



REX INDUSTRY BERHAD
[28264-K]





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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the shareholders of Rex Industry Berhad will be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Friday 29 June 2012 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To approve the payment of Directors' fees totaling RM144,350.00 for the year ended 31 December 2011. (Ordinary Resolution 2)
3. To re-elect the following Directors retiring pursuant to Article 64 of the Company's Articles Association and who, being eligible offer themselves for re-election.
 - i) Ms. Lee Sew Keng (Ordinary Resolution 3)
 - ii) Mr. Lee Hee Hong (Ordinary Resolution 4)
 - iii) Mr. Lee Soo Keat (Ordinary Resolution 5)
4. To re-appoint Messrs. KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

As Special Business

5. To consider and, if thought fit, to pass with or without modification the following resolution:-

Authority to issue shares

(Ordinary Resolution 7)

"THAT pursuant to Section 132D of the Companies Act, 1965, and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant government/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit, provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation of the additional shares so issued on the Bursa Securities."

6. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and Companies Act, 1965.

By order of the Board

KELSOM BEE BINTI ALI LS 03815
Company Secretary
Penang

Date: 4 June 2012



Notice Of Annual General Meeting (Continued)

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Act shall not apply to the Company.
2. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at the Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang, not less than fortyeight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint up to two (2) proxies to attend and to vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints up to two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTES ON SPECIAL BUSINESS

The proposed Ordinary Resolution 7 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965. If passed, it will empower the Directors of the Company, from the conclusion of this Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

As at the date of this Notice, the Company has not issued any new shares under the general authority which was approved at the Seventeenth Annual General Meeting held on 28 June 2011 and which will lapse at the conclusion of the Eighteenth Annual General Meeting to be held on 29 June 2012.

The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.



Statement Accompanying Notice Of Annual General Meeting

1. Directors who are standing for re-election

Pursuant to Article 64 of the Company's Articles of Association

- i) Ms. Lee Sew Keng
- ii) Mr. Lee Hee Hong
- iii) Mr. Lee Soo Keat

2. Details of attendance of Directors at Board Meeting

There were five Board Meeting held during the financial year ended 31 December 2011 and the attendance of the Directors are set out on page 9 of the 2011 Annual Report.

3. Date and Time of Board Meetings

During the financial year ended 31 December 2011 a total of Five (5) Board Meeting were held and the date and time of the Board Meetings held was as follows :

Date of Meeting	Time
28 February 2011	11.00 a.m.
28 April 2011	10.00 a.m.
31 May 2011	11.00 a.m.
23 August 2011	11.00 a.m.
29 November 2011	10.30 a.m.

4. The Eighteenth Annual General Meeting of Rex Industry Berhad:

Place : Balau Room, Level 2, Sunway Hotel Seberag Jaya, No.11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang.

Date : 29 June 2012

Time : 10.00 a.m.

5. Further details of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the Profile of Directors on pages 6 to 7 of the Annual Report.



BOARD OF DIRECTORS

- Dato' Abdul Rashid Bin Ismail - CHAIRMAN
- Lee Chak Hiang - CHIEF EXECUTIVE OFFICER
- Lee Hee Hong
- Lee Sew Keng
- Lee Hee Thiam
- Tang Yin Kham
- Mohd Faisal Izan Bin Abdul Latiff
- Lee Soo Keat
- Lee Siew Boy

SECRETARY

- Kelsom Bee Binti Ali

AUDIT COMMITTEE

- Dato' Abdul Rashid Bin Ismail - CHAIRMAN
- Mohd Faisal Izan Bin Abdul Latiff
- Tang Yin Kham

AUDITORS

- KPMG, Penang

STOCK EXCHANGE LISTING

- Main Market of the Bursa Malaysia Securities Berhad

BANKERS

- HSBC Bank Malaysia Berhad
- Alliance Bank Berhad
- Malayan Banking Berhad
- United Overseas Bank (Malaysia) Berhad
- Hong Leong Bank Berhad

SOLICITORS

- KC Lee and Partners

REGISTERED OFFICE

- Plot 125, Jalan Perindustrian Bukit Minyak 5,
14100, Simpang Ampat,
Seberang Perai Tengah, Penang, Malaysia.
Tel : 604 5088 288
Fax : 604 5088 566

REGISTRARS

- Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 603 7841 8000
Fax : 603 7841 8151



Dato' Abdul Rashid Bin Ismail

Chairman , Non-Executive Independent Director

Dato' Abdul Rashid Bin Ismail, aged 69, a Malaysian, is the Chairman and a non-executive director. He is also the Chairman of the Audit Committee. He is a politician and has been a Senator in the Dewan Rakyat from 1991 to 1996. Prior to being a Senator, he was a Councillor of the Penang Municipality Council from 1987 to 1990. Dato' Abdul Rashid Bin Ismail was appointed as Chairman and Board of the Company on 26 August 1995. He also holds directorships in several other private limited companies. He attended all five Board Meetings held during the financial year ended 31 December 2011.

Lee Chak Hiang

Executive Independent Director

Mr. Lee Chak Hiang, aged 52, a Malaysian, he is the chief executive officer of the Company since 1 October 2011. He is the Research and Development Manager of Rex Canning Co.Sdn. Bhd. since 1985 and the General Manager of the same company from 2003. He graduated from Chinese Culture University in Taiwan with a Bachelor of Science. He was appointed to the Board of the Company on 10 January 2011. He attended all five Board Meetings held during the financial year ended 31 December 2011.

Lee Hee Hong

Executive Non-Independent Director

Mr. Lee Hee Hong, aged 51, a Malaysian, has been the executive director of the Company since 26 August 1995. He is the General Manager of the Rex Canning Co Sdn Bhd since 1990. He joined the company in 1986, upon graduating from Louisiana State University in USA with a Degree in Electrical Engineering. He also sits on the Board of the company's subsidiaries and several other private limited companies. He attended four Board Meetings held during the financial year ended 31 December 2011.

Lee Sew Keng

Executive Non-Independent Director

Ms. Lee Sew Keng, aged 56, a Malaysian. She has been with the Rex Canning Co Sdn Bhd since 1978. She worked her way up from the production floor and has very good knowledge of the internal working of the Company. She has been the Executive Director of the Company since 26 August 1995 and she also sits on the Board of the company's subsidiaries and several other private limited companies. She attended four Board Meetings held during the financial year ended 31 December 2011.

Lee Soo Keat

Executive Non-Independent Director

Mr. Lee Soo Keat, aged 36, a Malaysian, he is the executive director of the Company. He was the marketing officer for Rex Canning Co Sdn Bhd from 2001 to 2002 and the manager of Fika Foods Corporatron Sdn Bhd since 2002. He graduated from Southern Illinois University, USA with a Bachelor of Marketing and Management. He was appointed to the Board of the company on 9 March 2010. He attended all five Board Meetings held during the financial year ended 31 December 2011.

Lee Hee Thiam

Non Executive Non-Independent Director

Mr. Lee Hee Thiam, aged 54, a Malaysian, has been the Group Managing Director of the Company since 26 August 1995 to September 2011. He is the member of the Remuneration Committee and Nomination Committee. He was the Managing Director for Rex Canning Co Sdn Bhd from 1990 and the General Manager of the same company from 1985. After obtaining his Degree in Accountancy and Master Degree in Finance from Louisiana State University in USA, he joined Rex Canning in 1983. He also sits on the Board of the company's subsidiaries and several other private limited companies. He attended all five Board Meetings held during the financial year ended 31 December 2011.

Lee Siew Boy

Non Executive Non-Independent Director

Ms. Lee Siew Boy, aged 49, a Malaysian. Currently she is the non-executive director of the Company. She is the Administrative Manager of Rex Canning Co.Sdn. Bhd. Since 1989 and the Branch Manager of Rex Trading Sdn. Bhd. from 1999 to September 2011. She was graduated from Louisiana State University in USA with a Degree in Business Administration. She was appointed to the Board of the Company on 10 January 2011. She attended all five Board Meetings held during the financial year ended 31 December 2011.



Profile of Directors (Continued)

Tang Yin Kham

Non-Executive Independent Director

Ms. Tang Yin Kham aged 60, a Malaysian, was appointed to the Board of Company on 11 March 1996. She is the Chairman of the Remuneration Committee and a member of the Nomination Committee. She is a partner of a Chartered Accountants firm in Malaysia and has thirty-five years of exposure in the public accounting sector. She is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, United Kingdom and the Chartered Tax Institute of Malaysia and a member of the Financial Planning Association of Malaysia. She also sits on the Board of Wong Engineering Corporation Berhad, Eonmetall Group Berhad and several private limited companies. She attended all five Board Meetings held during the financial year ended 31 December 2011.

Mohd Faisal Izan Bin Abdul Latiff

Non-Executive Independent Director

Encik Mohd Faisal Izan Bin Abdul Latiff, aged 40, a Malaysian, was appointed to the Board of the Company on 22 April 1996. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He graduated from United Kingdom with a Bachelor of Accounting and Management Control. He is currently executive directors of several private limited companies. He attended all five Board Meetings held during the financial year ended 31 December 2011.

Notes :

i)

Name of Director	Family Relationships	Convictions for Offences within the past 10 years other than Traffic Offences
1. Dato' Abdul Rashid Bin Ismail	None	N/A
2. Lee Hee Thiam	Brother of Lee Chai Seng, Lee Hee Hong and Lee Sew Keng	N/A
3. Lee Hee Hong	Brother of Lee Chai Seng, Lee Hee Thiam and Lee Sew Keng	N/A
4. Lee Sew Keng	Sister of Lee Chai Seng, Lee Hee Thiam and Lee Hee Hong	N/A
5. Tang Yin Kham	None	N/A
6. Mohd Faizal Izan Bin Abdul Latiff	None	N/A
7. Lee Soo Keat	Son of Lee Chai Seng	N/A
8. Lee Chak Hiang	None	N/A
9. Lee Siew Boy	Sister of Lee Chai Seng, Lee Hee Thiam, Lee Hee Hong and Lee Sew Keng	N/A

ii) Other than disclosed in the financial statements, there is no other conflict of interest that the directors have with the Group.

iii) There were no material contract entered into by the Group involving directors and major shareholders of Rex Industry Berhad.



The Board of Directors fully appreciates the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability as well as corporate performance.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 of the Malaysian Code of Corporate Governance respectively.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Compliance statement

Except for the following, the Group has substantially complied with the best practices of the Code throughout the year. The reasons for such non-compliance are specified.

