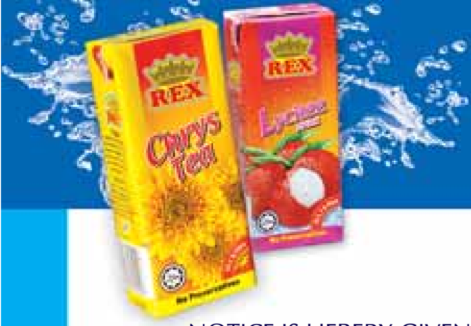
REX INDUSTRY BERHAD
[282664-K]

ANNUAL REPORT 2013

REX INDUSTRY BERHAD
[282664-K]

CONTENTS



NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of Rex Industry Berhad will be held at Semangkok Room, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Monday, 30 June 2014 at 10.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees of RM219,543/- for the financial year ended 31 December 2013. — Ordinary Resolution 1

3. To re-elect the following Directors who retire in accordance with Article 64 of the Company's Articles of Association and being eligible, offer themselves for re-election :-

   (a) Tang Yin Kham — Ordinary Resolution 2
   (b) Mohd Faisal Izan Bin Abdul Latiff — Ordinary Resolution 3
   (c) Lee Sew Keng — Ordinary Resolution 4

4. To re-elect Ameer Bin Shaik Mydin who retires in accordance with Article 69 of the Company's Articles of Association and being eligible, offers himself for re-election. — Ordinary Resolution 5

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 6

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications:

Proposed Retention of Independent Non-Executive Directors

6. (a) "THAT approval be and is hereby given to Mdm Tang Yin Kham who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." — Ordinary Resolution 7

   (b) "THAT approval be and is hereby given to Encik Mohd Faisal Izan Bin Abdul Latiff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." — Ordinary Resolution 8

7. **Proposed Appointment of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain as a Director Pursuant To Section 129 of the Companies Act, 1965** — Ordinary Resolution 9

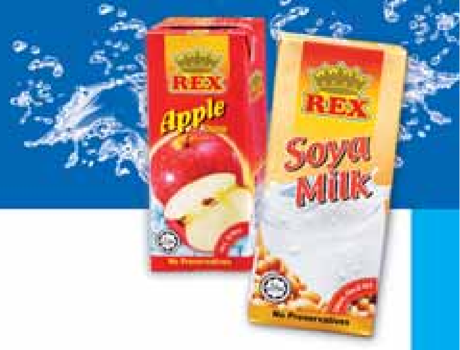
   "THAT pursuant to Section 129 of the Companies Act, 1965, Tan Sri Dato' Mohd Ibrahim bin Mohd Zain who is over 70 years of age, be and is hereby appointed as a Director of the Company."

8. **a) Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** — Ordinary Resolution 10

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

   b) Proposed amendments to the Articles of Association of the Company — Special Resolution 1

   "THAT the amendments to the Articles of Association of the Company contained in Appendix II be and are hereby approved."



9. To consider any other business for which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries

Date: 6 June 2014

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. For the proxy to be valid, the proxy form duly completed must be deposited at the Company's Registered Office 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 appointed 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. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act,1991 ("SICDA") it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an additional nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

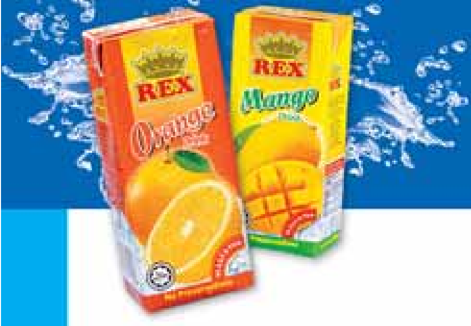
7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 78(3) of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting and Record of Depositors ("ROD") as at 23 June 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes

1. Both Ordinary Resolutions 7 and 8 are on retention of Independent Non-Executive Directors of the Company in accordance with the Malaysian Code on Corporate Governance 2012. Although having served the Company for a cumulative nine (9) years, the Board of Directors is of the opinion that both Mdm Tang Yin Kham and Encik Mohd Faisal Izan Bin Abdul Latiff met the criteria of Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have performed their duties diligently and in the best interest of the Company and have provided independent opinion and judgment as well as broader views and balanced assessment to the proposals from the Management with their diverse experience and expertise. The Board therefore recommends that they should be retained as Independent Non-Executive Directors.

2. Ordinary resolution 9 is on the appointment of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain. Tan Sri Dato' Mohd Ibrahim bin Mohd Zain's experience and credentials qualify him to carry out his role as an Independent Non-Executive Director of the Company. In addition, his vast knowledge and experience in related fields will be of vast benefits to the Group. Shareholders are advised to refer to the attached Appendix for the profile of Tan Sri Dato' Mohd Ibrahim bin Mohd Zain.

3. Ordinary Resolution 10 is a renewal of the general mandate given to the Directors of the Company to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 as approved by the Shareholders at the Nineteenth Annual General Meeting ("AGM") held on 26 June 2013. The Ordinary Resolution 10, if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company up to an amount not exceeding 10% of the Company's issued capital for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company or the period within which the next AGM of the Company is required by law to be held whichever is the earlier. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions as well as to avoid any delay and cost in convening general meetings to specifically approve such an issuance of shares. As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM which will lapse at the conclusion of the forthcoming AGM to be held on 30 June 2014.

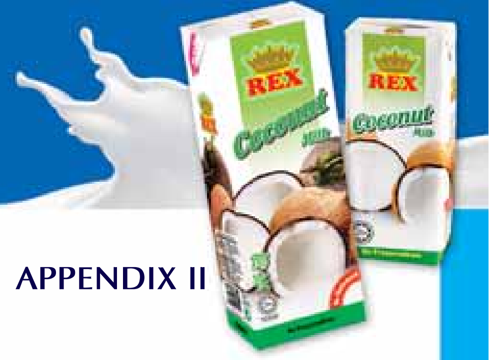


APPENDIX I

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of Individual who are standing for Election as a Director:

1.	Full name	:	Tan Sri Dato' Mohd Ibrahim bin Mohd Zain
2.	Nationality	:	Malaysian
3.	Age	:	70
4.	Qualifications	:	Graduate from British Institute of Management and Institute of Marketing, United Kingdom Master in Business Administration, United States of America
5.	Working experience and occupation	:	Upon graduation in 1965, Tan Sri joined University of Technology MARA as a lecturer and subsequently as Council member/Director till October 2006. He had served as Chief Executive Officer of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and as Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad, Pan Malaysian Industries Berhad, Pan Malaysian Holdings Berhad, Pan Malaysia Capital Bhd, Chemical Company of Malaysia Berhad and Kawan Food Berhad, Deputy Chairman of Metrojaya Berhad and a Director of K & N Kenanga Holdings Bhd and AMMB Holdings Berhad.
6.	Directorships in public companies	:	(a) Censof Holdings Berhad (b) Brahims Holdings Berhad
7.	Family relationship with any Directors and/or major shareholders of listed issuer	:	Nil
8.	Any conflict of interests that he has with the listed issuer or its subsidiaries	:	Nil
9.	Details of any interest in the securities of the listed issuer or its subsidiaries	:	615,100 ordinary shares of RM1.00 each equivalent to 1.10% of the total issued and paid-up share capital of the Company
10.	List of convictions for offences within the past 10 years other than traffic offences, if any	:	Nil



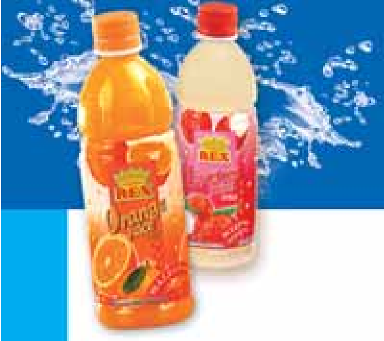
APPENDIX II

Special Resolution 1

Proposed Amendments To The Articles Of Association Of The Company

That the details of the proposed amendments to the Articles of Association of the Company are as follows:

Article No.	Existing Articles		Amended Articles	
	Words	*Meanings*	Words	Meanings
Article 2	*(New definition)*		Omnibus Account	Securities Account in which ordinary shares are held in the company for multiple beneficial owners in one securities account.
Article 58B	*(New provision)*		Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act, which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.	
Article 58C	*(New provision)*		A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting. There shall be no restriction as to the qualification of the proxy.	



