

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 ( Unaudited )

	<i>As at</i> 31/12/2023	<i>As at</i> 30/06/2023
	<i>RM'000</i>	<i>RM'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52,571	52,239
Right-of-use assets	5,191	5,577
Investment properties	5,478	5,506
Goodwill on consolidation	7,037	7,037
	<hr/> 70,277	<hr/> 70,359
<b>Current assets</b>		
Inventories	54,618	58,046
Trade and other receivables	27,329	31,549
Tax recoverable	546	187
Cash and cash equivalents	13,444	18,364
	<hr/> 95,937	<hr/> 108,146
<b>Total assets</b>	<hr/> <b>166,214</b>	<hr/> <b>178,505</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	113,717	113,717
Warrant reserve	2,093	2,093
Other reserve	(2,093)	(2,093)
Translation reserve	(3,342)	(1,569)
Accumulated losses	(10,016)	(8,586)
<b>Total equity</b>	<hr/> 100,359	<hr/> 103,562
<b>Non-current liabilities</b>		
Borrowings	7,414	8,179
Deferred tax liabilities	1,470	1,477
Lease liabilities	284	478
	<hr/> 9,168	<hr/> 10,134
<b>Current Liabilities</b>		
Borrowings	20,143	23,587
Trade and other payables	33,638	37,620
Contract liabilities	2,780	3,296
Lease liabilities	126	226
Tax payable	-	80
	<hr/> 56,687	<hr/> 64,809
<b>Total liabilities</b>	<hr/> 65,855	<hr/> 74,943
<b>Total equity and liabilities</b>	<hr/> <b>166,214</b>	<hr/> <b>178,505</b>
<b>Net assets per share (RM)</b>	0.15	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 31 DECEMBER 2023 ( Unaudited )

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
	RM'000	RM'000		RM'000	RM'000	
<b>Continuing operations</b>						
Revenue	29,593	41,964	-29%	66,896	89,058	-25%
Operating loss	(602)	(1,180)	-49%	(504)	(2,509)	-80%
Interest expense	(452)	(410)	10%	(933)	(753)	24%
<b>Loss before tax</b>	<b>(1,054)</b>	<b>(1,590)</b>	<b>-34%</b>	<b>(1,437)</b>	<b>(3,262)</b>	<b>-56%</b>
Income tax expense	73	(272)	-127%	7	(567)	-101%
<b>Net Loss for the period</b>	<b>(981)</b>	<b>(1,862)</b>	<b>-47%</b>	<b>(1,430)</b>	<b>(3,829)</b>	<b>-63%</b>
<b>Other comprehensive income, net of tax</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	(772)	(3,023)		(1,773)	(1,941)	
<b>Total other comprehensive income for the period</b>	<b>(772)</b>	<b>(3,023)</b>		<b>(1,773)</b>	<b>(1,941)</b>	
<b>Total comprehensive income for the period</b>	<b>(1,753)</b>	<b>(4,885)</b>		<b>(3,203)</b>	<b>(5,770)</b>	
<b>Loss for the period attributable to :</b>						
Owners of the parent	(981)	(1,862)		(1,430)	(3,829)	
<b>Total comprehensive income attributable to :</b>						
Owners of the parent	(1,753)	(4,885)		(3,203)	(5,770)	
<b>Basic and diluted loss per ordinary share (sen)</b>	<b>(0.15)</b>	<b>(0.31)</b>		<b>(0.22)</b>	<b>(0.63)</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 2023.

# REX INDUSTRY BHD

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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		
<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	-	-	-	-	335	335
<b>Total other comprehensive income for the year</b>	-	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
<b>At 30 June 2023</b>	113,717	(1,569)	2,093	(2,093)	(8,586)	103,562
<b>At 1 July 2023</b>	113,717	(1,569)	2,093	(2,093)	(8,586)	103,562
Foreign currency translation difference for foreign operations	-	(1,773)	-	-	-	(1,773)
<b>Total other comprehensive income for the period</b>	-	(1,773)	-	-	-	(1,773)
Loss for the financial period	-	-	-	-	(1,430)	(1,430)
Total comprehensive income for the period	-	(1,773)	-	-	(1,430)	(3,203)
<b>At 31 December 2023</b>	113,717	(3,342)	2,093	(2,093)	(10,016)	100,359

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.

# REX INDUSTRY BHD

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

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

	<i>Current Period-to-date Period Ended 31/12/2023 RM'000</i>	<i>Preceding Period-to-date Year Ended 31/12/2022 RM'000</i>
<b>Cash flows from operating activities</b>		
<b>Loss before tax</b>	(1,437)	(3,262)
Adjustments for :		
Depreciation of property, plant and equipment	1,000	2,242
Depreciation of right-of-use assets	120	211
Depreciation of investment properties	27	-
Interest expense	933	753
Interest income	(67)	(49)
Unrealised loss on foreign exchange	282	289
<b>Operating profit before changes in working capital</b>	858	184
<b>Changes in working capital :</b>		
Inventories	1,600	(8,161)
Receivables	3,324	1,694
Payables	(3,670)	(2,821)
Cash generated from/(used in) operations	2,112	(9,104)
Interest received	67	49
Interest paid	(933)	(753)
Tax paid	(438)	(698)
<b>Net cash from/(used in) operating activities</b>	808	(10,506)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,758)	(1,171)
<b>Net cash used in investing activities</b>	(1,758)	(1,171)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	15,809
(Repayment)/Drawdown of bank borrowings	(3,130)	5,601
Payment for the principal portion of lease liabilities	(66)	(141)
<b>Net cash (used in)/from financing activities</b>	(3,196)	21,269
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,146)	9,592
<b>Cash and cash equivalents at the beginning of the financial period</b>	16,292	7,507
<b>Effect of exchange rate changes on cash and bank balances</b>	304	365
<b>Cash and cash equivalents at end of the financial period</b>	12,450	17,464