- The Board has not developed position descriptions for each member of the Board. The Board recognizes the importance for such a description and role identification and is taking action to adopt a Board Charter to implement them.
- The Board has not nominated a senior Independent Non-executive Director. Given the current composition of the Board where there is a strong independent element and the separation of the roles of Chairman and the Group Managing Director, the Board is of the opinion that such nomination is not necessary.
- A formal and written enterprise risk management framework has not been implemented. The Board, in its normal function and via the reports of the Audit Committee, has been able to identify business risks and ensure that these risks are being monitored and managed. The Board however recognises that a written and more structured risk management program is required and is taking steps to establish such a program.

Principles statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings : Board of Directors, Directors' remuneration, Shareholders and Accountability and audit.

A. Board of Directors

Board responsibilities

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the year ended 31 December 2011, the Board met on five (5) occasions; where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and the business plan and direction of the Group. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.



Details of each existing Director 's meeting attendances are as follows:

Name	Attendance
Dato' Abdul Rashid Bin Ismail	5 / 5
Lee Hee Thiam	5 / 5
Lee Hee Hong	4 / 5
Lee Sew Keng	4 / 5
Tang Yin Kham	5 / 5
Mohd Faisal Izan Bin Abdul Latiff	5 / 5
Lee Soo Keat	5 / 5
Lee Chak Hiang	5 / 5
Lee Siew Boy	5 / 5

Board Committees

The Board of Directors delegates certain responsibilities to the Audit Committee, in order to enhance business and operational efficiency as well as efficacy. The Audit Committee has written terms of reference and operating procedures, and the Board receives the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

Board Balance

As at the date of this statement, the Board consists of nine (9) members; comprising one (1) independent non-executive Chairman, two (2) independent non-executive Directors, two (2) non independent non-executive directors and four (4) executive Directors. A brief profile of each Director is presented on pages 6 to 7 of this annual report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements of the Bursa Malaysia Securities Berhad (BMSB). The key elements for fulfilling the criteria are the appointment of an independent Director who is not a member of management (a non-executive Director) and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The executive Directors in particular are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive Directors bring to bear objective and independent judgement to the decision making of the Board and provide a capable check and balance for the executive Directors. The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the company to ensure a balance of authority and power. The Board is led by Dato' Abdul Rashid Bin Ismail as the independent non-executive Chairman and the executive management of the Company is led by Mr. Lee Chak Hiang, the Group Chief Executive Officer.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.



Supply of information

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director has also unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. In the event that the Company Secretary fails to fulfil her functions effectively, the terms of appointment permits her removal and appointment of a successor only by the Board as a whole.

Prior to the meetings of the Board and the Board Committees, Board papers which include the agenda and reports relevant to the issues of the meetings were circulated to all the Directors.

Appointments to the Board

Nomination Committee

For the financial year ended 31 December 2011, the Nomination Committee comprised of two (2) members, all of whom are independent Non-Executive Directors and the details of attendance of each individual member in respect of meetings held are as follows: -

Directors	Description	No. of Meeting Attended
Mohd Faisal Izan Bin Abdul Latiff	Chairman, Non-Executive Independent Director	2/2
Tang Yin Kham	Non-Executive Independent Director	2/2
Lee Hee Thiam	Non-Executive Non-Independent Director	2/2

The objective of the Nomination Committee is to assist the Board in the selection process for new appointments to the Board in ensuring the effectiveness of the Board as a whole as well as appointment of Senior Management Personnel.

Directors' training

The Board as a whole recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director and to contribute to the success of the Company. As at the date of this statement, all the Directors have attended and completed the Mandatory Accreditation Programme (MAP). The Directors on their own also attended Continue Education Programmes ("CEP") in year 2011 which were organized by Inland Revenue Department, Malaysian Institute of Accountants, Federation of Manufactures of Malaysia and private training consultants. The Directors will continue to undergo other relevant training programmes including the CEP to further enhance their skills and knowledge where relevant.

Re-election

The Articles of Association provide that at the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest one third shall retire from office. An election of Directors shall take place each year and all the Directors shall retire from office at least in each three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

The Company Secretaries will ensure that all information necessary is obtained, as well as all legal and regulatory obligations are met before appointments are made.

B. Directors' remuneration

Remuneration committee

The Remuneration Committee was established on 29 May 2002. For the financial year ended 31 Decembr 2011, the Committee members and the details of attendance of each individuals member in respect of meeting held are as follows:-

Directors	Description	No. of Meeting Attended
Tang Yin Kham	Chairman, Non-Executive Independent Director	2/2
Mohd Faisal Izan Bin Abdul Latiff	Non-Executive Independent Director	2/2
Lee Hee Thiam	Non Executive Non-Independent Director	2/2



B. Directors' remuneration (continued)

Remuneration committee (continued)

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration package for Executive Directors.

None of the executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of non-executive Directors with individual Director abstaining from deliberations and voting on decision in respect of his individual remuneration.

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the company and to align the interest of the directors with those of the shareholders.

Details of Directors' remuneration

The Company pays its Directors an annual fee which is approved annually by the shareholders. The breakdown of the Directors' remuneration for the financial year is as follows :-

Type of Remuneration	Executive RM	Non-Executive RM	Total RM
Fees	-	147,950	147,950
Salaries & Bonus	1,050,066	-	1,050,066
Others	-	6,400	6,400
Total	1,050,066	154,350	1,204,416

The Board is of the opinion that it is advisable not to detail out each Directors' remuneration. However, the remuneration paid or payable to Directors, analyzed into bands of RM 50,000 for the financial year ended 31 December 2011 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	2	-
RM250,001 to RM300,000	2	-

C. Shareholders

The Company recognizes the importance of communicating with its shareholders and does this through the annual report, Annual General Meeting (AGM), and Extraordinary General Meetings. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Company's performance and position as possible.

It has also been the Company's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least twenty one (21) days as appropriate before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not



C. Shareholders (continued)

possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year. In addition the company makes various announcements through the Bursa Securities in particular the timely release of the quarterly results within two months from the close of particular quarter. Copies of full announcement are applied to the shareholders and members of public upon request. Members of the public can also obtain the full financial results and the company announcement from Bursa Securities's website.

D. Accountability and audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment for the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements. The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement of internal controls

The Statement on Internal Control furnished on page 17 of the annual report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 14 to 16 of the annual report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 13 to 14 of the annual report.

E. Additional compliance information

Share buy-back

There were no Share buy-back by the Company during the financial year.

Option, warrants or convertible securities

No option, warrants or convertible securities were issued or exercised during the financial year.

Non-audit fees

There were no non-audit fees paid during the financial year save as disclosed in the Audit Committee Report page 13.

This statement is issued in accordance with a resolution of the Directors dated 25 May 2012.



Membership

The Audit Committee (“the Committee”) comprises the following members:

- Dato’ Abdul Rashid Bin Ismail - Chairman, Independent Non-Executive Director
- Ms. Tang Yin Kham - Independent Non-Executive Director
- Mr. Mohd Faizal Izan Bin Abdul Latiff - Independent Non-Executive Director

Terms of reference

The Committee was established on 29 February 1996 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 14 to 16.

Meetings

During the financial year ended 31 December 2011, the Audit Committee held a total of five (5) meetings, the attendance of the committee member are as follows :-

Name of Committee Member	No. of Committee Meeting	
	Held	Attended
Dato’ Abdul Rashid Bin Ismail	5	5
Tang Yin Kham	5	5
Mohd Faizal Izan Bin Abdul Latiff	5	5

All the meetings were held at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang. The meeting were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. Executive Directors and representatives of the external auditors and internal auditors were also invited to attend the meetings as and when the needs arises.

Summary of activities during the financial year

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee included the following:

- Review of the external auditors’ scope of work and audit plans for the year.
- Review with the external auditors the results of the audit, the audit report and the management letter, including management’s response.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 18 to the financial statements.
- Review the independence and objectivity of the external auditors and the services provided. For providing accountancy services and advisory on taxation, non-audit fees totaling RM15,700 were paid to the external auditors.



Summary of activities during the financial year (cont'd)

- Review of the internal audit department's resources requirements, programmes and plan for the financial year under review and the annual assessment of the internal audit department 's performance.
- Review of the internal audit reports and discussion with the management to take actions to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- Recommendation to the Board improvement opportunities in internal control, procedures and risk management.
- Review of the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure compliance with the Listing Requirements of Bursa Securities, financial reporting standards and other relevant legal and regulatory requirements before recommending them for the Board's approval.
- Review of the quarterly unaudited financial results announcements before recommending them for the Board's approval.
- Review of the related party transactions entered into by the Group.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he or she is not a member of MIA, he must have at least three (3) years of working experience and:-
 - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he or she must be a member of one of the associations of accountants specified in part II of the 1st schedule of the Accountants ACT 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Securities.



Audit Committee Report

(Continued)

Composition (Cont'd)

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee. The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite the Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least annually with the management, and at least once every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

The Company shall ensure the attendance of the other Directors and employees of the Company at any particular Audit Committee meeting is only at the Committee's invitation and is specific to the relevant meeting.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the BMSB Listing Requirements, the Committee shall promptly report such matter to the BMSB.



Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.
- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- Review the budget and staffing of the internal audit department.
- Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
- Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- Review the quarterly results and the year end financial statements, prior to the approval by the Board focussing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant or unusual events; and
 - compliance with accounting standards and other legal requirements;
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Securities and other legislative and reporting requirements.
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
- Verify the allocation of options pursuant to the Employee Share Option Scheme ("Scheme") of the Company and to ensure that the allocation is in compliance with the By-Laws of the scheme.
- Any other activities, as authorised by the Board.



Statement on Internal Control

Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a “statement about the state of internal control of the listed issuer as a group”. The Board is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year.

The Board is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

The Board recognises the need to have a formal on going process for identifying, evaluating and managing the significant risks faced by the Group. In this respect, a risk management exercise has been carried out, involving the relevant managers and officers, in which the significant risks were identified and their impact quantified. The controls to manage those risks were also assessed. Where there were short comings in the controls, action plans were recommended to enhance the effectiveness of controls.

The Group has an internal audit department which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

During the financial year ended 31 December 2011, with the assistance of the internal audit function, the Board as a whole reviewed the adequacy and integrity of the system of internal control by :

- Reviewing the quarterly financial reports and evaluated the reasons for unusual variances noted thereof;
- The close involvement of Executive Directors in the business and who are hands-on in the operations of the Group, including the regular review of internal control procedures with operating and financial personnel of the Group;
- The Board has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority, training and development, equality of opportunity, staff performance and serious misconduct. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of management and, finally to the Board ; and
- The Audit Committee assists the Board in the review of financial statements. Where appropriate, explanations are sought from management for unusual fluctuations noted thereof.

