

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (Unaudited)

	<i>As at</i> 30/09/2024 RM'000	<i>Audited</i> <i>As at</i> 30/06/2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,409	38,168
Right-of-use assets	372	415
Investment properties	4,138	5,194
Goodwill on consolidation	7,037	7,037
	48,956	50,814
Current assets		
Inventories	42,652	49,679
Trade and other receivables	29,165	25,720
Tax recoverable	978	814
Cash and cash equivalents	45,112	9,233
Assets held for sales	-	19,566
	117,907	105,012
	166,863	155,826
Total assets		
EQUITY AND LIABILITIES		
Equity		
Share capital	113,717	113,717
Warrant reserve	2,093	2,093
Other reserve	(2,093)	(2,093)
Translation reserve	(6,770)	(4,780)
Retained profits/(Accumulated losses)	1,553	(12,576)
	108,500	96,361
Total equity		
Non-current liabilities		
Borrowings	6,529	6,389
Deferred tax liabilities	1,460	1,463
Lease liabilities	193	228
	8,182	8,080
Current Liabilities		
Borrowings	19,577	18,460
Trade and other payables	27,082	29,297
Contract liabilities	3,434	3,536
Lease liabilities	88	92
	50,181	51,385
	58,363	59,465
Total liabilities		
Total equity and liabilities		
	166,863	155,826
Net assets per share (RM)		
	0.16	0.15
	-	-

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 2024.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Quarterly ended		Changes %	Period ended		Changes %
	30/09/2024	30/09/2023		30/09/2024	30/09/2023	
	RM'000	RM'000		RM'000	RM'000	
Continuing operations						
Revenue	41,233	37,303	11%	41,233	37,303	11%
Operating profit	14,439	98	14634%	14,439	98	14634%
Interest expense	(313)	(481)	-35%	(313)	(481)	-35%
Profit/(Loss) before tax	14,126	(383)	3788%	14,126	(383)	3788%
Income tax expense	3	(66)	105%	3	(66)	105%
Net profit/(loss) for the period	14,129	(449)	3247%	14,129	(449)	3247%
Other comprehensive loss, net of tax						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	(1,990)	(1,001)		(1,990)	(1,001)	
Total other comprehensive loss for the period	(1,990)	(1,001)		(1,990)	(1,001)	
Total comprehensive income/(loss) for the period	12,139	(1,450)		12,139	(1,450)	
Profit/(Loss) for the period attributable to :						
Owners of the parent	14,129	(449)		14,129	(449)	
Total comprehensive income/(loss) attributable to :						
Owners of the parent	12,139	(1,450)		12,139	(1,450)	
Basic and diluted earning/(loss) per ordinary share (sen)	2.15	(0.07)		2.15	(0.07)	

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 2024.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

	← Non-distributable →				Retained profits /(Accumulated losses)	Total equity
	Share capital	Translation reserve	Warrant reserve	Other reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2023	113,717	(1,569)	2,093	(2,093)	(8,586)	103,562
Foreign currency translation difference for foreign operations	-	(3,211)	-	-	-	(3,211)
Defined benefit plan actuarial gain	-	-	-	-	177	177
Total other comprehensive (loss)/income for the year	-	(3,211)	-	-	177	(3,034)
Loss for the financial year	-	-	-	-	(4,167)	(4,167)
Total comprehensive loss for the year	-	(3,211)	-	-	(3,990)	(7,201)
At 30 June 2024	113,717	(4,780)	2,093	(2,093)	(12,576)	96,361
At 1 July 2024	113,717	(4,780)	2,093	(2,093)	(12,576)	96,361
Foreign currency translation difference for foreign operations	-	(1,990)	-	-	-	(1,990)
Total other comprehensive (loss)/income for the period	-	(1,990)	-	-	-	(1,990)
Profit for the financial period	-	-	-	-	14,129	14,129
Total comprehensive (loss)/income for the period	-	(1,990)	-	-	14,129	12,139
At 30 September 2024	113,717	(6,770)	2,093	(2,093)	1,553	108,500

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 2024.

