

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (Unaudited)

	<i>As at</i> 30/06/2024 RM'000	<i>Audited</i> As at 30/06/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,766	52,239
Right-of-use assets	415	5,577
Investment properties	5,195	5,506
Goodwill on consolidation	7,037	7,037
	<hr/> 50,413	<hr/> 70,359
Current assets		
Inventories	49,659	58,046
Trade and other receivables	24,873	31,549
Tax recoverable	819	187
Cash and cash equivalents	9,231	18,364
Assets held for sales	20,173	-
	<hr/> 104,755	<hr/> 108,146
Total assets	<hr/> 155,168	<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)
Translation reserve	(4,800)	(1,569)
Accumulated losses	(12,556)	(8,586)
Total equity	<hr/> 96,361	<hr/> 103,562
Non-current liabilities		
Borrowings	6,713	8,179
Deferred tax liabilities	1,463	1,477
Lease liabilities	228	478
	<hr/> 8,404	<hr/> 10,134
Current Liabilities		
Borrowings	18,171	23,587
Trade and other payables	30,386	37,620
Contract liabilities	1,754	3,296
Lease liabilities	92	226
Tax payable	-	80
	<hr/> 50,403	<hr/> 64,809
Total liabilities	<hr/> 58,807	<hr/> 74,943
Total equity and liabilities	<hr/> 155,168	<hr/> 178,505
Net assets per share (RM)	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 YEAR ENDED 30 JUNE 2024 (Unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Year ended		Changes %
	30/06/2024	30/06/2023		30/06/2024	30/06/2023	
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Revenue	28,023	37,273	-25%	130,522	162,408	-20%
Operating loss	(1,803)	(38,094)	-95%	(2,443)	(41,796)	-94%
Interest expense	(422)	(463)	-9%	(1,738)	(1,616)	8%
Loss before tax	(2,225)	(38,557)	-94%	(4,181)	(43,412)	-90%
Income tax expense	(20)	(203)	-90%	14	(987)	-101%
Net Loss for the year	(2,245)	(38,760)	-94%	(4,167)	(44,399)	-91%
Other comprehensive (loss)/income, net of tax						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	(1,885)	2,802		(3,231)	2,098	
Defined benefit plan actuarial gain	197	334		197	334	
Total other comprehensive (loss)/income for the year	(1,688)	3,136		(3,034)	2,432	
Total comprehensive loss for the year	(3,933)	(35,624)		(7,201)	(41,967)	
Loss for the year attributable to :						
Owners of the parent	(2,245)	(38,760)		(4,167)	(44,399)	
Total comprehensive loss attributable to :						
Owners of the parent	(3,933)	(35,624)		(7,201)	(41,967)	
Basic and diluted loss per ordinary share (sen)	(0.34)	(6.15)		(0.63)	(7.05)	

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 YEAR ENDED 30 JUNE 2024 (Unaudited)

	←	Non- distributable	→			
	Share capital RM'000	Translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity 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/(loss) for the year	-	2,098	-	-	(44,064)	(41,966)
Transaction with owners of the company:						
Issuance of ordinary shares	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	-	(3,231)	-	-	-	(3,231)
Defined benefit plan actuarial gain	-	-	-	-	197	197
Total other comprehensive (loss)/income for the year	-	(3,231)	-	-	197	(3,034)
Loss for the financial year	-	-	-	-	(4,167)	(4,167)
Total comprehensive loss for the year	-	(3,231)	-	-	(3,970)	(7,201)
At 30 June 2024	113,717	(4,800)	2,093	(2,093)	(12,556)	96,361

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 YEAR ENDED 30 JUNE 2024 (Unaudited)

	<i>Current Period-to-date Year Ended 30/06/2024 RM'000</i>	<i>Preceding Period-to-date Year Ended 30/06/2023 RM'000</i>
Cash flows from operating activities		
Loss before tax	(4,181)	(43,412)
Adjustments for :		
Allowance for obsolete and slow-moving inventories	-	5,440
Depreciation of property, plant and equipment	1,638	4,126
Depreciation of right-of-use assets	219	418
Depreciation of investment properties	110	112
Gain on disposal of property, plant and equipment	(71)	-
Gain on lease termination	(9)	-
Impairment loss on investment properties	201	-
Impairment loss on property, plant and equipment	-	20,633
Impairment loss on trade receivables	-	363
Impairment loss on other receivables	-	2,574
Interest expense	1,738	1,617
Interest income	(175)	(149)
Provision for dismantling and relocation cost	-	360
(Reversal)/ provision of termination benefits	(110)	900
Unrealised loss on foreign exchange	413	423
Waiver of lease liabilities	-	(8)
Operating loss before changes in working capital	(227)	(6,603)
Changes in working capital :		
Inventories	5,340	(3,095)
Receivables	4,563	6,961
Payables	(7,298)	(2,582)
Cash generated from/(used in) operations	2,378	(5,319)
Interest received	175	149
Interest paid	(1,738)	(1,617)
Tax paid	(726)	(1,030)
Net cash from/(used in) operating activities	89	(7,817)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,842)	(1,674)
Acquisition of right-of-use assets	-	(90)
Proceeds from disposal of property, plant and equipment	129	-
Net cash used in investing activities	(2,713)	(1,764)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	15,814
(Repayment)/Drawdown of bank borrowings	(6,570)	2,716
Payment for the principal portion of lease liabilities	(136)	(281)
Net cash (used in)/from financing activities	(6,706)	18,249
Net (decrease)/increase in cash and cash equivalents	(9,330)	8,668
Cash and cash equivalents at the beginning of the financial year	16,291	7,507
Effect of exchange rate changes on cash and bank balances	510	116
Cash and cash equivalents at end of the financial year	7,471	16,291