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board, together with Management, continues to take measures to strengthen the control environment.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 25 May 2012.



Rex Industry Berhad (“RIB”) is mindful of its Corporate Social Responsibility towards the community, environment, employees, shareholders and other stakeholders. Being a responsible Corporate Citizen, RIB continues to promote quality work environment, healthy and safety workplace to the employees and have initiated and supported various social, community and environmental programs. We develop ethical, responsible business policies and practices that are applied without exception across our operations.

The Corporate Social Responsibility initiatives undertaken by our Group during the financial year are summarized as below :

The Community

- ▶ During the year, the Group has been giving its support unconditionally to the people in need by sponsoring canned foods and beverage to various non-profitable organization, school and individuals. Besides that, we also expressed our care and concern for the under-privileged groups through monetary contributions.
- ▶ In support of school education program, our factories are open for school children to visit so as to enhance their understanding on how canned foods and beverage products are being produced.
- ▶ We continued to support the Internship Program by working with various public and private higher education providers such as universities, colleges and polytechnics to provide training for their students.

Our Workplace

RIB appreciates the contribution of our employees as regards to the growth of the business and harmonious working environment.

- ▶ We are committed to ensure fairness in career opportunity and treat all staffs equally regardless of their religion, races, genders, age and nationality.
- ▶ We are committed to maintain a safe and healthy working environment for our employees in the workplace.
- ▶ Constant education, training and safety workshops to ensure a high level of awareness of safety requirements at all levels.

The Marketplace

We are committed to ensure that the interests of all our important stakeholders (i.e. customers, suppliers and shareholders) are being taken care of. We ensure the supply of quality products and meeting customers’ satisfactions through continual improvement in quality, technology, process and services. We are also practice good corporate governance to meet shareholders’ expectations.

The Environment

It is our responsibility to apply our capabilities towards creating a better and safer world. We are conscious of the global warming and climate changes in the global environment due to the industrial activities. We support the use of environmental friendly products and minimize any adverse impact to the natural environment. We are always committed to the cause of environmental protection by increasing workforce awareness on the energy conservation methods (i.e. Instilling daily habits of switching off light and air-conditioners when not in use). We also ensure compliance to all relevant environmental laws and other requirements by raising the environmental awareness among the employees.





On behalf of the Board of Directors of Rex Industry Berhad, I am pleased to present the Annual Report for year ended 31st December 2011.

Review of Operation

2011 was a challenging year as the world economy faced with instability and uncertainty. With the depressed demand from the US and Eurozone economies moved closer to recession, the road to recovery for the Group is proving to be winding and rocky.

Despite a difficult year, the Group turnover increased by a modest 4.6% to RM 141.8 millions as compared with RM 135.6 million last year. Increased sales in the domestic markets from Jie Yang Rex Foods in China and exports from PT Rex Canning in Indonesia contribute significantly in sustaining the turnover level.

During the year, focus was placed on cost cutting on various expenses, improve efficiencies of production and trading operation. New projects for the Group and subsidiaries were actively explored and new incentives and performance-based rewarding schemes were introduced.

With the implementation of new productivity improvement measures, Rex Canning was able to increase its productivity of canned cuttelfish and canned baked bean by 11.5% and 43.7% respectively. Furthermore, with the management's opportune forward purchase of raw material at favorable price, it enables the company to reduce cost of production and thereby increased profitability.

P.T. Rex Canning of Indonesia and Jie Yang Rex Foods of China faced huge inflationary pressures on rising cost of raw materials and higher labor cost. In general, raw materials cost increased by 20% for tuna and crabmeat and labor cost increased by 12% in Jie Yang and 15% in P.T. Rex Canning. In order to cushion the impact of high production cost and low profit margin, Jie Yang Rex Food has proposed to diversified its operation to non-canned seafood business. P.T. Rex Canning planned to penetrate the Africa market and not solely rely on the U.S. and EU market.

Rex Trading Malaysia was operating in an intensely competitive environment aggravated by heavy discounts and promotions from competitors. Moving forward, the sales team has embarked on various initiatives to improve their position and stay competitive.

Financial Performance

The recovery measures implemented during the year have shown positive effects for the operational profitability. Although the sales grew a modest 4.6%, the overall loss after tax has been reduced to RM1.64 million or by a percentage of 41%.

Results and margin from operating activities has technically broken even at a mere RM64,000 shortfall. This is an encouraging sign that the margin is accelerating forward and toward a positive margin.

Prospects

Barring unforeseen circumstances, the directors expect the Group result to improve for the current financial year.

Plans for this year include charting a successful roadmap to accelerate our growth in packaged drink and to penetrate the international markets.

The Board has full confidence that the new Group CEO, Mr. Lee Chak Hiang will continue to bring about effective and positive changes to the Group.



Dividends

The Board does not recommend any dividend to be paid for the financial year under review.

Acknowledgement

On behalf of the Board, I would like to thank all the staff and management of the Group for their unwavering dedication and contribution during the year.

I also would like to take this opportunity to express our gratitude to our shareholders, customers and vendors for their continued support and confidence in the Group.

Last but not least, the Board does not forget the contribution of our previous Group CEO Mr. Lee Hee Thiam who has dedicated a major part of his working life to the Group. On top of the tribute and thankfulness we have for him, we look forward to his continuing contribution as a board member of the Group.



.....
Dato' Abdul Rashid Bin Ismail
Chairman
27 April 2012



Statistics of Shareholdings

As At 30 April, 2012



ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM100,000,000
Class of equity security		
- RM1.00 Ordinary share	:	RM56,051,617
Number of shareholders	:	1,470
Voting right		
- On a show of hand	:	one vote for every shareholder
- On a poll	:	one vote for every ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Ordinary Shares

Size of Shareholdings	Shareholders	%	No. of Shares	%
less than 100	40	2.72	1,595	0.00
100 to 1,000 shares	286	19.46	258,119	0.46
1,001 to 10,000 shares	902	61.36	3,287,182	5.87
10,001 to 100,000 shares	204	13.88	5,447,883	9.72
100,001 to 2,802,580 shares	35	2.38	30,777,942	54.91
2,802,581 and above	3	0.20	16,278,896	29.04
Total	1,470	100.00	56,051,617	100.00

SUBSTANTIAL SHAREHOLDERS

Ordinary Shares

Name	Direct Interest No. of Shares	% of Issued Share Capital
1. Lee Chai Seng	8,793,124	15.69
2. Lee Hee Thiam	4,583,367	8.18
3. Yee Chek Mun	2,902,405	5.18

DIRECTORS SHAREHOLDINGS

The Company

Name of Directors	Direct Interest No. of Shares	%	No. of Unexercised ESOS Options
Dato' Abdul Rashid Bin Ismail	180	-	-
Lee Hee Thiam	4,583,367	8.18	-
Lee Hee Hong	1,300	-	-
Lee Sew Keng	1,295,807	2.31	-
Tang Yin Kham	-	-	-
Mohd Faisal Izan Bin Abdul Latiff	-	-	-
Lee Soo Keat	-	-	-
Lee Chak Hiang	59,800	0.11	-
Lee Siew Boy	1,271,207	2.27	-



Thirty Largest Shareholders

As At 30 April, 2012

Name	No. of Shares	%
1. Lee Chai Seng	8,793,124	15.69
2. Lee Hee Thiam	4,583,367	8.18
3. Yee Chek Mun	2,902,405	5.18
4. Lee Sew Chong @ Lee Siew Choo	2,721,548	4.86
5. Lee Sew Kee	2,621,526	4.68
6. Cheong Boo Chin	2,461,400	4.39
7. Lim Kheng Boon	2,190,015	3.91
8. Lim Ee Yong	1,722,170	3.07
9. Lee Sew Nai	1,721,313	3.07
10. Lee Seow Hya	1,721,313	3.07
11. Lee Sew Hong @ Lee Siw Hong	1,721,313	3.07
12. Teh Tan Yong	1,377,051	2.46
13. Lee Sew Keng	1,295,807	2.31
14. Lee Sew Boy	1,271,207	2.27
15. Chang Siew Kim @ Chang Siew Yoon	1,260,755	2.25
16. Ta Nominees (Tempatan) Sdn Bhd < Acc For Tay Ben Chuan >	1,150,500	2.05
17. Tan Chun Hwa	832,881	1.49
18. Tee Nyoon Hua	694,700	1.24
19. Lee Tse Paul	688,526	1.23
20. Lee Tse Faye	688,525	1.23
21. Lee Tse Ian	688,525	1.23
22. Ang Chee Kean	600,000	1.07
23. Abdul Latiff Bin S Mirasa	466,975	0.83
24. HLB Nominees (Tempatan) Sdn Bhd < Acc For Phee Boon Poh >	401,600	0.72
25. Lee Cheong Keat @ Lee Chong Keat	354,000	0.63
26. Lee Soo An	340,967	0.61
27. Koay Swee Aik	219,400	0.39
28. Citigroup Nominees (Asing) Sdn Bhd < MBS Ag Singapore For Merton Profit Limited >	200,000	0.36
29. Lim Ah Lik	189,200	0.34
30. Ng Sai How	160,000	0.29



Five Years Summary of Financial Highlights

	Note	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000 Restated	2011 RM'000
Paid-up Share Capital		56,052	56,052	56,052	56,052	56,052
Shareholders Funds		123,450	128,627	131,573	118,748	118,619
Borrowings	1	34,762	39,569	37,958	44,006	43,730
Net Tangible Assets		110,826	116,004	119,452	116,390	106,718
Turnover		160,927	174,175	162,673	135,593	141,834
Profit / (Loss) before Tax after Minority Interest		5,473	3,933	4,045	(4,218)	(1,309)
Interest		1,525	1,819	1,518	1,417	1,398
Profit / (Loss) after Tax and Minority Interest		1,980	3,274	2,571	(4,022)	(1,636)
Dividend		830	841	841	841	-

Key Statistics

		2007	2008	2009	2010 Restated	2011
Investment Ratio						
NTA per share		1.98	2.07	2.13	2.08	1.90
Basic Earning / (Loss) Per Share (Sen)		3.53	5.84	4.59	(7.18)	(2.92)*
Gross dividend rate (%)		2.00	2.00	2.00	-	-
Dividend coverage ratio (times)	2	2.39	3.89	3.06	-	-
Operating Ratio						
After tax return on shareholders' fund (%)		1.60	2.55	1.95	(3.39)	(1.38)
Pre-tax profit margin (%)		3.40	2.26	2.49	(3.11)	(0.92)
Financial Ratio						
Gearing (times)	3	0.282	0.308	0.288	0.371	0.369
Interest coverage ratio	4	4.59	3.16	3.66	(3.98)	0.06
Liquidity Ratio						
Current ratio		2.66	2.84	3.00	2.28	2.17
Quick ratio		1.50	1.48	1.51	1.11	1.16

Note:-

- 1 All interest-bearing debts
- 2 Profit after tax before dividends divided by total dividends
- 3 Total borrowings over Shareholders' fund
- 4 Pre-tax profit before interest expenses divided by interest expenses

* Calculated based on the weighted average no. of shares in issue during the year 56,051,617 ordinary shares.