REX INDUSTRY BHD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

	<i>Current Period Ended 30/09/2024 RM'000</i>	<i>Preceding Period Ended 30/09/2023 RM'000</i>
Cash flows from operating activities		
Profit /(Loss) before tax	14,126	(383)
Adjustments for :		
Depreciation of property, plant and equipment	351	493
Depreciation of right-of-use assets	30	57
Depreciation of investment properties	9	-
Loss/(Gain) on disposal of:		
- Investment properties	41	-
- Asset held for sale	(15,005)	-
Interest expense	313	482
Interest income	(19)	(38)
Allowance for obsolete and slow-moving inventories	985	-
Unrealised loss on foreign exchange	65	201
Operating period before changes in working capital	896	812
Changes in working capital :		
Inventories	4,128	5,523
Receivables	(4,672)	1,208
Payables	(8,257)	(8,919)
Cash used in operations	(7,905)	(1,376)
Interest received	19	38
Interest paid	(313)	(482)
Tax paid	(201)	(246)
Net cash used in operating activities	(8,400)	(2,066)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(162)	(1,088)
Proceeds from disposal of:		
- Investment properties	1,050	-
- Asset held for sale	41,800	-
Net cash from/(used in) investing activities	42,688	(1,088)
Cash flows from financing activities		
Drawdown/(Repayment) of bank borrowings	1,377	(489)
Payment for the principal portion of lease liabilities	(21)	(35)
Net cash from/(used in) financing activities	1,356	(524)
Net increase/(decrease) in cash and cash equivalents	35,644	(3,678)
Cash and cash equivalents at the beginning of the financial period	7,473	16,292
Effect of exchange rate changes on cash and bank balances	356	170
Cash and cash equivalents at end of the financial period	43,473	12,784

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

Cash and cash equivalents comprise of the following:-

	30/09/2024	30/09/2023
	RM'000	RM'000
Cash and bank balances	7,332	8,553
Fixed deposit with licensed bank	894	1,300
Money market deposit	36,886	4,935
	<hr/>	<hr/>
	45,112	14,788
Less: Bank overdrafts	(1,639)	(2,004)
	<hr/>	<hr/>
	43,473	12,784

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 2024.

REX INDUSTRY BHD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 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 2024. 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 2024. 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 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Disclosures – Supplier Finance Arrangements

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 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	Effective Date after 1 January 2025
Amendments to MFRS 9 and MFRS 7	Disclosures – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to MFRS Accounting Standards	Volume 11	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability	1 January 2027
MFRS 101	Presentation of Financial Statements will be withdrawn on the application of MFRS 18	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 2024 was not qualified.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 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

Saved for the Disposal as disclosed in Note 20, 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 2024		
Malaysia	19,305	34,511
United States of America	10,713	-
Europe	8,988	-
Asia (Excludes Malaysia)	2,227	14,445
Consolidated	<u>41,233</u>	<u>48,956</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 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 2024.

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

	30/09/2024 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	26,248

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:

	30/09/2024 RM'000
Approved and contracted for:	
- Machineries	136

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	
	30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Services from related parties				
- Providing of vehicle fleet management services	14	25	14	25
- Transportation, freight handling services and warehouse management	1,255	904	1,255	904
- Purchase of tickets and tour arrangement	9	10	9	10

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 2024 (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 30/09/2024 RM'000	3 months ended 30/09/2023 RM'000
Revenue	41,233	37,303
Profit/(Loss) before tax	14,126	(383)

The Group recorded a 10.5% increase in revenue to RM41.2 million for the 1st quarter ended 30 Sept 2024 from RM37.3 million in the corresponding quarter last year. The increase in revenue was mainly due to stronger demand from local market during the quarter under review.

For the current quarter under review, the Group recorded a profit before tax of RM14.1 million mainly due to one-off gain on disposal of properties of RM14.9 million after offset with allowance for obsolete and slow-moving inventories of RM0.9 million in this quarter.

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

	3 months ended 30/09/2024 RM'000	3 months ended 30/06/2024 RM'000
Revenue	41,233	28,023
Profit/(Loss) before tax	14,126	(2,225)

The Group recorded a 47.1% increase in revenue to RM41.2 million for the 1st quarter ended 30 Sept 2024 from RM28.0 million in the preceding quarter. The increase in revenue was mainly due to strong demand from local and oversea market in current quarter under review.