BOARD OF DIRECTORS

- Mohd Faisal Izan Bin Abdul Latiff - CHAIRMAN
- Lee Chak Hiang - CHIEF EXECUTIVE OFFICER
- Lee Hee Hong
- Lee Sew Keng
- Lee Hee Thiam
- Tang Yin Kham
- Lee Soo Keat
- Lee Siew Boy
- Ameer Bin Shaik Mydin

COMPANY SECRETARY

- Tai Yit Chan (MAICSA 7009143)
- Ong Tze-En (MAICSA 7026537)

AUDIT COMMITTEE

- Tang Yin Kham - CHAIRMAN
- Mohd Faisal Izan Bin Abdul Latiff
- Ameer Bin Shaik Mydin

REMUNERATION COMMITTEE

- Tang Yin Kham - CHAIRMAN
- Mohd Faisal Izan Bin Abdul Latiff
- Lee Hee Thiam
- Ameer Bin Shaik Mydin

NOMINATION COMMITTEE

- Mohd Faisal Izan Bin Abdul Latiff - CHAIRMAN
- Tang Yin Kham
- Lee Hee Thiam
- Ameer Bin Shaik Mydin

AUDITORS

- KPMG, Penang

BANKERS

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

SOLICITORS

- KC Lee and Partners

REGISTERED OFFICE

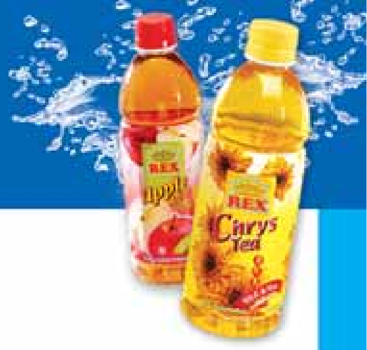
- Plot 125, Jalan Perindustrian Bukit Minyak 5,
  14100, Simpang Ampat,
  Seberang Perai Tengah, Penang, Malaysia.
  Tel : 604 5088 288
  Fax : 604 5088 566

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

STOCK EXCHANGE LISTING

- Main Market of the Bursa Malaysia
  Securities Berhad



Mohd Faisal Izan Bin Abdul Latiff
Non-Executive Independent Director

Encik Mohd Faisal Izan Bin Abdul Latiff, aged 42, a Malaysian, was appointed to the Board of the Company on 22 April 1996. He was appointed as independent non-executive Chairman of Rex Industry Berhad on 28 November 2013. He is the Chairman of Nomination Committee, a member of Remuneration Committee and Audit 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 four Board Meetings held during the financial year ended 31 December 2013.

Lee Chak Hiang
Executive Non-Independent Director

Mr. Lee Chak Hiang, aged 54, 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 2013.

Lee Hee Hong
Executive Non-Independent Director

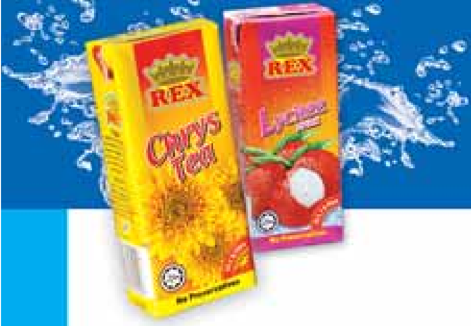
Mr. Lee Hee Hong, aged 53, a Malaysian, has been the executive director of the Company since 26 August 1995. He is the General Manager of the Rex Canning Co Sdn Bhd since 1990. He joined the company in 1986, upon graduating from Louisiana State University in USA with a Degree in Electrical Engineering. He also sits on the Board of the company's subsidiaries and several other private limited companies. He attended all five Board Meetings held during the financial year ended 31 December 2013.

Lee Sew Keng
Executive Non-Independent Director

Mdm. Lee Sew Keng, aged 58, 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 all five Board Meetings held during the financial year ended 31 December 2013.

Lee Hee Thiam
Non Executive Non-Independent Director

Mr. Lee Hee Thiam, aged 56, a Malaysian, has been the Group Managing Director of the Company since 26 August 1995 to September 2011. He is the member of 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 2013.



Tang Yin Kham
Non-Executive Independent Director

Mdm. Tang Yin Kham aged 62, a Malaysian, was appointed to the Board of Company on 11 March 1996. She is the Chairman of Audit Committee and Remuneration Committee, a member of Nomination Committee. She is a partner of a Chartered Accountants firm in Malaysia and has more than thirty-five years of professional experience in 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, a fellow member of the Chartered Tax Institute of Malaysia and a member of the Financial Planning Association of Malaysia. She was appointed as a Senior Independent Non-Executive Director of Wong Engineering Corporation Berhad and Independant Non-Executive Director of Eonmetall Group Berhad. She also sits on the Board of several private limited companies. She attended all five Board Meetings held during the financial year ended 31 December 2013.

Lee Soo Keat
Non Executive Non-Independent Director

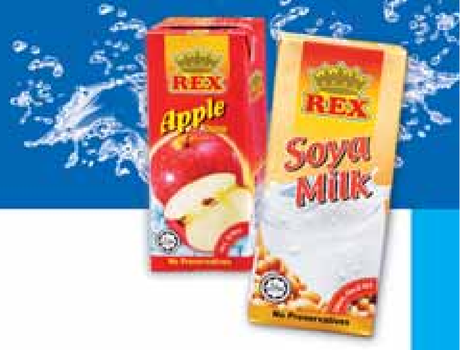
Mr. Lee Soo Keat, aged 38, a Malaysian, he is the executive director of the Company. He was the marketing officer for Rex Canning Co Sdn Bhd from 2001 to 2002 and the manager of Fika Foods Corporatron Sdn Bhd since 2002. He graduated from Southern Illinois University, USA with a Bachelor of Marketing 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 2013.

Lee Siew Boy
Non Executive Non-Independent Director

Mdm. Lee Siew Boy, aged 51, a Malaysian. Currently she is the non-executive director of the Company. She is the Adminstrative 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 Louisian a State Unversity in USA with a Degree in Buiness 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 2013.

Ameer Bin Shaik Mydin
Non-Executive Independent Director

Encik Ammer Bin Shaik Mydin, aged 50, a Malaysian, was appointed to the Board of Company on 26 February 2014. He is a member of Audit Committee, Remuneration Committee and Nomination Committee. He graduated from Universiti of Malaya with a Bachelor of Science in Physics. He started his career in IT sector and he was appointed as an executive director in Censof Software (Malaysia) Sdn Bhd on 2002 and brings with him over 20 years of experience. He was appointed as an Executive Director of Censof Holdings Berhad on 28 December 2010. He also sits on the Board of several private limited companies.