REX TRADING SDN BHD



CINTA EDAR (M) SDN BHD



REX FOODS SDN BHD



FIKA FOODS CORPORATION SDN BHD



CINTA EDAR (SELATAN) SDN BHD



FIKA FOODS MARKETING SDN BHD



BEST AQUA FOOD SDN BHD



GAINASIA INTERNATIONAL LIMITED

Directors' Report For The Year Ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

Principal activities

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiaries are set out in Note 4 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Loss for the year attributable to owners of the Company	<u>1,635,687</u>	<u>255,189</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividend

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Directors of the Company

Directors who served since the date of the last report are :

Dato' Abdul Rashid Bin Ismail
Lee Hee Thiam
Lee Hee Hong
Lee Sew Keng
Tang Yin Kham
Mohd Faisal Izan Bin Abdul Latiff
Lee Soo Keat
Lee Chak Hiang
Lee Siew Boy



Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

Interest in the Company	Number of ordinary shares of RM1 each			Balance at 31.12.2011
	Balance at 1.1.2011/#	Bought	Sold	
Dato' Abdul Rashid Bin Ismail : - own	180	-	-	180
Lee Hee Thiam : - own	4,583,367	-	-	4,583,367
Lee Sew Keng : - own	1,295,807	-	-	1,295,807
Lee Hee Hong : - own	1,300	-	-	1,300
Lee Chak Hiang : - own	#59,800	-	-	59,800
Lee Siew Boy : - own	#1,271,207	-	-	1,271,207

None of the other Directors holding office at 31 December 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

At date of appointment on 10 January 2011.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.





Other statutory information (Cont'd)

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

Dato' Abdul Rashid Bin Ismail

Lee Hee Hong

Penang,

Date : 27 April 2012



Consolidated Statement Of Financial Position As At 31 December 2011

	Note	31.12.2011 RM	31.12.2010 RM Restated	01.01.2010 RM Restated
Assets				
Property, plant and equipment	3	47,833,152	49,496,216	48,360,563
Goodwill on consolidation	5	11,900,862	11,900,862	12,121,439
Total non-current assets		<u>59,734,014</u>	<u>61,397,078</u>	<u>60,482,002</u>
Trade and other receivables	6	52,196,426	48,208,862	48,530,506
Inventories	7	57,109,237	61,142,101	62,563,958
Current tax assets		652,591	642,867	670,035
Cash and cash equivalents	8	12,137,244	9,329,123	10,242,084
Total current assets		<u>122,095,498</u>	<u>119,322,953</u>	<u>122,006,583</u>
Total assets		<u>181,829,512</u>	<u>180,720,031</u>	<u>182,488,585</u>
Equity				
Share capital	9	56,051,617	56,051,617	56,051,617
Reserves	10	62,567,296	62,696,045	71,453,258
Total equity attributable to owners of the Company		<u>118,618,913</u>	<u>118,747,662</u>	<u>127,504,875</u>
Liabilities				
Deferred tax liabilities	11	3,577,359	3,961,527	4,963,636
Loans and borrowings	12	3,417,104	5,581,567	7,935,796
Total non-current liabilities		<u>6,994,463</u>	<u>9,543,094</u>	<u>12,899,432</u>
Trade and other payables	13	15,885,823	13,549,554	12,061,684
Loans and borrowings	12	40,313,353	38,423,990	30,022,594
Current tax liabilities		16,960	455,731	-
Total current liabilities		<u>56,216,136</u>	<u>52,429,275</u>	<u>42,084,278</u>
Total liabilities		<u>63,210,599</u>	<u>61,972,369</u>	<u>54,983,710</u>
Total equity and liabilities		<u>181,829,512</u>	<u>180,720,031</u>	<u>182,488,585</u>



The notes on pages 37 to 74 are an integral part of these financial statements.



Consolidated Statement Of Comprehensive Income

For The Year Ended 31 December 2011



	Note	2011 RM	2010 RM Restated
Continuing operations			
Revenue	14	141,833,863	135,593,273
Changes in manufactured inventories		(1,827,659)	(4,545,766)
Raw materials consumed		(94,804,483)	(85,615,157)
Staff costs	15	(16,621,069)	(16,076,991)
Depreciation	3	(3,328,794)	(3,460,754)
Other operating expenses		(25,965,371)	(28,881,918)
Other operating income		649,323	84,525
Results from operating activities		<u>(64,190)</u>	<u>(2,902,788)</u>
Interest income		153,358	102,288
Finance costs	16	(1,398,391)	(1,417,480)
Loss before tax	17	<u>(1,309,223)</u>	<u>(4,217,980)</u>
Income tax expense	19	(326,464)	195,998
Loss for the year		<u>(1,635,687)</u>	<u>(4,021,982)</u>
Other comprehensive income/(expense), net of tax			
Foreign currency translation differences for foreign operations		1,506,938	(3,894,457)
Total other comprehensive income/(expense) for the year		<u>1,506,938</u>	<u>(3,894,457)</u>
Total comprehensive expense for the year		<u>(128,749)</u>	<u>(7,916,439)</u>
Loss for the year attributable to :			
Owners of the Company		<u>(1,635,687)</u>	<u>(4,021,982)</u>
Total comprehensive expense attributable to :			
Owners of the Company		<u>(128,749)</u>	<u>(7,916,439)</u>
Basic loss per ordinary share (sen)	20	<u>(2.92)</u>	<u>(7.18)</u>



REX INDUSTRY BERHAD

The notes on pages 37 to 74 are an integral part of these financial statements.



Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2011

Attributable to owners of the Company

Non-distributable

Distributable

	Share capital RM	Share premium RM	Translation reserve RM	Retained earnings RM	Total equity RM
At 1 January 2010, as previously stated	56,051,617	10,614,008	5,493,207	59,414,590	131,573,422
Prior year adjustments (Note 27)	-	-	-	(4,068,547)	(4,068,547)
At 1 January 2010, restated	56,051,617	10,614,008	5,493,207	55,346,043	127,504,875
Total other comprehensive expense for the year					
- Foreign currency translation differences for foreign operations	-	-	(3,894,457)	-	(3,894,457)
Loss for the year, as previously stated	-	-	-	(2,790,149)	(2,790,149)
Prior year adjustments (Note 27)	-	-	-	(1,231,833)	(1,231,833)
Loss for the year, restated	-	-	-	(4,021,982)	(4,021,982)
Total comprehensive expense for the year, restated	-	-	(3,894,457)	(4,021,982)	(7,916,439)
Total distribution to owners					
- Dividend to owners of the Company (Note 21)	-	-	-	(840,774)	(840,774)
At 31 December 2010, restated	56,051,617	10,614,008	1,598,750	50,483,287	118,747,662
	Note 9	Note 10	Note 10	Note 10	
At 1 January 2011, restated	56,051,617	10,614,008	1,598,750	50,483,287	118,747,662
Total other comprehensive income for the year					
- Foreign currency translation differences for foreign operations	-	-	1,506,938	-	1,506,938
Loss for the year	-	-	-	(1,635,687)	(1,635,687)
Total comprehensive income/(expense) for the year	-	-	1,506,938	(1,635,687)	(128,749)
At 31 December 2011	56,051,617	10,614,008	3,105,688	48,847,600	118,618,913
	Note 9	Note 10	Note 10	Note 10	



REX INDUSTRY BERHAD



The notes on pages 37 to 74 are an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2011

	Note	2011 RM	2010 RM Restated
Cash flows from operating activities			
Loss before tax from continuing operations		(1,309,223)	(4,217,980)
Adjustments for :			
Depreciation of property, plant and equipment	3	3,328,794	3,460,754
Interest expense	16	1,398,391	1,417,480
Gain on disposal of plant and equipment		(14,033)	-
Plant and equipment written off		26,226	-
Interest income		(153,358)	(102,288)
Impairment loss on goodwill	5	-	220,577
Operating profit before changes in working capital		3,276,797	778,543
Changes in working capital :			
Inventories		5,007,753	(219,560)
Trade and other receivables		(3,037,694)	(2,180,563)
Trade and other payables		1,092,519	2,739,338
Cash generated from operations		6,339,375	1,117,758
Income tax paid		(1,168,941)	(323,212)
Net cash from operating activities		5,170,434	794,546
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(1,182,644)	(4,940,751)
Proceeds from disposal of plant and equipment		18,269	12,472
Interest received		153,358	102,288
Net cash used in investing activities		(1,011,017)	(4,825,991)
Cash flows from financing activities			
Repayment of term loans		(2,450,779)	(2,423,051)
Repayment of finance lease liabilities		(375,317)	(398,319)
Bank borrowings (net)		3,143,000	8,531,000
Interest paid		(1,398,391)	(1,417,480)
Dividend paid to owners of the Company	21	-	(840,774)
Net cash (used in)/from financing activities		(1,081,487)	3,451,376
Net increase/(decrease) in cash and cash equivalents		3,077,930	(580,069)
Cash and cash equivalents at 1 January		7,671,093	8,765,591
Effect of exchange rate fluctuations on cash and cash equivalents		432,195	(514,429)
Cash and cash equivalents at 31 December	B	11,181,218	7,671,093

The notes on pages 37 to 74 are an integral part of these financial statements.



Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2011 (Continued)

Note :

A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,292,644 (2010 : RM5,096,751) of which RM110,000 (2010 : RM156,000) was acquired by means of finance lease arrangement. The remaining RM1,182,644 (2010 : RM4,940,751) were paid by cash.

B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts :-

	Note	2011 RM	2010 RM
Fixed deposits with a licensed bank	8	-	43,032
Cash and bank balances	8	12,137,244	9,286,091
Bank overdrafts	12	(956,026)	(1,658,030)
		<u>11,181,218</u>	<u>7,671,093</u>



REX INDUSTRIES BERHAD

The notes on pages 37 to 74 are an integral part of these financial statements.