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/06/2024	30/06/2023
	RM'000	RM'000
Cash and bank balances	8,353	11,507
Fixed deposit with licensed bank	878	936
Money market deposit	-	5,921
	<hr/>	<hr/>
	9,231	18,364
Less: Bank overdrafts	(1,760)	(2,073)
	<hr/>	<hr/>
	7,471	16,291

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 YEAR ENDED 30 JUNE 2024 (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 and International Tax Reform - Pillar Two Model Rules

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 – Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Disclosures – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability	1 January 2027
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 YEAR ENDED 30 JUNE 2024 (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 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 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
Year ended 30 June 2024		
Malaysia	56,792	27,957
United States of America	36,950	-
Europe	29,886	-
Africa	989	-
Asia (Excludes Malaysia)	5,905	22,456
Consolidated	<u>130,522</u>	<u>50,413</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 (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

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

	30/06/2024 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	25,494
	<u>25,494</u>

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:

	30/06/2024 RM'000
Approved and contracted for:	
- Machineries	136
	<u>136</u>

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	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Services from related parties				
- Providing of vehicle fleet management services	4	13	98	76
- Transportation, freight handling services and warehouse management	1,581	1,141	4,443	5,417
- Purchase of tickets and tour arrangement	4	1	46	60
	<u>4</u>	<u>1</u>	<u>46</u>	<u>60</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 (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 30/06/2024 RM'000	3 months ended 30/06/2023 RM'000
Revenue	28,023	37,273
Loss before tax	(2,225)	(38,557)

The Group recorded a 24.8% reduction in revenue to RM28.0 million for the 4th quarter ended 30 June 2024 from RM37.3 million in the corresponding quarter last year. The decline in revenue was mainly due to weaker demand from both local and overseas market during the quarter under review.

For the current quarter under review, the Group recorded a loss before tax of RM2.2 million. The huge loss before tax of RM38.5 million in the corresponding quarter last year 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 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 30/06/2024 RM'000	3 months ended 31/03/2024 RM'000
Revenue	28,023	35,603
Loss before tax	(2,225)	(519)

The Group recorded a 21.3% reduction in revenue to RM28.0 million for the 4th quarter ended 30 June 2024 from RM35.6 million in the preceding quarter. The decrease in revenue was mainly due to weaker demand from local market in current quarter under review compare to higher sales from festive months (Chinese New Year and prior to the Hari Raya festival) in the preceding quarter.

The loss before tax that the Group recorded of RM2.2 million as compared to loss before tax of RM0.5 million in the preceding quarter was mainly due to higher loss incurred by subsidiary in Malaysia attributed by weak demand, higher input costs and one-off impairment loss on investment property.

17. Current year prospects

The Group expects the business environment in the remaining year to remain challenging due to uncertainties that pose risks to business include the on-going global geopolitical tensions, inflationary pressures and rising costs of raw materials & packing material.

The Group will continue to focus on improving our performance through product innovation, new product launches, 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 YEAR ENDED 30 JUNE 2024 (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	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Current income tax				
Overseas	(24)	(207)	-	(1,002)
	<u>(24)</u>	<u>(207)</u>	<u>-</u>	<u>(1,002)</u>
Deferred tax				
Reversal of temporary differences	4	4	14	15
	<u>(20)</u>	<u>(203)</u>	<u>14</u>	<u>(987)</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 ("SPA") 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 received shareholders approval at Extraordinary General Meeting held on 10 July 2024.

On 23 July 2024, on behalf of the board, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") announced that the conditions precedent of the SPA have been fulfilled on 22 July 2024 and the SPA has turned unconditional on even date.

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 within 30 months
	RM'000	RM'000	RM'000	
Business expansion	10,000	(4,680)	5,320	
Working capital	5,882	(5,882)	-	
Expenses for corporate exercise	560	(560)	-	
	<u>16,442</u>	<u>(11,122)</u>	<u>5,320</u>	

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 (Unaudited)

22. 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
As at 30 June 2024		
Denominated in RM		
Bank overdraft	1,760	-
Bankers' acceptance	7,950	-
Term loans	1,191	6,713
Denominated in USD		
Bankers' acceptance	7,270	-
	<u>18,171</u>	<u>6,713</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 year ended 30 June 2024.

25. Loss before tax

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
Loss before tax is arrived at after charging/(crediting):				
Allowance for obsolete and slow-moving inventories	-	5,440	-	5,440
Depreciation of property, plant and equipment	114	672	1,638	4,126
Depreciation of right-of-use assets	36	99	219	418
Depreciation of investment properties	55	112	110	112
Gain on disposal of property, plant and equipment	(71)	-	(71)	-
Gain on lease termination	-	-	(9)	-
Impairment on investment properties	201	-	201	-
Impairment on property, plant and equipment	-	20,642	-	20,633
Impairment loss on trade receivables	-	363	-	363
Impairment loss on other receivables	-	2,574	-	2,574
Interest expense	422	464	1,738	1,617
Interest income	(81)	(59)	(175)	(149)
Provision for dismantling and relocation cost	-	360	-	360
(Reversal) provision of termination benefits	(110)	900	(110)	900
Realised (gain)/loss on foreign exchange	(108)	(290)	(53)	2
Unrealised loss on foreign exchange	162	332	413	423
Waiver of lease liabilities	-	(8)	-	(8)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024 (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	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Basic loss per share:				
Loss after tax attributable to owners of the Company (RM'000)	(2,245)	(38,760)	(4,167)	(44,399)
Weighted average number of shares in issue ('000)	657,671	630,193	657,671	630,193
Basic loss per share (sen)	(0.34)	(6.15)	(0.63)	(7.05)

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.