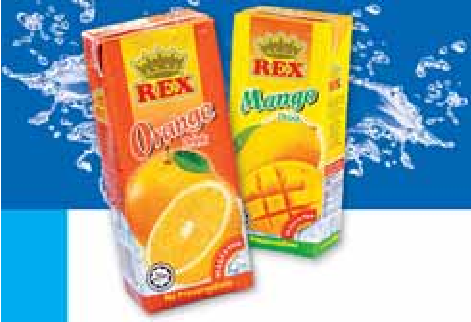
Notes :

i)

Name of Director	Family Relationships	Convictions for Offences within the past 10 years other than Traffic Offences
1. Mohd Faizal Izan Bin Abdul Latiff	None	N/A
2. Lee Hee Hong	Brother of Lee Chai Seng, Lee Hee Thiam, Lee Sew Keng and Lee Siew Boy	N/A
3. Lee Sew Keng	Sister of Lee Chai Seng, Lee Hee Thiam, Lee Hee Hong and Lee Siew Boy	N/A
4. Lee Hee Thiam	Brother of Lee Chai Seng, Lee Hee Hong, Lee Sew Keng and Lee Siew Boy	N/A
5. Tang Yin Kham	None	N/A
6. Lee Soo Keat	Son of Lee Chai Seng	N/A
7. Lee Chak Hiang	None	N/A
8. Lee Siew Boy	Sister of Lee Chai Seng, Lee Hee Thiam, Lee Hee Hong and Lee Sew Keng	N/A
9. Ameer Bin Shaik Mydin	None	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 recommendations set out in the Malaysian Code on Corporate Governance 2012 ("Code").

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

For the year ended 31 December 2013 and until to-date, the Group has substantially complied with the Principles and Recommendations of the Code throughout the year. The reasons for such non-compliance are specified.

Board Charter

The Board is cognisant of the need to have a reference point, through a Board Charter ("Charter"), to guide Board activities as recommended by the Code. Accordingly, the Board is taking the necessary steps to formalise such a Charter to clearly define the roles of the Board, Board Committees and Management so that there is a structured guide with regard to the various responsibilities including the need for Directors to carry out their leadership and supervisory role and in discharging their duties towards the Group and the Board.

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 2013, 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
Lee Hee Thiam	5 / 5
Lee Hee Hong	5 / 5
Lee Sew Keng	5 / 5
Tang Yin Kham	5 / 5
Mohd Faisal Izan Bin Abdul Latiff	4 / 5
Lee Soo Keat	5 / 5
Lee Chak Hiang	5 / 5
Lee Siew Boy	5 / 5
Ameer Bin Shaik Mydin (Appointed on 26 February 2014)	N /A

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees. The Board Committees consists of Audit Committee, Remuneration Committee and Nomination Committee. The Committees are formed in order to enhance business and operational efficiency as well as efficacy. All Committees have 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 and Independence

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, three (3) non independent non-executive directors and three (3) executive Directors. A brief profile of each Director is presented on pages 7 to 9 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 Main Market Listing Requirements ("MMLR"). 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.

Independent non-executive Directors, Mohd Faisal Izan Bin Abdul Latiff and Tang Yin Kham have served on Board for more than nine years. The Board took note of the recommendation of the Code on the tenure of an independent director for a cumulative term of not exceeding 9 years. The Board believes that although Mohd Faisal Izan Bin Abdul Latiff and Tang Yin Kham have each served more than 9 years on the Board, they have retained independent of character and judgement and have not formed association with management (or others) that might compromise their ability to exercise independent judgement or act in the best interests of the Group . Accordingly, the Board is making a recommendation to Shareholders that Mohd Faisal Izan Bin Abdul Latiff and Tang Yin Kham be retained as Independent Non-Executive 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 in-depth knowledge of the business, the Board is consists 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 Mohd Faisal Izan Bin Abdul Latiff 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 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.

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 access to the advice and services of the Company Secretary. The Board believes that the current Company Secretaries is capable of carrying out her duties to ensure the effective functioning of the Board. In the event that the Company Secretaries fail to fulfil theirs functions effectively, the terms of appointment permits their 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
The Nomination Committee comprise of the following members, majority members are independent Non-Executive Directors and the details of attendence 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
Ameer Bin Shaik Mydin (Appointed on 23 April 2014)	Non-Executive Independent Director	N/A

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 2013 which were organized by Inland Revenue Department, Malaysian Institute of Accountants, Federation of Manufacturers of Malaysia and private training consultants. The Directors will continue to undergo other relevant training progammes including the CEP to further enhance their kills 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 December 2013, 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	1/1
Mohd Faisal Izan Bin Abdul Latiff	Non-Executive Independent Director	1/1
Lee Hee Thiam	Non Executive Non-Independent Director	1/1
Ameer Bin Shaik Mydin (Appointed on 23 April 2014)	Non-Executive Independent Director	N/A

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	Non-Executive	Total
	RM	RM	RM
Fees	-	176,760	176,760
Salaries & Bonus	847,944	-	847,944
Others	-	11,600	11,600
Total	847,944	188,360	1,036,304

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 2013 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	6
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-

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 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 quartery results within two months from the close of particular quarter.

C. Shareholders (continued)

Copies of full announcement are supplied to the shareholders and members of public upon request. Members of the public can also obtain the full financial results and the announcements made by the Company 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.

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 Risk Management and Internal Control furnished on page 19 of the annual report provides an overview on the state of internal controls within the Group.

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 Committe, 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.

Relationship with the Auditors
The external auditors of the Company fulfil an essential role in giving assurance to the Company's shareholders on the reliability of the Group's financial statements.

The external auditors have an obligation to bring to the attention of the Board of Directors, the Audit Committee and Company's management any significant weaknesses in the Company's system of reporting, internal control and compliance with the applicable approved Financial Reporting Standards for entities other than private entities issued by the Malaysia Accounting Standards Board and regulatory requirements.

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 16 to 18 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 15 to 16 of the annual report.

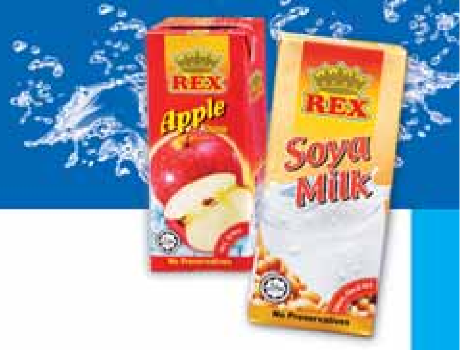
E. Additional compliance information

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 fiancial year.

Non-audit fees
There were no non- audit fees paid during the financial year save as disclosed in the Audit Committee Report page15.

This statement is issued in accordance with a resolution of the Directors dated 27 May 2014.



Membership

The Audit Committee ("the Committee") comprises the following members:

Ms. Tang Yin Kham	- Chairman, Independent Non-Executive Director
En. Mohd Faizal Izan Bin Abdul Latiff	- Independent Non-Executive Director
Dato' Abdul Rashid Bin Ismail	- Independent Non-Executive Director (Resigned on 28 November 2013)
En. Ameer Bin Shaik Mydin	- Independent Non-Executive Director (Appointed on 23 April 2014)

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 16 to 18.

Meetings

During the financial year ended 31 December 2013, the Audit Committee held a total of five (5) meetings, the attendance of the committee members are as follows :-

Name of Committee Member	No. of Committee Meetings	
	Held	Attended
Dato' Abdul Rashid Bin Ismail	5	5
Tang Yin Kham	5	5
Mohd Faizal Izan Bin Abdul Latiff	5	4

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 need 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 17 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 RM20,700 were paid to the external auditors.
- Recommended to the Board on the re-appointment of the external auditors.