Statement Of Financial Position

As At 31 December 2011



	Note	2011 RM	2010 RM
Assets			
Investments in subsidiaries	4	40,683,617	40,683,617
Total non-current assets		<u>40,683,617</u>	<u>40,683,617</u>
Trade and other receivables	6	27,213,115	27,410,214
Current tax assets		31,320	60,596
Cash and cash equivalents	8	14,092	12,471
Total current assets		<u>27,258,527</u>	<u>27,483,281</u>
Total assets		<u>67,942,144</u>	<u>68,166,898</u>
Equity			
Share capital	9	56,051,617	56,051,617
Reserves	10	11,590,501	11,845,690
Total equity attributable to owners of the Company		<u>67,642,118</u>	<u>67,897,307</u>
Trade and other payables	13	300,026	269,591
Total current liabilities		<u>300,026</u>	<u>269,591</u>
Total equity and liabilities		<u>67,942,144</u>	<u>68,166,898</u>



REX INDUSTRIES BERHAD

The notes on pages 37 to 74 are an integral part of these financial statements.



Statement Of Comprehensive Income

For The Year Ended 31 December 2011

	Note	2011 RM	2010 RM
Continuing operations			
Revenue	14	-	-
Other operating expenses		(255,189)	(203,952)
Other operating income		-	16,971
Loss before tax	17	<u>(255,189)</u>	<u>(186,981)</u>
Income tax expense	19	-	92,157
Loss for the year		<u>(255,189)</u>	<u>(94,824)</u>
Other comprehensive income, net of tax		-	-
Total comprehensive expense for the year		<u>(255,189)</u>	<u>(94,824)</u>



REX INDUSTRIES BERHAD



The notes on pages 37 to 74 are an integral part of these financial statements.



Statement Of Changes In Equity

For The Year Ended 31 December 2011

← Attributable to owners of the Company →

← Non-distributable → Distributable

	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 January 2010	56,051,617	10,614,008	2,167,280	68,832,905
Loss for the year	-	-	(94,824)	(94,824)
Total comprehensive expense for the year	-	-	(94,824)	(94,824)
Dividend to owners of the Company (Note 21)	-	-	(840,774)	(840,774)
Total distribution to owners	-	-	(840,774)	(840,774)
At 31 December 2010	56,051,617	10,614,008	1,231,682	67,897,307
Loss for the year	-	-	(255,189)	(255,189)
Total comprehensive expense for the year	-	-	(255,189)	(255,189)
At 31 December 2011	56,051,617	10,614,008	976,493	67,642,118
	Note 9	Note 10	Note 10	



The notes on pages 37 to 74 are an integral part of these financial statements.



Statement Of Cash Flows

For The Year Ended 31 December 2011

	Note	2011 RM	2010 RM
Cash flows from operating activities			
Loss before tax		(255,189)	(186,981)
Changes in working capital :			
Trade and other receivables		197,099	3,958,836
Trade and other payables		30,435	(2,958,582)
Cash (used in)/generated from operations		(27,655)	813,273
Income tax refunded		29,276	31,561
Net cash from operating activities		1,621	844,834
Cash flows from financing activity			
Dividend paid to owners of the Company	21	-	(840,774)
Net cash used in financing activity		-	(840,774)
Net increase in cash and cash equivalents		1,621	4,060
Cash and cash equivalents at 1 January		12,471	8,411
Cash and cash equivalents at 31 December		14,092	12,471

Note :

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances as shown in the statement of financial position.



The notes on pages 37 to 74 are an integral part of these financial statements.

Rex Industry Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office/Principal place of business

Plot 125
Jalan Perindustrian Bukit Minyak 5
14100 Simpang Ampat
Seberang Perai Tengah

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2011 do not include other entities.

The Company is principally engaged as an investment holding company. The principal activities of its subsidiaries are stated in Note 4 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 April 2012.

1. Basis of preparation

(a) Statement of compliance

These financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*



1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group's and the Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSS, Interpretations and amendments.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis other than as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 5 to the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Subsidiaries consolidated using the pooling-of-interests method of accounting are Rex Canning Co. Sdn. Bhd., Rex Trading Sdn. Bhd. and Rex Foods Sdn. Bhd..

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within the Group's equity.





2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Accounting for business combinations (continued)

Business combinations for other subsidiaries are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.



2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statement* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.





2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)).



2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as financial liability and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.





2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less accumulated depreciation and impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain long term and short term land and buildings were revalued in 1994 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on a valuation).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a diminishing balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction (capital expenditure-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are at the following principal annual rates :

	%
Leasehold land	1 – 2.5
Buildings	2
Plant, machinery and factory equipment	5 – 20
Furniture, fittings and office equipment	5 – 10
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.



2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred. Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.



2. Significant accounting policies (continued)

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata basis*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.



2. Significant accounting policies (continued)

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(k) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other operating income.





2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

(p) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.



3. Property, plant and equipment - Group

Cost/Valuation

At 1 January 2010
- at cost
- at valuation

	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
	6,601,534	2,333,180	28,349,694	37,167,559	4,715,446	5,560,855	-	84,728,268
	614,921	555,079	2,360,000	-	-	-	-	3,530,000
	7,216,455	2,888,259	30,709,694	37,167,559	4,715,446	5,560,855	-	88,258,268
Additions	925,946	-	726,172	1,469,275	210,462	203,373	1,561,523	5,096,751
Reclassification	(2,833,536)	2,833,536	-	-	-	-	-	-
Disposals	-	-	-	(38,525)	-	-	-	(38,525)
Effect of movements in exchange rates	(12,905)	(148,563)	(347,796)	(659,669)	(25,486)	(55,028)	-	(1,249,447)

At 31 December 2010/ 1 January 2011

- at cost
- at valuation

	4,681,039	5,018,153	28,728,070	37,938,640	4,900,422	5,709,200	1,561,523	88,537,047
	614,921	555,079	2,360,000	-	-	-	-	3,530,000
	5,295,960	5,573,232	31,088,070	37,938,640	4,900,422	5,709,200	1,561,523	92,067,047
Additions	-	-	-	724,075	125,919	190,450	252,200	1,292,644
Disposals	-	-	-	-	(4,539)	(68,715)	-	(73,254)
Write-off	-	-	-	(129,326)	(66,996)	-	-	(196,322)
Effect of movements in exchange rates	3,526	155,022	311,900	567,159	7,566	15,036	-	1,060,209

At 31 December 2011

- at cost
- at valuation

	4,684,565	5,173,175	29,039,970	39,100,548	4,962,372	5,845,971	1,813,723	90,620,324
	614,921	555,079	2,360,000	-	-	-	-	3,530,000
	5,299,486	5,728,254	31,399,970	39,100,548	4,962,372	5,845,971	1,813,723	94,150,324



Notes To The Financial Statements

(Continued)

3. Property, plant and equipment - Group (continued)

	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
Accumulated depreciation								
At 1 January 2010								
- at cost	528,283	549,884	6,207,284	24,851,816	3,167,958	3,599,654	-	38,904,879
- at valuation	130,500	177,909	684,417	-	-	-	-	992,826
	658,783	727,793	6,891,701	24,851,816	3,167,958	3,599,654	-	39,897,705
Charge for the year								
Reclassification	27,943	103,812	716,516	1,910,054	261,998	440,431	-	3,460,754
Disposals	(528,285)	528,285	-	(26,053)	-	-	-	(26,053)
Effect of movements in exchange rates	-	(25,981)	(185,568)	(491,298)	(22,266)	(36,462)	-	(761,575)
	19,290	1,144,213	6,693,993	26,244,519	3,407,690	4,003,623	-	41,513,328
- at cost	139,151	189,696	728,656	-	-	-	-	1,057,503
	158,441	1,333,909	7,422,649	26,244,519	3,407,690	4,003,623	-	42,570,831
Charge for the year								
Disposals	24,018	107,200	719,050	1,829,118	251,919	397,489	-	3,328,794
Write-off	-	-	-	(303)	(49,657)	(68,715)	-	(69,018)
Effect of movements in exchange rates	-	30,499	174,359	434,133	6,439	11,231	-	(170,096)
	34,657	1,270,125	7,543,169	28,387,331	3,616,088	4,343,628	-	45,194,998
- at cost	147,802	201,483	772,889	-	-	-	-	1,122,174
	182,459	1,471,608	8,316,058	28,387,331	3,616,088	4,343,628	-	46,317,172



3. Property, plant and equipment - Group (continued)

Carrying amounts

	Long term leasehold land RM	Short term leasehold land RM	Buildings RM	Plant, machinery and factory equipment RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expenditure -in-progress RM	Total RM
At 1 January 2010								
- at cost	6,073,251	1,783,296	22,142,410	12,315,743	1,547,488	1,961,201	-	45,823,389
- at valuation	484,421	377,170	1,675,583	-	-	-	-	2,537,174
	6,557,672	2,160,466	23,817,993	12,315,743	1,547,488	1,961,201	-	48,360,563
At 31 December 2010/ 1 January 2011								
- at cost	4,661,749	3,873,940	2,034,077	11,694,121	1,492,732	1,705,577	1,561,523	47,023,719
- at valuation	475,770	365,383	1,631,344	-	-	-	-	2,472,497
	5,137,519	4,239,323	23,665,421	11,694,121	1,492,732	1,705,577	1,561,523	49,496,216
At 31 December 2011								
- at cost	4,649,908	3,903,050	21,496,801	10,713,217	1,346,284	1,502,343	1,813,723	45,425,326
- at valuation	467,119	353,596	1,587,111	-	-	-	-	2,407,826
	5,117,027	4,256,646	23,083,912	10,713,217	1,346,284	1,502,343	1,813,723	47,833,152





3. Property, plant and equipment - Group (continued)

The leasehold land and buildings of the Group are shown at Directors' valuation based on a valuation exercise carried out in 1994 by Government Valuers as approved by the Securities Commission on an open market value basis.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1994 was carried out primarily for the purpose of reflecting a fairer worth of properties then and was not intended to effect a change in accounting policy to one of revaluation of properties. Hence, in accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, the valuation of these properties have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation.

Subsequent additions are shown at cost while disposals are at cost or valuation as appropriate.

