted by inflationary pressures. Additionally, consumers are expected to down trade given the continued inflationary pressures and our Group will be poised to benefit because of our value proposition.

With our sales growing from strength to strength, the Group is confident in improving its financial position. Additionally, the ongoing business rationalisation plan to drive operational efficiencies and cost optimisation will positively contribute to the bottom line.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Current income tax				
Malaysia	-	-	-	-
Overseas	(69)	(299)	(69)	(299)
	<u>(69)</u>	<u>(299)</u>	<u>(69)</u>	<u>(299)</u>
Deferred tax				
Reversal of temporary differences	3	4	3	4
	<u>(66)</u>	<u>(295)</u>	<u>(66)</u>	<u>(295)</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	(3,811)	6,189	within 18 months
Working capital	5,882	(5,882)	-	
Expenses for corporate exercise	560	(560)	-	
	<u>16,442</u>	<u>(10,253)</u>	<u>6,189</u>	

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

22. Group borrowings

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

As at 30 September 2023	Payable within	Payable after
	12 months RM'000	12 months RM'000
Denominated in RM		
Bank overdraft	2,004	-
Bankers' acceptance	7,481	-
Revolving credit	2,500	-
Term loans	1,340	7,721
Denominated in USD		
Bankers' acceptance	10,162	-
	<u>23,487</u>	<u>7,721</u>
As at 30 June 2023		
Denominated in RM		
Bank overdraft	2,073	-
Bankers' acceptance	7,870	-
Revolving credit	3,000	-
Term loans	1,174	8,179
Denominated in USD		
Bankers' acceptance	9,470	-
	<u>23,587</u>	<u>8,179</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 30 September 2023.

25. Loss before tax

Loss before tax is arrived at after charging/(crediting):	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Depreciation of property, plant and equipment	493	1,086	493	1,086
Depreciation of right-of-use assets	57	106	57	106
Interest expense	482	343	482	343
Interest income	(38)	(7)	(38)	(7)
Realised loss/(gain) on foreign exchange	24	(39)	24	(39)
Unrealised loss on foreign exchange	201	150	201	150

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (Unaudited)

26. Earnings per ordinary share

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

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Basic loss per share:				
Loss after tax attributable to owners of the Company (RM'000)	(449)	(1,967)	(449)	(1,967)
Weighted average number of shares in issue ('000)	657,671	548,655	657,671	548,655
Basic loss per share (sen)	(0.07)	(0.36)	(0.07)	(0.36)

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