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

- Review of the internal audit function's 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.
- Review of the quarterly unaudited interim financial statements before recommending them for the Board's approval.
- Review any major proposed transaction that would affect the risk management framework.
- 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.

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 Main Market Listing Requirements ("MMLR"), the Committee shall promptly report such matter to the MMLR.

Responsibilities and duties

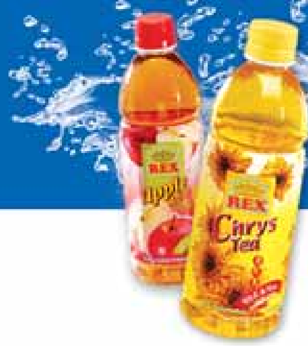
In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- 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 function.
- 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, Main Market Listing Requirements 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 Risk Managment and Internal Control



The Board of Directors ("Board") is responsible for the adequacy and effectiveness of Rex Industry Berhad Group's (the "Group") risk management and is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the year.

The Board is ultimately responsible for the Group's risk management and internal control system 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 fully supports the contents of the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers" and, with the assistance of its internal audit function, undertook to review the existing key business processes in place within the various operating businesses.

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm to provide much of the assurance it requires regarding the adequacy and integrity of the Group's risk management and internal control system.

During the financial year ended 31 December 2013, a risk management exercise was carried out to identify the risks which are critical to the success of the business. The likelihood and impact of the risk have been assessed and appropriate mitigation actions have been identified for the risks. In essence, risk management is conducted through an ongoing process between the Board, the management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees. The risk management process was in place throughout the financial year, up to the date of this Statement.

With the assistance of internal audit function, the Board as a whole reviewed the adequacy and integrity of the system of internal control as follows:

- The Group's Internal Audit function conducts audits of individual companies for compliance with policies and procedures and the effectiveness of their risk management and internal control systems and highlights findings of non-compliance. A risk based annual audit plan setting out the audit frequency, areas of audit focus and scope of work is approved by the Audit Committee every year. The Internal Audit function provides the Board, Audit Committee and Management with independent and objective reports on the audit findings, recommendations for improvement and management's responses and action plans. The Internal Audit also provides the Board and Audit Committee with updates on the subsequent execution of the management's action plans.

- The close involvement of Executive Directors in the business 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 ;

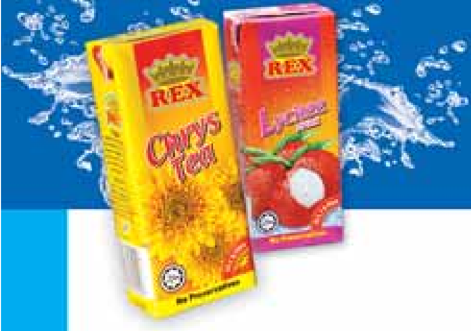
- The Board has put in place an organisational structure. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority, training and development, equality of opportunity, 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.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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 is issued in accordance with a resolution of the Directors dated 27 May 2014.



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, it is my pleasure to present the Annual Report for the year ended 31st December 2013.

Review of Operation and Financial Performance

The recovery process which the Group embarked upon since 2011 is continuing to produce positive results. The strategies, plans and measures executed to turnaround the performance from the factory floors to the sales activities have resulted in the desired improvements in the overall efficiency in all the departments of all the subsidiaries.

Sales for the Group climbed to RM157 million, a healthy 13% ascent from the previous year. Consolidated net profit jumped in tandem with the better sales figure. But the jump is with a much higher performance of 10 fold increase, from close to breakeven of RM202,731 to RM2,106,597. The drastic improvement was also helped by the reduction by about RM1 million goodwill impairment and doubtful receivable write offs as compared to the heavy level suffered in 2012. These results put the Group well on the highway to the full recovery.

Spearheading the speedy recovery of the Group performance, PT Rex Indonesia put on a leading 17% growth in sales, achieving close to the all time high level of RM54.3 million. If not for the RM916,465 doubtful receivable write off in the clean up exercise, the growth in the net profit could have been 35%. Beside the turnaround measures enforced upon the operations, the performance of PT Rex Indonesia was positively boosted by the significant rate of devaluation of Rupiah during the year.

Despite the ever appreciating value of Chinese Renminbi, Rex Foods China managed to edge up a 15% growth in sales and more than doubles the net profit to RM1.9 million. This was made possible by keeping the focus on domestic sales and distribution, thereby negating the effect of the ever expensive Chinese currency.

Growth in the drink division has kept the strong momentum rolling for Rex Canning Malaysia. The division still cranked out a double digit growth rate for the year. With the addition of a new line to run 1.5 liters Tetra Pak drinks, the production capacity will be increased by another 35%. This added capacity will be timely to accommodate and spur further the double digit growth in the coming few years.

Food items packed in retort pouch have enjoyed steady growth in acceptance, particularly in the catering and F&B industry in Malaysia. Rex Canning Malaysia has been benefiting from this trend and will be converting more items from rigid metal cans to aluminum pouch.

Consumption of foods and drinks in Malaysia seemed to be boosted by the money easing policies of the election year of 2013. The combined sales of Rex Trading and Rex Canning in Malaysia enjoyed slightly more than 10% growth, with a closely similar 11% better rate in net profit.

Prospects

The recovery efforts will be continued relentlessly for the coming years. The positive results achieved in past few years have boosted the morale of the management and employees. They have also been duly rewarded with increment in remuneration and performance bonus. Thus, the management is confident that further improvement in Group performance is in tow now.

Emphasis will be focused on the drink division to support the growth rate and keep topping up the sales increase. Factory space expansion and addition of new production lines are in the plan to prepare for the push towards this direction.

There will be renewed investments in Indonesia to catch the rapid expansion in the economy of the country. Plans are underway to expand PT Rex Indonesia's further involvement in the domestic market.

With the Group now well on the way to recovery, it is time again to plan for expansion for the next 5 years.

Dividends

No dividend payout is recommended by the Board for this financial year under review. The Group wishes to continue the conservation of cash resources for the growth expansion in plan.

Acknowledgement

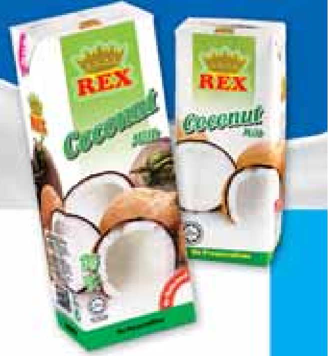
On behalf of the Board, I would like to express my gratitude to the management and staff of the Group for achieving the turnaround.

Also I extend my appreciation to our shareholders, customers, suppliers and bankers, who have shown patience, consideration and support during our recovery process.