The net book value of revalued properties for the Group stated at their original costs less accumulated depreciation are as follows :

	2011 RM	2010 RM
Long term leasehold land	40,091	40,834
Short term leasehold land	28,490	29,440
Buildings	942,667	969,082
	<u>1,011,248</u>	<u>1,039,356</u>

The net book value of motor vehicles acquired under finance lease liabilities are as follows :

	2011 RM	2010 RM
Motor vehicles	<u>885,118</u>	<u>975,948</u>

4. Investments in subsidiaries - Company

	2011 RM	2010 RM
Unquoted shares, at cost	40,951,620	40,951,620
Less : Impairment loss	(268,003)	(268,003)
	<u>40,683,617</u>	<u>40,683,617</u>



4. Investments in subsidiaries - Company (continued)

Details of the subsidiaries are as follows :

Name of company	Effective ownership interest		Country of incorporation	Principal activities
	2011	2010		
Rex Canning Co. Sdn. Bhd.	100%	100%	Malaysia	Manufacture and export of canned food and drinks and investment holding
Rex Trading Sdn. Bhd.	100%	100%	Malaysia	Trading of canned food and shelf stable convenience food
Fika Foods Corporation Sdn. Bhd.	100%	100%	Malaysia	Manufacture and distribution of frozen meat
Cinta Edar (Selatan) Sdn. Bhd.	100%	100%	Malaysia	Dormant
Rex Foods Sdn. Bhd.	100%	100%	Malaysia	Dormant
Best Aqua Food Sdn. Bhd.	100%	100%	Malaysia	Dormant
Cinta Edar (M) Sdn. Bhd.	100%	100%	Malaysia	Dormant
Fika Foods Marketing Sdn. Bhd.	100%	100%	Malaysia	Dormant
P.T. Rex Canning * @	100%	100%	Indonesia	Manufacture and export of canned food
Gainasia International Limited *	100%	100%	British Virgin Island	Dormant
<u>Subsidiary of Rex Canning Co. Sdn. Bhd.</u> Jie Yang Rex Foods Co. Ltd. *	100%	100%	The People's Republic of China	Manufacture and export of canned food and drinks

* Not audited by member firms of KPMG International.

@ Rex Canning Co. Sdn. Bhd. has 30% equity interest in P.T. Rex Canning ("PT Rex").

5. Goodwill on consolidation - Group

	2011 RM	2010 RM
At 1 January	12,121,439	12,121,439
Less : Impairment loss	(220,577)	(220,577)
At 31 December	<u>11,900,862</u>	<u>11,900,862</u>

The above goodwill acquired is in respect of the Group's acquisition of the canned and frozen food subsidiaries.





5. Goodwill on consolidation - Group (continued)

(a) Key sources of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the canned and frozen food cash-generating unit ("CGU"). Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

(b) Recoverable amount based on value in use

The recoverable amount of a CGU is determined based on value in use calculations based on the following key assumptions:

- (i) Cash flows are projected based on the financial budgets approved by the Directors.
- (ii) Discount rate used for cash flows discounting purposes are the management's estimate of average cost of capital required in the respective segments.
- (iii) Profit margins are projected based on the industry trends, historical profit margin achieved or predetermined profit margin for food industry.

With regard to the assessment of value in use and fair value less costs to sell, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amounts of the unit to be materially below its carrying amounts.

6. Trade and other receivables

	Note	Group		Company	
		2011 RM	2010 RM Restated	2011 RM	2010 RM
Trade					
Trade receivables		38,439,535	40,508,099	-	-
Less : Impairment loss		(2,728,256)	(2,993,730)	-	-
	6.1	35,711,279	37,514,369	-	-
Non-trade					
Subsidiaries (advances)	6.2	-	-	27,208,838	27,405,937
Other receivables	6.3	2,479,675	2,019,759	4,277	4,277
Deposits	6.4	13,307,045	8,265,572	-	-
Prepayments		698,427	409,162	-	-
		16,485,147	10,694,493	27,213,115	27,410,214
		<u>52,196,426</u>	<u>48,208,862</u>	<u>27,213,115</u>	<u>27,410,214</u>



6. Trade and other receivables (continued)

6.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	2011 RM	2010 RM
RM	USD	435,462	250,611
RM	SGD	954,032	-
Renminbi	USD	1,891,134	1,921,923
Rupiah	USD	<u>8,257,402</u>	<u>2,415,211</u>

6.2 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand.

6.3 Other receivables

The comparative figure for 2010 has been restated to reflect the prior year adjustments as described in Note 27 and Note 28 to the financial statements.

6.4 Deposits

Included in deposits of the Group is an amount of RM11,120,591 (2010 : RM5,979,189) which represents advances paid to suppliers.

7. Inventories, at cost - Group

	2011 RM	2010 RM
Raw materials	20,756,984	22,615,526
Manufactured inventories	27,235,799	29,063,458
Packing materials	8,283,687	8,629,099
Consumables	832,767	834,018
	<u>57,109,237</u>	<u>61,142,101</u>

8. Cash and cash equivalents

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits with a licensed bank	-	43,032	-	-
Cash and bank balances	12,137,244	9,286,091	14,092	12,471
	<u>12,137,244</u>	<u>9,329,123</u>	<u>14,092</u>	<u>12,471</u>





8. Cash and cash equivalents (continued)

Analysis of foreign currency exposure for significant cash and bank balances

Significant cash and bank balances outstanding at year end that are not in the functional currencies of the Group entities are as follows :

Functional currency	Foreign currency	2011 RM	2010 RM
RM	USD	761,707	342,626
Renminbi	USD	473	555
Rupiah	USD	<u>4,942</u>	<u>52,459</u>

9. Share capital - Group/Company

	2011		2010	
	RM	Number of shares	RM	Number of shares
Ordinary shares of RM1 each				
Authorised :				
Balance at 1 January/ 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Ordinary shares of RM1 each				
Issued and fully paid :				
Balance at 1 January/ 31 December	<u>56,051,617</u>	<u>56,051,617</u>	<u>56,051,617</u>	<u>56,051,617</u>

10. Reserves

	Group		Company	
	2011 RM	2010 RM Restated	2011 RM	2010 RM
Non-distributable				
Share premium	10,614,008	10,614,008	10,614,008	10,614,008
Translation reserve	3,105,688	1,598,750	-	-
	<u>13,719,696</u>	<u>12,212,758</u>	<u>10,614,008</u>	<u>10,614,008</u>
Distributable				
Retained earnings	48,847,600	50,483,287	976,493	1,231,682
	<u>62,567,296</u>	<u>62,696,045</u>	<u>11,590,501</u>	<u>11,845,690</u>

The movements in the reserves are disclosed in the statements of changes in equity.



10. Reserves (continued)

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank and distribute its entire retained earnings at 31 December 2011 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the transitional period on 31 December 2013, whichever is earlier.

11. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows :

	2011 RM	2010 RM
Property, plant and equipment		
- capital allowances	2,589,000	2,629,000
- revaluation	2,196,359	2,431,527
Unabsorbed capital allowances	(1,077,000)	(768,000)
Tax loss carry-forwards	(65,000)	(319,000)
Provisions	(66,000)	(12,000)
	<u>3,577,359</u>	<u>3,961,527</u>

Movements in temporary differences during the year

	At 1 January 2010 RM	Recognised in profit or loss RM	At 31 December 2010 RM	Recognised in profit or loss RM	At 31 December 2011 RM
Property, plant and equipment					
- capital allowances	2,801,000	(172,000)	2,629,000	(40,000)	2,589,000
- revaluation	2,574,636	(143,109)	2,431,527	(235,168)	2,196,359
Unabsorbed capital allowances	(345,000)	(423,000)	(768,000)	(309,000)	(1,077,000)
Tax loss carry-forwards	-	(319,000)	(319,000)	254,000	(65,000)
Provisions	(67,000)	55,000	(12,000)	(54,000)	(66,000)
	<u>4,963,636</u>	<u>(1,002,109)</u>	<u>3,961,527</u>	<u>(384,168)</u>	<u>3,577,359</u>





11. Deferred tax liabilities - Group (continued)

Deferred tax have not been recognised in respect of the following items (stated at gross):

	2011 RM	2010 RM
Taxable temporary differences	(1,240,000)	(1,463,000)
Tax loss carry-forwards	4,132,000	3,449,000
Unabsorbed capital allowances	598,000	324,000
Provisions	2,678,000	2,858,000
	<u>6,168,000</u>	<u>5,168,000</u>

The tax loss carry-forwards and unabsorbed capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

The comparative figures have been restated to reflect the revised taxable temporary differences, tax loss carry-forwards, unabsorbed capital allowances and provisions available to the Group.

12. Loans and borrowings - Group

Current	2011 RM	2010 RM
Unsecured		
Bank overdrafts	956,026	1,658,030
BBA	781,108	38,151
Term loans - floating rate	1,079,767	2,301,055
Bankers' acceptances	33,205,000	30,062,000
Revolving credit	4,000,000	4,000,000
Finance lease liabilities	291,452	364,754
	<u>40,313,353</u>	<u>38,423,990</u>
Non-current		
Unsecured		
BBA	3,073,800	3,961,849
Term loans - floating rate	84,451	1,168,850
Finance lease liabilities	258,853	450,868
	<u>3,417,104</u>	<u>5,581,567</u>

The bank overdrafts bear interest rate at 1.50% (2010 : 1.25% - 1.50%) per annum above the banks' base lending rates.

The Al-Bai Bithaman Ajil ("BBA") facility is subject to profit portion of 3.75% (2010 : 3.75%) per annum.



12. Loans and borrowings - Group (continued)

The floating rate unsecured term loan bears interest rates as follows :

- Term Loan 1 (BLR plus 0.8% per annum)
- Term Loan 2 (BLR plus 1% per annum)
- Term Loan 3 (Cost of fund plus 1.55% per annum)

Other borrowings are subject to interest rates ranging from 3.12% to 5.34% (2010 : 2.94% to 4.98%) per annum.

Finance lease liabilities are payable as follows :

	2011			2010		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than 1 year	333,485	42,033	291,452	417,972	53,218	364,754
Between 1 and 5 years	275,333	40,009	235,324	513,659	62,791	450,868
More than 5 years	29,304	5,775	23,529	-	-	-
	<u>638,122</u>	<u>87,817</u>	<u>550,305</u>	<u>931,631</u>	<u>116,009</u>	<u>815,622</u>

The finance lease liabilities are subject to fixed interest rates ranging from 2.19% to 4.00% (2010 : 2.19% to 4.00%) per annum.

13. Trade and other payables

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Trade					
Trade payables	13.1	11,205,383	9,021,310	-	-
Non-trade					
Other payables		1,753,301	635,054	-	-
Accrued expenses		2,713,763	3,652,358	50,601	50,425
Amount due to Directors	13.2	213,376	240,832	95,150	64,891
Amount due to subsidiaries	13.2	-	-	154,275	154,275
		<u>15,885,823</u>	<u>13,549,554</u>	<u>300,026</u>	<u>269,591</u>





13. Trade and other payables (continued)

13.1 Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	2011 RM	2010 RM
RM	USD	-	209,905
Rupiah	USD	1,116,055	889,066

13.2 Amount due to Directors and subsidiaries

The non-trade amounts due to Directors and subsidiaries are unsecured, interest-free and repayable on demand.

14. Revenue

Revenue of the Company represents dividend income received from subsidiaries.