The profit before tax that the Group recorded of RM14.1 million as compared to loss before tax of RM2.2 million in the preceding quarter was mainly due to one-off gain on disposal of properties of RM14.9 million in current quarter under review coupled with better performance for both Malaysia and oversea subsidiary.

17. Current year prospects

The Group expects the business environment in the foreseeable future remain challenging. The shortage of supply and rising costs of raw materials, removal of diesel subsidy, global uncertainties that include geopolitical tensions and persistent inflationary headwinds will significantly impact to the Group's business in the foreseeable future. With severe margin compression and the recent announcement of a minimum wage increase to RM1,700 per month starting February 2025 is expected to worsen the situation.

The Group will nonetheless continue to focus on improving our performance by investing in our brands and people, margins improvement from our products mix, lower input costs and improve operational efficiencies in order to grow the Group's revenue and profitability.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 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	
	30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Current income tax				
Malaysia	-	-	-	-
Overseas	-	(69)	-	(69)
	-	(69)	-	(69)
Deferred tax				
Reversal of temporary differences	3	3	3	3
	3	(66)	3	(66)

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 announced that the conditions precedent of the SPA have been fulfilled on 22 July 2024 and the SPA has turned unconditional on even date.

On 30 September 2024, the balance of Disposal consideration of RM37.62 million has been paid by the Purchaser. The Disposal has been deemed completed 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 proposals

- a) 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 is as follows:-

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceeds RM'000	Timeframe for utilisation after extension of time
Business expansion	10,000	(5,534)	4,466	within 30 months
Working capital	5,882	(5,882)	-	
Expenses for corporate exercise	560	(560)	-	
	16,442	(11,976)	4,466	

- b) The Company had on 30 September 2024 completed 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 ("Disposal"). The status of the utilisation of proceeds derived from this Disposal is as follows:-

Details of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised proceeds RM'000	Timeframe for utilisation
Repayment of bank borrowings	21,046	(4,938)	16,108	within 12 months
Working capital	16,803	(1,659)	15,144	within 24 months
Expenses for corporate exercise	3,951	(3,506)	445	within 3 months
	41,800	(10,103)	31,697	

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

22. Group borrowings

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

As at 30 September 2024	Payable within	Payable after
	12 months	12 months
	RM'000	RM'000
Denominated in RM		
Bank overdraft	1,639	-
Bankers' acceptance	8,071	-
Term loans	1,063	6,529
Denominated in USD		
Bankers' acceptance	8,804	-
	<u>19,577</u>	<u>6,529</u>
As at 30 June 2024		
Denominated in RM		
Bank overdraft	1,760	-
Bankers' acceptance	7,950	-
Revolving credit	-	-
Term loans	1,515	6,389
Denominated in USD		
Bankers' acceptance	7,235	-
	<u>18,460</u>	<u>6,389</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 September 2024.

25. Profit/(Loss) before tax

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Allowance for obsolete and low-moving inventories	985	-	985	-
Depreciation of property, plant and equipment	351	493	351	493
Depreciation of right-of-use assets	30	57	30	57
Depreciation of investment properties	9	-	9	-
Interest expense	313	482	313	482
Interest income	(19)	(38)	(19)	(38)
Loss/(Gain) on disposal of:				
-Investment properties	41	-	41	-
-Asset held for sale	(15,005)	-	(15,005)	-
Realised loss on foreign exchange	176	24	176	24
Unrealised loss on foreign exchange	65	201	65	201

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD 30 SEPTEMBER 2024 (Unaudited)

26. Earnings per ordinary share

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

	Individual Quarter Quarter Ended		Cumulative Quarter Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
Basic earning/(loss) per share:				
Profit/(Loss) after tax attributable to owners of the Company (RM'000)	14,129	(449)	14,129	(449)
Weighted average number of shares in issue ('000)	657,671	657,671	657,671	657,671
Basic earning/(loss) per share (sen)	2.15	(0.07)	2.15	(0.07)

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