Mohd Faisal Bin Abdul Latiff

Chairman

27 May 2014



ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM100,000,000
Class of equity security		
- RM1.00 Ordinary share	:	RM56,051,617
Number of shareholders	:	1,302
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

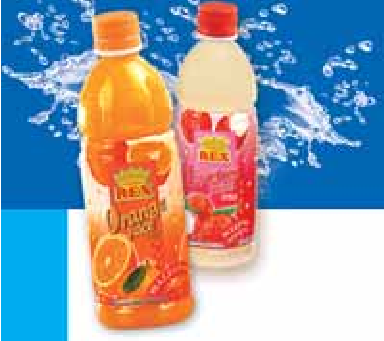
Size of Shareholdings	Shareholders	%	No. of Shares	%
less than 100	44	3.38	1,802	0.00
100 to 1,000 shares	250	19.20	221,244	0.40
1,001 to 10,000 shares	791	60.75	2,928,475	5.22
10,001 to 100,000 shares	181	13.90	4,842,683	8.64
100,001 to 2,802,579 shares	32	2.46	28,856,917	51.48
2,802,580 and above	4	0.31	19,200,496	34.26
Total	1,302	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	8,856,124	15.80
2. Lee Hee Thiam	4,583,367	8.18
3. Yee Chek Mun	2,902,405	5.18
4. Cheong Boo Chin	2,858,600	5.10

DIRECTORS SHAREHOLDINGS
The Company

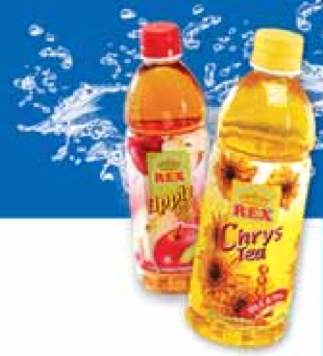
Name of Directors	Direct Interest No.of Shares	%	No. of Unexcercised ESOS Options
Lee Hee Thiam	4,583,367	8.18	-
Lee Hee Hong	1,300	-	-
Lee Sew Keng	1,295,807	2.31	-
Tang Yin Kham	-	-	-
Mohd Faisal Izan Bin Abdul Latiff	-	-	-
Lee Soo Keat	-	-	-
Lee Chak Hiang	59,800	0.11	-
Lee Siew Boy	1,271,207	2.27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



Thirty Largest Shareholders
As At 30 April, 2014

	Name	No. of Shares	%
1.	Lee Chai Seng	8,856,124	15.80
2.	Lee Hee Thiam	4,583,367	8.18
3.	Yee Chek Mun	2,902,405	5.18
4.	Cheong Boo Chin	2,858,600	5.10
5.	Lee Sew Chong @ Lee Siew Choo	2,721,548	4.86
6.	Lee Sew Kee	2,621,526	4.68
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 Siew 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	794,700	1.42
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.	Maybank Securities Nominees (Tempatan) Sdn Bhd < Acc For Mohd. Ibrahim Bin Mohd Zain>	615,100	1.10
23.	Ang Chee Kean	600,000	1.07
24.	Puah Poh Buay	515,900	0.92
25.	Abdul Latiff Bin S Mirasa	466,975	0.83
26.	HLB Nominees (Tempatan) Sdn Bhd < Acc For Phee Boon Poh >	401,600	0.72
27.	Lee Cheong Keat @ Lee Chong Keat	354,000	0.63
28.	Lee Soo An	240,967	0.43
29.	Koay Swee Aik	199,400	0.36
30.	Lim Ah Lik	189,200	0.34

Five Years Summary of Financial Highlights



	Note	2009 RM'000	2010 RM'000	2011 RM'000 Restated	2012 RM'000	2013 RM'000
Paid-up Share Capital		56,052	56,052	56,052	56,052	56,052
Shareholders Funds		131,573	118,748	127,100	125,032	128,932
Borrowings	1	37,958	44,006	43,730	36,214	27,370
Net Tangible Assets		119,452	116,390	115,199	115,266	120,300
Turnover		162,673	135,593	141,834	138,908	156,940
Profit /(Loss) before Tax after Minority Interest		4,045	(4,218)	(1,670)	1,879	3,938
Interest		1,518	1,417	1,398	1,455	1,219
Profit /(Loss) after Tax and Minority Interest		2,571	(4,022)	(1,906)	203	2,107
Dividend		841	841	-	-	-

Key Statistics

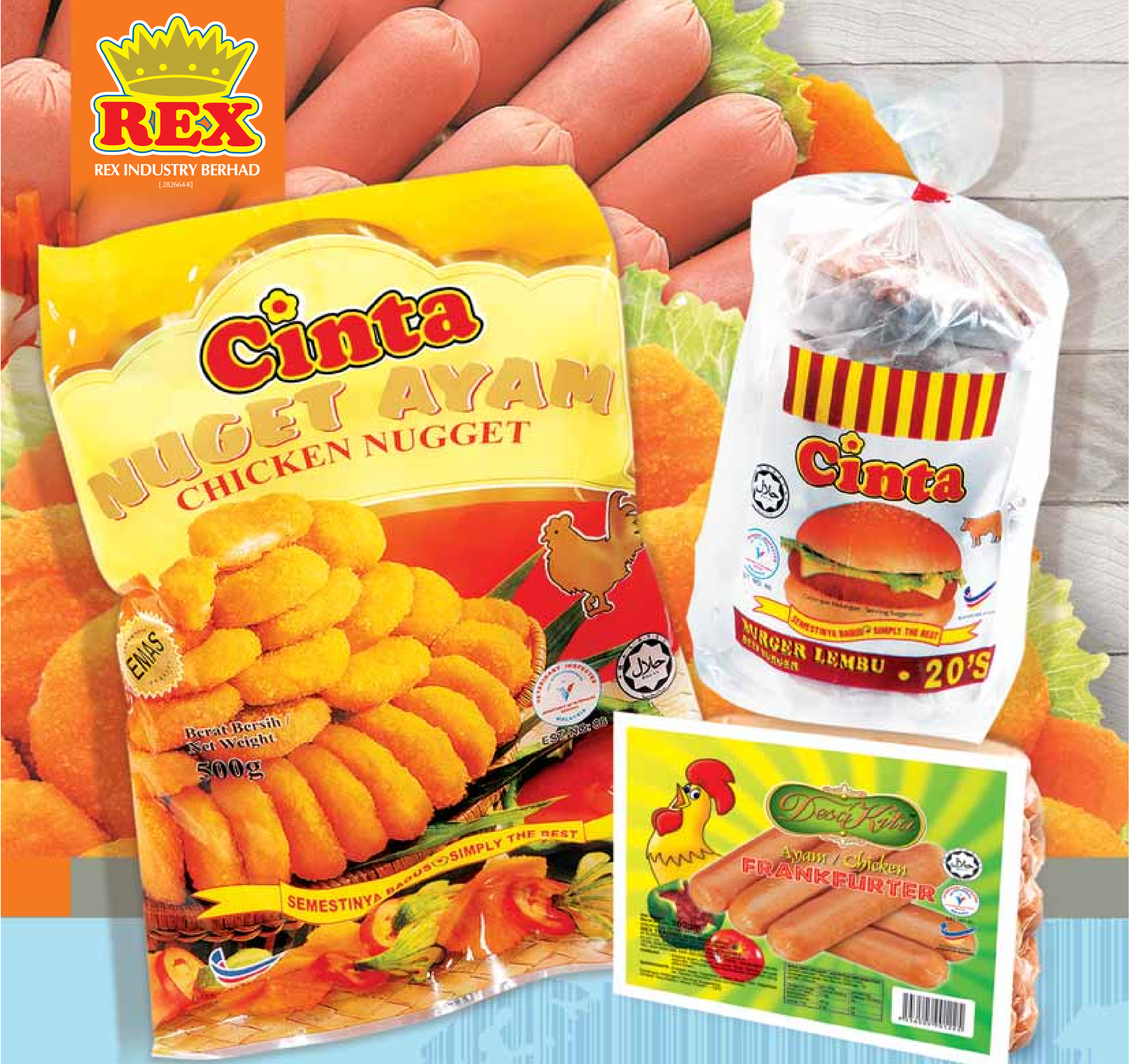
	Note	2009	2010	2011 Restated	2012	2013
Investment Ratio						
NTA per share		2.13	2.08	2.06	2.06	2.15
Basic Earning / (Loss) Per Share (Sen)		4.59	(7.18)	(3.40)	0.36	3.76 *
Gross dividend rate (%)		2.00	-	-	-	-
Dividend coverage ratio (times)	2	3.06	-	-	-	-
Operating Ratio						
After tax return on shareholders' fund (%)		1.95	(3.39)	(1.50)	0.16	1.63
Pre-tax profit margin (%)		2.49	(3.11)	(1.18)	1.35	2.51
Financial Ratio						
Gearing (times)	3	0.288	0.371	0.344	0.290	0.212
Interest coverage ratio	4	3.66	(3.98)	(0.19)	2.29	4.23
Liquidity Ratio						
Current ratio		3.00	2.28	2.17	2.28	2.67
Quick ratio		1.51	1.11	1.16	1.02	1.24