Revenue of the Group represents the invoiced value of goods sold less discounts and returns.

15. Employee information

Staff costs include contributions to the Employees' Provident Fund of RM724,406 (2010 : RM712,581).

16. Finance costs

	Group	
	2011 RM	2010 RM
Interest payable :		
Term loans	210,797	430,143
Bank overdrafts	98,687	55,749
Finance lease liabilities	55,143	56,211
Bankers' acceptances	825,794	782,577
Revolving credit	207,970	92,800
	<u>1,398,391</u>	<u>1,417,480</u>



17. Loss before tax

Loss before tax is arrived at :

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
After charging :				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia				
- Current year	84,000	65,000	22,000	15,000
- Prior year	8,000	5,000	3,000	1,000
Other auditors	41,602	27,277	-	-
- Non-audit fees				
KPMG Malaysia	5,000	5,000	5,000	5,000
Local affiliates of KPMG Malaysia	10,700	10,700	2,600	2,600
Directors' emoluments				
Directors of the Company				
- Fees	147,950	99,000	144,350	99,000
- Short term employee benefits	1,056,466	720,340	6,400	6,100
Other Directors				
- Fees	7,200	10,800	-	-
- Short term employee benefits	673,141	596,691	-	-
Depreciation of property, plant and equipment (Note 3)	3,328,794	3,460,754	-	-
Impairment loss on receivables				
- trade	338,514	576,157	-	-
- non-trade	146,000	-	-	-
Rental of premises	184,762	228,714	-	-
Rental of machinery	11,076	11,571	-	-
Bad debts written off	757,900	421,745	-	-
Realised loss on foreign exchange	1,457	164,064	-	-
Inventories written off	8,331	-	-	-
Impairment loss on goodwill (Note 5)	-	220,577	-	-
Plant and equipment written off	26,226	-	-	-
and crediting :				
Unrealised gain on foreign exchange	417,339	22,338	-	16,971
Gain on disposal of plant and equipment	14,033	-	-	-
Interest income	153,358	102,288	-	-
Rental income	43,200	27,000	-	-

18. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors :				
Fees	155,150	109,800	144,350	99,000
Remuneration	1,729,607	1,317,031	6,400	6,100
	<u>1,884,757</u>	<u>1,426,831</u>	<u>150,750</u>	<u>105,100</u>





19. Income tax expense

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax expense on continuing operations	326,464	(195,998)	-	(92,157)
Total income tax expense	326,464	(195,998)	-	(92,157)
Current tax expense				
Malaysian				
- current year	-	-	-	-
- prior year	-	135,387	-	(92,157)
Overseas	710,632	670,724	-	-
	710,632	806,111	-	(92,157)
Deferred tax expense				
- current year	(317,168)	(949,109)	-	-
- prior year	(67,000)	(53,000)	-	-
	(384,168)	(1,002,109)	-	-
Total income tax expense	326,464	(195,998)	-	(92,157)

Reconciliation of effective tax expense

	Group		Company	
	2011 RM	2010 RM Restated	2011 RM	2010 RM
Loss for the year	(1,635,687)	(4,021,982)	(255,189)	(94,824)
Total income tax expense	326,464	(195,998)	-	(92,157)
Loss excluding tax	(1,309,223)	(4,217,980)	(255,189)	(186,981)
Income tax calculated using Malaysian tax rate of 25%	(327,306)	(1,054,495)	(63,797)	(46,745)
Effect of tax rates in foreign jurisdictions	15,739	51,587	-	-
Non-deductible expenses	582,431	568,559	63,797	46,745
Non-taxable income	(104,335)	-	-	-
Effect of deferred tax assets not recognised	250,104	164,133	-	-
Reversal of deferred tax liability on revaluation of property	(11,000)	-	-	-
Tax incentives	(12,169)	(8,542)	-	-
Other items	-	373	-	-
	393,464	(278,385)	-	-
(Over)/Under provision in prior years	(67,000)	82,387	-	(92,157)
Total income tax expense	326,464	(195,998)	-	(92,157)



20. Basic loss per ordinary share - Group

The calculation of basic loss per ordinary share is based on the net loss attributable to ordinary shareholders of RM1,635,687 (2010 : RM4,021,982) and the weighted average number of ordinary shares outstanding during the year of 56,051,617 (2010 : 56,051,617).

21. Dividend - Group and Company

Dividend recognised in previous financial year by the Group and the Company was as follows:

	Sen per share (net of tax)	Total amount RM	Date of payment
2010			
First and final 2009 ordinary	1.50	<u>840,774</u>	17 September 2010

22. Contingent liabilities, unsecured – Company

Continuing financial support

The Company has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their financial obligation as and when they fall due.

Corporate guarantees

The Company has issued corporate guarantee to financial institutions for banking facilities granted to its subsidiaries up to a limit of RM82,700,000 (2010 : RM82,700,000) of which RM43,180,000 (2010 : RM43,190,000) were utilised as at the end of the reporting date.

23. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities and include subsidiaries as disclosed in Note 4 to the financial statements.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

There were no significant related party transactions of the Group and of the Company, other than key management personnel compensation as disclosed in Note 18 to the financial statements.

24. Operating segments- Group

The Group only has one reportable segment, which is principally engaged in manufacture and distribution of canned food, frozen food and drinks. The Group's Chief Executive Officer (the Chief Operating Decision Maker) reviews internal management reports on the reportable segment on a monthly basis.

Accordingly, information by operating segment on the Group's operations as required by FRS 8 is not presented.





24. Operating segments- Group (Continued)

In presenting geographical information, segment revenue is based on the geographical location of customers. Segment assets are also 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
2011		
Malaysia	67,856	47,887
United States of America	42,901	-
European countries	12,577	-
Asia (excludes Malaysia)	18,500	11,847
	<u>141,834</u>	<u>59,734</u>
2010		
Malaysia	69,780	48,944
United States of America	36,936	-
European countries	12,419	-
Asia (excludes Malaysia)	16,458	12,453
	<u>135,593</u>	<u>61,397</u>

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R); and
- (b) Other financial liabilities measured at amortised cost (OL).

	Carrying Amount RM	L&R RM
2011		
Financial assets		
Group		
Trade and other receivables	38,190,954	38,190,954
Cash and cash equivalents	12,137,244	12,137,244
	<u>50,328,198</u>	<u>50,328,198</u>
Company		
Trade and other receivables	27,213,115	27,213,115
Cash and cash equivalents	14,092	14,092
	<u>27,227,207</u>	<u>27,227,207</u>



25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

	Carrying Amount RM	L&R RM
2010		
Financial assets		
Group		
Trade and other receivables	39,534,128	39,534,128
Cash and cash equivalents	9,329,123	9,329,123
	<u>48,863,251</u>	<u>48,863,251</u>
Company		
Trade and other receivables	27,410,214	27,410,214
Cash and cash equivalents	12,471	12,471
	<u>27,422,685</u>	<u>27,422,685</u>

	Carrying Amount RM	OL RM
2011		
Financial liabilities		
Group		
Loans and borrowings	43,730,457	43,730,457
Trade and other payables	15,885,823	15,885,823
	<u>59,616,280</u>	<u>59,616,280</u>
Company		
Trade and other payables	<u>300,026</u>	<u>300,026</u>
2010		
Financial liabilities		
Group		
Loans and borrowings	44,005,557	44,005,557
Trade and other payables	13,549,554	13,549,554
	<u>57,555,111</u>	<u>57,555,111</u>
Company		
Trade and other payables	<u>269,591</u>	<u>269,591</u>

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net losses on:				
Loans and receivables	<u>(1,089,056)</u>	<u>(895,614)</u>	<u>-</u>	<u>-</u>





25. Financial instruments (continued)

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographical region was :

Group	2011 RM	2010 RM
Malaysia	18,110,847	18,213,473
United States of America	8,504,249	5,678,468
European countries	2,538,268	2,838,776
Asia (excludes Malaysia)	6,557,915	10,783,652
	35,711,279	37,514,369



25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
2011				
Not past due	23,121,790	-	-	23,121,790
Past due 0 - 30 days	6,649,561	-	-	6,649,561
Past due 31 - 120 days	3,923,901	(50,731)	-	3,873,170
Past due more than 120 days	4,744,283	(2,677,525)	-	2,066,758
	<u>38,439,535</u>	<u>(2,728,256)</u>	<u>-</u>	<u>35,711,279</u>
2010				
Not past due	30,215,849	-	-	30,215,849
Past due 0 - 30 days	4,879,462	-	-	4,879,462
Past due 31 - 120 days	1,530,648	-	-	1,530,648
Past due more than 120 days	3,882,140	(2,993,730)	-	888,410
	<u>40,508,099</u>	<u>(2,993,730)</u>	<u>-</u>	<u>37,514,369</u>

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2011 RM	2010 RM
At 1 January	2,993,730	2,673,062
Impairment loss recognised	338,514	596,935
Impairment loss reversed	-	(20,778)
Impairment loss written off	(603,988)	(255,489)
At 31 December	<u>2,728,256</u>	<u>2,993,730</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.





25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM43,180,000 (2010 : RM43,190,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable on demand.

25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.



25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2011							
<i>Non-derivative financial liabilities</i>							
Unsecured							
Bank overdrafts	956,026	8.10%	956,026	956,026	-	-	-
BBA	3,854,908	3.75%	4,167,672	915,200	1,098,240	2,154,232	-
Term loans	1,164,218	6.40% - 7.60%	1,203,041	1,111,556	41,436	50,049	-
Bankers' acceptances	33,205,000	3.12% - 4.68%	33,205,000	33,205,000	-	-	-
Revolving credit	4,000,000	5.15% - 5.34%	4,000,000	4,000,000	-	-	-
Finance lease liabilities	550,305	2.19% - 4.00%	638,122	333,485	141,803	133,530	29,304
Trade and other payables	15,885,823	-	15,885,823	15,885,823	-	-	-
	59,616,280		60,055,684	56,407,090	1,281,479	2,337,811	29,304
Company							
2011							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	300,026	-	300,026	300,026	-	-	-



25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Group 2010	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>							
Unsecured							
Bank overdrafts	1,658,030	7.55% - 7.80%	1,658,030	1,658,030	-	-	-
BBA	4,000,000	3.75%	4,592,566	187,500	187,500	3,294,720	922,846
Term loans	3,469,905	7.10% - 7.85%	3,716,887	2,503,668	1,122,047	91,172	-
Bankers' acceptances	30,062,000	2.94% - 4.54%	30,062,000	30,062,000	-	-	-
Revolving credit	4,000,000	4.75% - 4.98%	4,000,000	4,000,000	-	-	-
Finance lease liabilities	815,622	2.19% - 4.00%	931,631	417,972	313,913	199,746	-
Trade and other payables	13,549,554	-	13,549,554	13,549,554	-	-	-
	57,555,111		58,510,668	52,378,724	1,623,460	3,585,638	922,846
Company 2010							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	269,591	-	269,591	269,591	-	-	-



25. Financial instruments (continued)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily *U.S. Dollar (USD)* and *Singapore Dollar (SGD)*.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2011		2010
	Denominated in		Denominated in
	USD	SGD	USD
	RM	RM	RM
Group			
Trade receivables	10,583,998	954,032	4,587,745
Cash and bank balances	767,122	-	395,640
Trade payables	(1,116,055)	-	(1,098,971)
Net exposure	<u>10,235,065</u>	<u>954,032</u>	<u>3,884,414</u>

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have RM, Renminbi and Rupiah functional currency.