# REX INDUSTRY BHD

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

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

Cash and cash equivalents comprise of the following:-

	31/12/2023	31/12/2022
	RM'000	RM'000
Cash and bank balances	7,139	10,962
Fixed deposit with licensed bank	1,361	906
Money market deposit	4,944	7,080
	<hr/>	<hr/>
	13,444	18,948
Less: Bank overdrafts	(994)	(1,484)
	<hr/>	<hr/>
	12,450	17,464

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 31 DECEMBER 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 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 31 DECEMBER 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 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
<b>Period ended 31 December 2023</b>		
Malaysia	29,285	55,034
United States of America	27,219	-
Europe	6,583	-
Africa	787	-
Asia (Excludes Malaysia)	3,022	15,243
Consolidated	<u>66,896</u>	<u>70,277</u>

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 2023.

### 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

	31/12/2023 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	27,558

### 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:

	31/12/2023 RM'000
<b>Approved and contracted for:</b>	
- Machineries	186

### 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	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>Services from related parties</b>				
- Providing of vehicle fleet management services	37	20	63	28
- Transportation, freight handling services and warehouse management	942	1,438	1,847	2,726
- Purchase of tickets and tour arrangement	21	42	32	43



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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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 31/12/2023 RM'000	3 months ended 31/12/2022 RM'000
Revenue	29,593	41,964
Loss before tax	(1,054)	(1,590)

The Group recorded a 29.5% reduction in revenue to RM29.5 million for the 2nd quarter ended 31 December 2023 from RM41.9 million in the corresponding quarter last year. The decline in revenue was mainly due to weak demand from overseas market for subsidiary in Indonesia in the current quarter under review.

The Group recorded lower loss before tax of RM1.0 million compared to loss before tax of RM1.6 million incurred in the corresponding quarter last year. The lower loss was mainly attributed to the cost control initiatives instituted and better operational efficiencies from the business rationalisation plan.

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

	3 months ended 31/12/2023 RM'000	3 months ended 30/09/2023 RM'000
Revenue	29,593	37,303
Loss before tax	(1,054)	(383)

The Group recorded a 20.7% reduction in revenue to RM29.5 million for the 2nd quarter ended 31 December 2023 from RM37.3 million in the preceding quarter. The decline in revenue was mainly due to weak demand from overseas market for subsidiary in Indonesia in the current quarter under review.

The loss before tax that the Group recorded of RM1.0 million as compared to loss before tax of RM0.4 million in the preceding quarter was mainly due to higher loss incurred by subsidiary in Indonesia attributed by weak demand and lower selling prices to overseas market.

### 17. Current year prospects

The Group expects the business environment in the current year to remain challenging due to continued weakening of the Ringgit and consumer demand being impacted by inflationary pressures.

The Group will continue to focus in improving the Group's performance by innovating new products portfolio, improving operational efficiency, adopting cost saving measures and broadening the distribution network to grow the Group's revenue and profitability.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>Current income tax</b>				
Malaysia	-	-	-	-
Overseas	69	(275)	-	(574)
	<u>69</u>	<u>(275)</u>	<u>-</u>	<u>(574)</u>
<b>Deferred tax</b>				
Reversal of temporary differences	4	3	7	7
	<u>73</u>	<u>(272)</u>	<u>7</u>	<u>(567)</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

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 Simpat 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.

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	Timeframe for utilisation after extension of time
	RM'000	RM'000	RM'000	
Business expansion	10,000	(3,978)	6,022	within 30 months
Working capital	5,882	(5,882)	-	
Expenses for corporate exercise	560	(560)	-	
	<u>16,442</u>	<u>(10,420)</u>	<u>6,022</u>	

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

### 22. Group borrowings

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

As at 31 December 2023	Payable within 12 months RM'000	Payable after 12 months RM'000
<b>Denominated in RM</b>		
Bank overdraft	994	-
Bankers' acceptance	8,327	-
Revolving credit	1,000	-
Term loans	1,352	7,414
<b>Denominated in USD</b>		
Bankers' acceptance	8,470	-
	<u>20,143</u>	<u>7,414</u>
<b>As at 30 June 2023</b>		
<b>Denominated in RM</b>		
Bank overdraft	2,073	-
Bankers' acceptance	7,870	-
Revolving credit	3,000	-
Term loans	1,174	8,179
<b>Denominated in USD</b>		
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 31 December 2023.

### 25. Loss before tax

Loss before tax is arrived at after charging/(crediting):	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Depreciation of property, plant and equipment	507	1,156	1,000	2,242
Depreciation of right-of-use assets	63	105	120	211
Depreciation of investment properties	27	-	27	-
Interest expense	451	410	933	753
Interest income	(29)	(42)	(67)	(49)
Realised loss on foreign exchange	80	148	104	109
Unrealised loss on foreign exchange	81	139	282	289

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

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### 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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
<b>Basic loss per share:</b>				
Loss after tax attributable to owners of the Company (RM'000)	(981)	(1,862)	(1,430)	(3,829)
Weighted average number of shares in issue ('000)	657,671	603,163	657,671	603,163
Basic loss per share (sen)	(0.15)	(0.31)	(0.22)	(0.63)

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.