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 INDUSTRY BERHAD
[282664-K]



Corporate Structure

- 100% REX CANNING CO SDN BHD
  - 100% JIE YANG REX FOODS CO LTD
  - 30% / 70% P. T. REX CANNING INDONESIA
- 100% REX TRADING SDN BHD
- 100% REX FOODS SDN BHD
- 100% CINTA EDAR (SELATAN) SDN BHD
- 100% BEST AQUA FOOD SDN BHD
- 100% CINTA EDAR (M) SDN BHD
- 100% FIKA FOODS CORPORATION SDN BHD
- 100% FIKA FOODS MARKETING SDN BHD
- 100% GAINASIA INTERNATIONAL LIMITED

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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

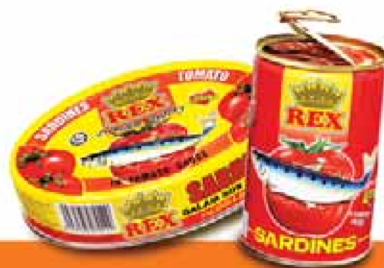
	Group RM	Company RM
Profit/(Loss) for the year attributable to owners of the Company	2,106,597	(468,795)

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 :

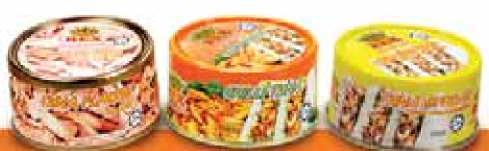
Lee Hee Thiam	
Lee Hee Hong	
Lee Sew Keng	
Tang Yin Kham	
Mohd Faisal Izan Bin Abdul Latiff	
Lee Soo Keat	
Lee Chak Hiang	
Lee Siew Boy	
Ameer Bin Shaik Mydin	(Appointed on 26.2.2014)
Dato' Abdul Rashid Bin Ismail	(Resigned on 28.11.2013)

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 :

	Number of ordinary shares of RM1 each			
Interest in the Company	**Balance at 1.1.2013**	**Bought**	**Sold**	**Balance at 31.12.2013**
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 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.



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 financial statements 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.

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

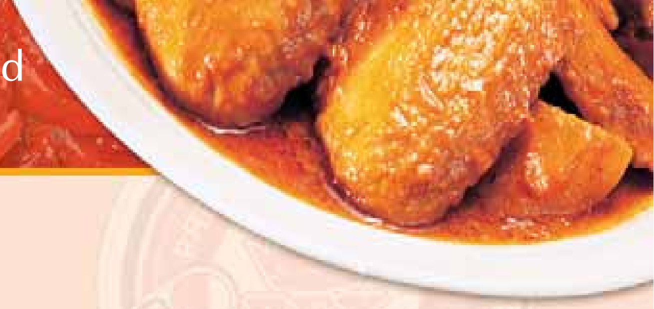
iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

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.



Other statutory information (Continued)

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, except for the impairment of goodwill as disclosed in Note 5 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 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 :

....

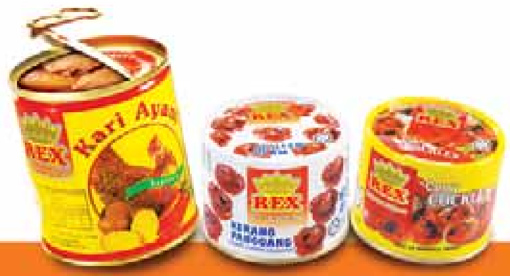
Mohd Faisal Izan Bin Abdul Latiff

....

Lee Hee Hong

Penang,

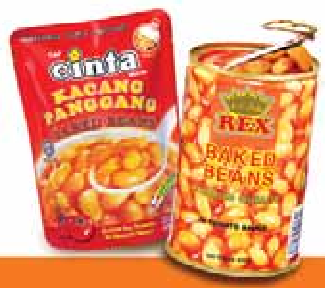
Date : 30 April 2014



Consolidated Statement Of Financial Position As At 31 December 2013

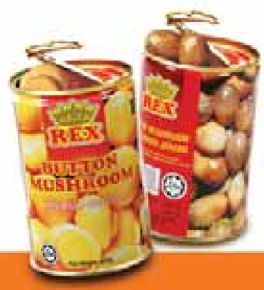
	Note	2013 RM	2012 RM
Assets			
Property, plant and equipment	3	58,225,740	61,041,171
Goodwill on consolidation	5	8,631,823	9,766,343
Total non-current assets		66,857,563	70,807,514
Trade and other receivables	6	36,455,541	38,659,014
Inventories	7	59,487,595	62,183,169
Current tax assets		310,432	711,241
Cash and cash equivalents	8	14,869,296	11,262,676
Total current assets		111,122,864	112,816,100
Total assets		177,980,427	183,623,614
Equity			
Share capital	9	56,051,617	56,051,617
Reserves	10	72,880,655	68,980,674
Total equity attributable to owners of the Company		128,932,272	125,032,291
Liabilities			
Deferred tax liabilities	11	6,296,366	6,923,801
Loans and borrowings	12	1,071,421	2,127,673
Total non-current liabilities		7,367,787	9,051,474
Trade and other payables	13	14,398,434	15,245,640
Loans and borrowings	12	26,298,740	34,086,566
Current tax payables		983,194	207,643
Total current liabilities		41,680,368	49,539,849
Total liabilities		49,048,155	58,591,323
Total equity and liabilities		177,980,427	183,623,614

The notes on pages 40 to 80 are an integral part of these financial statements.



Consolidated Statement Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 31 December 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	14	156,940,427	138,908,123
Changes in manufactured inventories		3,927,708	6,139,991
Raw materials consumed		(104,291,345)	(97,229,925)
Staff costs	15	(18,222,107)	(16,476,790)
Depreciation	3	(2,781,538)	(3,090,633)
Other operating expenses		(30,832,484)	(25,470,656)
Other operating income		209,602	317,789
Results from operating activities		4,950,263	3,097,899
Interest income		206,233	235,910
Finance costs	16	(1,218,512)	(1,454,593)
Profit before tax	17	3,937,984	1,879,216
Income tax expense	19	(1,831,387)	(1,676,485)
Profit for the year		2,106,597	202,731
Other comprehensive income/(expense), net of tax			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		1,793,384	(2,270,798)
Total other comprehensive income/(expense) for the year		1,793,384	(2,270,798)
Total comprehensive income/(expense) for the year		3,899,981	(2,068,067)
Profit for the year attributable to :			
Owners of the Company		2,106,597	202,731
Total comprehensive income/(expense) attributable to :			
Owners of the Company		3,899,981	(2,068,067)
Basic earnings per ordinary share (sen)	20	3.76	0.36



The notes on pages 40 to 80 are an integral part of these financial statements.