A 10% strengthening of these functional currencies against USD and SGD at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2011	2010
	RM'000	RM'000
USD		
SGD	(768)	(291)
	<u>(72)</u>	<u>-</u>

A 10% weakening of these functional currencies against USD and SGD at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.





25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing loans and borrowings and interest earnings deposits. The Group's policy is to borrow principally on the floating basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate loans and borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2011 RM	2010 RM
Fixed rate instruments		
Financial assets	-	43,032
Financial liabilities	(4,405,213)	(4,815,622)
	<u>(4,405,213)</u>	<u>(4,772,590)</u>
Floating rate instruments		
Financial liabilities	<u>(39,325,244)</u>	<u>(39,189,935)</u>

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2011		
Floating rate instruments	<u>(295)</u>	<u>295</u>
2010		
Floating rate instruments	<u>(294)</u>	<u>294</u>



25. Financial instruments (continued)

25.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

In respect of term loans with variable interest rates, the carrying amount approximate fair value as it is on floating rate and hence reprices to market interest rate for liabilities with similar risk portfolios.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

The fair values of other financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	← 2011 →		← 2010 →	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Finance lease liabilities	550,305	550,305*	815,622	815,622*
BBA	<u>3,854,908</u>	<u>3,854,908*</u>	<u>4,000,000</u>	<u>4,000,000*</u>

* The fair value of this fixed interest financial instrument is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the end of the reporting period. Since the current interest rates do not significantly differ from the intrinsic rate of this financial instrument, the fair value of this financial instrument therefore, closely approximate its carrying value as at the end of the reporting period.

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year.

27. Prior year adjustments

These represent adjustments made arising from the reconciliation of prior year's inter-company balances carried out in this reporting period. The adjustments relate primarily to foreign exchange losses and purchases under taken up in prior years. In the previous year's audited financial statements and auditors' report, it was reported that there was an amount of RM6.3 million included in the other receivables of the Group which arose from the unresolved inter-company balance reconciliation differences at 31 December 2010.





27. Prior year adjustments (continued)

In 2011, the management has completed the review of the differences and noted that the impact to profit or loss amounted to RM5,300,380 (primarily due to exchange differences, purchases and bank charges not properly taken up) and the remaining amount of RM1.0 million was in respect of statement of financial position reclassification adjustment.

Out of the RM5,300,380, an amount of RM1,231,833 could be clearly identified and related to financial year 2010 transactions (exchange differences and purchases undertaken up). The said amount of RM1,231,833 has been taken up in financial year 2010 by restating the comparative figures for the year ended 31 December 2010.

The remaining amount of RM4,068,547 which also relates to purchases, exchanges differences, and bank charges but could not be traced to any particular financial year has been adjusted in financial years prior to 2010 by restating the opening retained earnings of the Group as at 1 January 2010 in the statement of changes in equity as prior year adjustments.

28. Comparative figures

Following the prior year adjustments made as explained in Note 27 to the financial statements, certain comparatives have been re-presented as follows:

	Group			
	31.12.2010		1.1.2010	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
<i>Statement of financial position</i>				
Reserves	62,696,045	67,996,425	71,453,258	75,521,805
Trade and other receivables	48,208,862	53,509,242	48,530,506	52,599,053
<i>Statement of comprehensive income</i>				
Other operating expenses	(28,881,918)	(27,650,085)	-	-
Basic loss per ordinary share (sen)	(7.18)	(4.98)	-	-
<i>Statement of cash flows</i>				
Loss before tax from continuing operations	(4,217,980)	(2,986,147)	-	-
Changes in working capital-trade and other receivables	<u>(2,180,563)</u>	<u>(3,412,396)</u>	<u>-</u>	<u>-</u>



29. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows :

	Group		Company	
	2011 RM'000	2010 RM'000 Restated	2011 RM'000	2010 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	69,565	72,409	976	1,215
- unrealised	(964)	(1,507)	-	17
	<u>68,601</u>	<u>70,902</u>	<u>976</u>	<u>1,232</u>
Less: Consolidation adjustments	(19,753)	(20,419)	-	-
Total retained earnings	<u>48,848</u>	<u>50,483</u>	<u>976</u>	<u>1,232</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

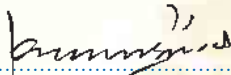


Statement By Directors Pursuant To Section 169(15) Of The Companies Act, 1965

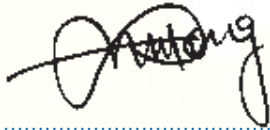
In the opinion of the Directors, the financial statements set out on pages 28 to 73 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 74 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Abdul Rashid Bin Ismail



Lee Hee Hong

Penang,

Date: 27 April 2012



Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

I, **Lee Hee Hong**, the Director primarily responsible for the financial management of Rex Industry Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 74 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang on 27 April 2012.



Lee Hee Hong

Penang,

Date: 27 April 2012

Before me :

Cheah Beng Sun, DJN, AMN, PKT, PJK, PJM, PK
(No. P103)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang.



REX INDUSTRY BERHAD



Independent Auditors' Report To The Members Of Rex Industry Berhad

(Company No. 282664 - K) (Incorporated in Malaysia)



Report on the Financial Statements

We have audited the financial statements of Rex Industry Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 73.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011, and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



REX INDUSTRY BERHAD



Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG
AF 0758
Chartered Accountants



Ooi Kok Seng
2432/05/13 (J)
Chartered Accountant

Date : 27 April 2012

Penang



Properties Owned by the Group

Details of the landed properties of REX Industry Group are as follows :-

Location/ (Registered owner)	Description (Lot / Title No)	Tenure (Approx age of building)	Land area (Built up) (sq. ft)	Net Book Value (31.12.2011) (RM)
No. 5099 Lorong Mak Mandin 6 Industrial Estate (Rex Canning)	Industrial land with factory (Lot 119 / QT (R) PWN35) Expiry Date: 09/11/2065	99 years with 55 years remaining (44 years)	29, 125 (25,000) sq.ft	2,722,676
No. 5099 Lorong Mak Mandin 6 Industrial Estate (Rex Canning)	Industrial land with factory (Lot 270 / HS (D) 768) Expiry Date: 20/09/2041	60 years with 31 years remaining (25 & 20 years)	1 acre (35,000) sq. ft	1,355,635
Plot 125 Bukit Minyak Industrial Park Seberang Perai Tengah (Rex Canning)	Industrial land with factory (Plot 125) Expiry Date: 02/01/2058	60 years with 47 years remaining (13 years)	6 acres (261,571) sq. ft	16,689,060
Plot 126 Bukit Minyak Industrial Park Seberang Perai Tengah (Rex Canning)	Industrial land	60 years with 58 years remaining (2 years)	1.7 acres	891,288
Plot 42 & 43 Taman Airmas Seberang Perai Utara (Rex Canning)	Residential Premises (Lot 4639 / HS (D) 3363) (Lot 4654 / HS (D)3378)	Freehold land	(1,086) sq. ft	120,431
Lot 68 & 69 Subang Light Industrial Park Petaling Jaya, Selangor (Fika Foods Corporation)	Leasehold Land with factory Expiry Date: 10/10/2088	96 years with 79 years remaining (17 years)	(4,500) sq. ft	510,398
31, Jalan Satria 17, JB Perdana Industri Park, 81300 Skudai, Johor. (Rex Canning)	Industrial Land with Factory (HS (D) 127746 PTO 38109)		(3,300) sq. ft	277,349
JL. Raya Beji Km 4 No 42 Beji, Pasuraun, Jawa Timur, Indonesia (P.T.Rex Canning)	Industrial Land with Factory	130 years with 111 years remaining (19 years)	(252,207) sq. ft	5,857,167
Jiedong Economic Development Experimental Zone (Jie Yang Rex Foods)	Leasehold Land with Factory Expiry Date: 20/01/2046	50 years with 36 years remaining (14 years)	6.88 acres (299,693) sq. ft	3,357,004
Lot No. 59712 Mukim Petaling Daerah Petaling Negeri Selangor (Rex Canning)	Industrial Land with Factory Geran No. 72528		(2,000) sq. ft	676,585





PREMIUM QUALITY FOODS

REX CANNING CO. SDN. BHD. (13079-V) (A Subsidiary of REX INDUSTRY BERHAD)
Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang, Malaysia.
Tel: 604-5088 288 Fax: 604-5088 670 Email: rexcan@tm.net.my



BUATAN MALAYSIA



I/We _____
(Full Name in Block Letter)

NRIC No. _____

of _____
(Address)

being a member/members of Rex Industry Berhad, hereby appoint

_____ (Full Name in Block Letter)

of _____
(Address)

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company, to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No 11, Lebuhraya Seberang Jaya, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Friday, 29 June 2012 at 10.00 a.m. and at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
1	Ordinary Resolution 1		
2	Ordinary Resolution 2		
3	i) Ordinary Resolution 3 ii) Ordinary Resolution 4 iii) Ordinary Resolution 5		
4	Ordinary Resolution 6		
5	Ordinary Resolution 7		

(Please indicate with an "X" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit).

In the case if more than one proxy is appointed, the proportions of my/our shareholding to be represented by my/our proxies are as follows:

First named proxy	_____ %	No. of Shares Held _____
Second named proxy	_____ %	
	_____ 100%	

Signed this _____ day of _____ 2012

Signature of Members

Notes :-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company at Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints up to two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. If the appointor is a corporation, this form must be executed under its seal or under the hand of its attorney.



STAMP

The Company Secretary

REX INDUSTRY BERHAD
Plot 125, Jalan Perindustrian Bukit Minyak 5
14100 Simpang Ampat
Seberang Perai Tengah
Penang
Malaysia





REX INDUSTRY BERHAD
[202664-K]



Address: Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang, Malaysia.

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Website: www.rex.net.my