	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 2012	56,051,617	10,614,008	3,105,688	57,329,045	127,100,358
Total other comprehensive expense for the year - Foreign currency translation differences for foreign operations	-	-	(2,270,798)	-	(2,270,798)
Profit for the year	-	-	-	202,731	202,731
Total comprehensive income/(expense) for the year	-	-	(2,270,798)	202,731	(2,068,067)
At 31 December 2012	56,051,617	10,614,008	834,890	57,531,776	125,032,291
	Note 9	Note 10	Note 10	Note 10	
At 1 January 2013	56,051,617	10,614,008	834,890	57,531,776	125,032,291
Total other comprehensive expense for the year - Foreign currency translation differences for foreign operations	-	-	1,793,384	-	1,793,384
Profit for the year	-	-	-	2,106,597	2,106,597
Total comprehensive income for the year	-	-	1,793,384	2,106,597	3,899,981
At 31 December 2013	56,051,617	10,614,008	2,628,274	59,638,373	128,932,272
	Note 9	Note 10	Note 10	Note 10	

The notes on pages 40 to 80 are an integral part of these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 31 December 2013

	Note	2013 RM	2012 RM
Cash flows from operating activities			
Profit before tax from continuing operations		3,937,984	1,879,216
Adjustments for :			
Depreciation of property, plant and equipment	3	2,781,538	3,090,633
Interest expense	16	1,218,512	1,454,593
Gain on disposal of plant and equipment		(103,986)	(136,791)
Plant and equipment written off		28,353	-
Interest income		(206,233)	(235,910)
Impairment loss on goodwill	5	1,134,520	2,134,519
Operating profit before changes in working capital		8,790,688	8,186,260
Changes in working capital :			
Inventories		929,200	(6,997,790)
Trade and other receivables		1,597,274	10,961,096
Trade and other payables		2,691,197	2,051,855
Cash generated from operations		14,008,359	14,201,421
Income tax paid		(1,303,742)	(1,024,735)
Net cash from operating activities		12,704,617	13,176,686
Cash flows from investing activities			
Acquisition of property, plant and equipment		(562,095)	(5,634,529)
Proceeds from disposal of plant and equipment		153,775	551,780
Interest received		206,233	235,910
Net cash used in investing activities		(202,087)	(4,846,839)
Cash flows from financing activities			
Repayment of term loans		(963,290)	(1,969,090)
Repayment of finance lease liabilities		(129,941)	(284,492)
Bank borrowings (net)		(6,284,473)	(6,605,305)
Interest paid		(1,218,512)	(1,454,593)
Net cash used in financing activities		(8,596,216)	(10,313,480)
Net increase/(decrease) in cash and cash equivalents		3,906,314	(1,983,633)
Cash and cash equivalents at 1 January		8,963,981	11,181,218
Effect of exchange rate fluctuations on cash and cash equivalents		1,166,680	(233,604)
Cash and cash equivalents at 31 December	A	14,036,975	8,963,981

The notes on pages 40 to 80 are an integral part of these financial statements.

Note :

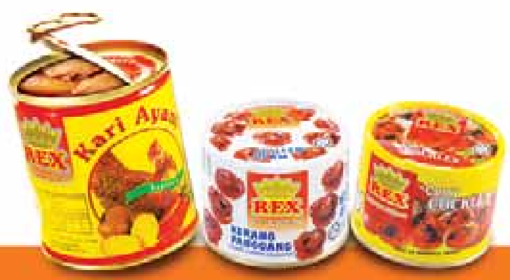
A. Cash and cash equivalents

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

	Note	2013 RM	2012 RM
Cash and bank balances	8	14,869,296	11,262,676
Bank overdrafts	12	(832,321)	(2,298,695)
		14,036,975	8,963,981

The notes on pages 40 to 80 are an integral part of these financial statements.

	Note	2013 RM	2012 RM
Assets			
Investments in subsidiaries	4	40,933,617	40,683,617
Total non-current assets		40,933,617	40,683,617
Trade and other receivables	6	26,162,909	26,842,258
Current tax assets		31,320	31,320
Cash and cash equivalents	8	82,374	46,449
Total current assets		26,276,603	26,920,027
Total assets		67,210,220	67,603,644
Equity			
Share capital	9	56,051,617	56,051,617
Reserves	10	10,781,520	11,250,315
Total equity attributable to owners of the Company		66,833,137	67,301,932
Trade and other payables	13	377,083	301,712
Total current liabilities		377,083	301,712
Total equity and liabilities		67,210,220	67,603,644

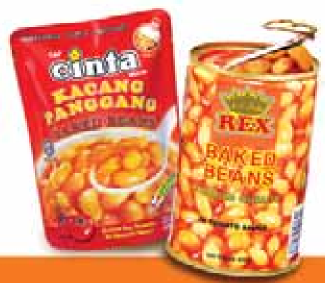


The notes on pages 40 to 80 are an integral part of these financial statements.

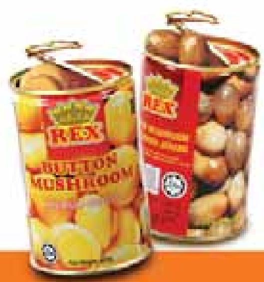
Statement Of Profit Or Loss And Other Comprehensive Income
For The Year Ended 31 December 2013

	Note	2013 RM	2012 RM
Continuing operations			
Revenue	14	-	-
Other operating expenses		(468,795)	(340,186)
Other operating income		-	-
Loss before tax	17	(468,795)	(340,186)
Income tax expense	19	-	-
Loss for the year		(468,795)	(340,186)
Other comprehensive income, net of tax		-	-
Total comprehensive expense for the year		(468,795)	(340,186)

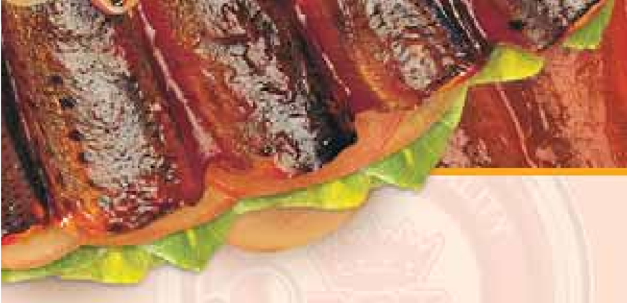
The notes on pages 40 to 80 are an integral part of these financial statements.



	Attributable to owners of the Company			
	Non-distributable		Distributable	
	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
At 1 January 2012	56,051,617	10,614,008	976,493	67,642,118
Loss for the year	-	-	(340,186)	(340,186)
Total comprehensive expense for the year	-	-	(340,186)	(340,186)
At 31 December 2012	56,051,617	10,614,008	636,307	67,301,932
Loss for the year	-	-	(468,795)	(468,795)
Total comprehensive expense for the year	-	-	(468,795)	(468,795)
At 31 December 2013	56,051,617	10,614,008	167,512	66,833,137
	Note 9	Note 10	Note 10	



The notes on pages 40 to 80 are an integral part of these financial statements.



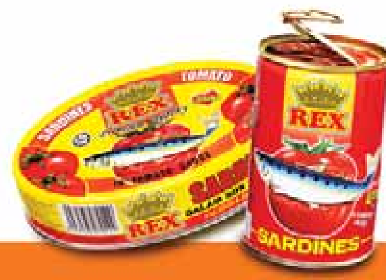
	Note	2013 RM	2012 RM
Cash flows from operating activities			
Loss before tax		(468,795)	(340,186)
Changes in working capital :			
Trade and other receivables		679,349	370,857
Trade and other payables		75,371	1,686
Cash generated from operations		285,925	32,357
Income tax refunded		-	-
Net cash from operating activities		285,925	32,357
Cash flows from investing activities			
Additional investment in a subsidiary		(250,000)	-
Net cash used in investing activities		(250,000)	-
Net increase in cash and cash equivalents		35,925	32,357
Cash and cash equivalents at 1 January		46,449	14,092
Cash and cash equivalents at 31 December		82,374	46,449

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 40 to 80 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 2013 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 2013 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 30 April 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

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

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

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- *IC Interpretation 21, Levies**

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)#*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)#*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)#*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139#*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for those marked "*" which are not applicable to the Group and to the Company.

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for those marked "#" which are not applicable to the Group and to the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company the except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(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

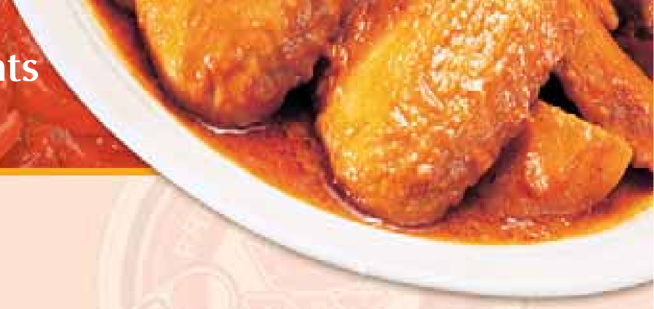
These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has *de facto* power over an investee when, despite not having the majority voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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.

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of 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.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

(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 end of 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.

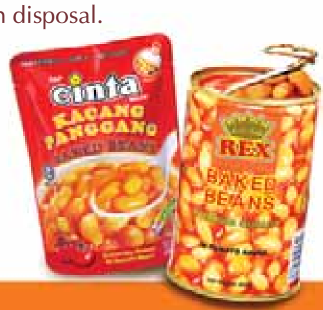
Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(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 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. 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 gain or loss on disposal.

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



2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

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 in equity.

(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.

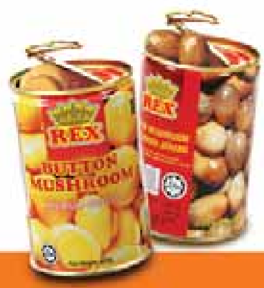
Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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.



2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(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)).

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 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 equity instruments that do not have a quoted price in an active market for identical 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts (continued)

Fair value arising from financial guarantee contracts are classified as deferred income 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.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component 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

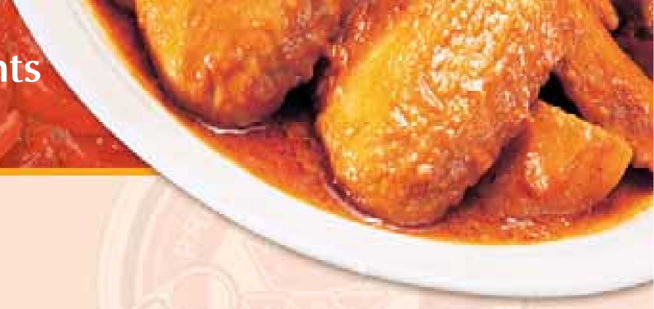
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a diminishing balance basis over the estimated useful lives of each component 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 at the end of the reporting period and adjusted as appropriate.



2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon 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 or the Company 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. 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 and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. 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

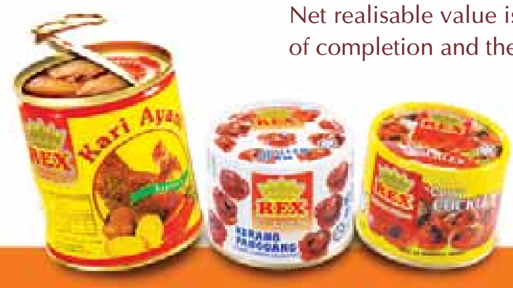
Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset,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

(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.



2. Significant accounting policies (continued)

(g) Inventories (continued)

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

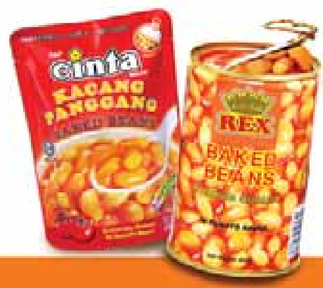
An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. 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 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 financial 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 classified as available for sale 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.



2. Significant accounting policies (continued)

(i) Impairment (continued)

(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 or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to 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 of disposal. 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.

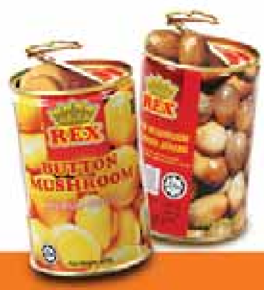
An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a 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.

(j) Equity instruments

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

(i) Issue expenses

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



2. Significant accounting policies (continued)

(j) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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.

(m) 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 not recognised in the statements of financial position and 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.

(n) 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 discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that 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.

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(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.

(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.

(o) 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.

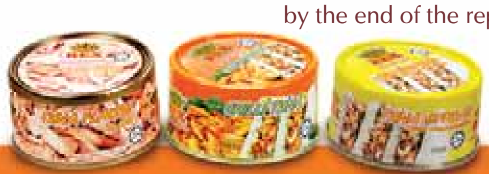
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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 or receivable on the taxable income or loss 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.



2. Significant accounting policies (continued)

(p) Income tax (continued)

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, being tax incentives that is not a tax base of an assets, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) Operating segments

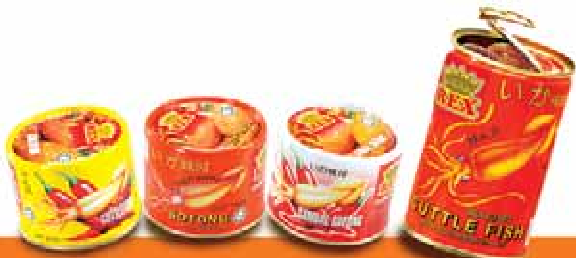
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly 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.

(s) Fair value measurement

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.



3. Property, plant and equipment - Group

	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
Cost								
At 1 January 2012	9,272,285	10,629,499	34,195,058	39,100,548	4,962,372	5,845,971	1,813,723	105,819,456
Additions	5,369,111	-	-	139,307	31,930	56,000	38,181	5,634,529
Disposals	-	-	(326,000)	-	(35,648)	(718,091)	-	(1,079,739)
Effect of movements in exchange rates	(18,896)	(54,258)	(199,819)	(463,350)	(41,752)	(80,576)	-	(858,651)
At 31 December 2012/ 1 January 2013	14,622,500	10,575,241	33,669,239	38,776,505	4,916,902	5,103,304	1,851,904	109,515,595
Additions	133,538	-	123,746	193,690	30,088	81,033	-	562,095
Disposals	-	-	-	-	-	(708,637)	-	(708,637)
Write off	-	-	-	(284,684)	-	-	-	(284,684)
Reclassification	-	-	-	792,479	-	-	(792,479)	-
Effect of movements in exchange rates	(840,020)	216,600	265,631	300,781	(63,864)	(120,359)	-	(241,231)
At 31 December 2013	13,916,018	10,791,841	34,058,616	39,778,771	4,883,126	4,355,341	1,059,425	108,843,138

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 2012	262,043	1,617,095	8,451,525	28,387,331	3,616,088	4,343,628	-	46,677,710
Charge for the year	103,602	248,365	819,087	1,405,478	210,739	303,362	-	3,090,633
Disposals	-	-	(48,651)	-	(30,031)	(586,068)	-	(664,750)
Effect of movements in exchange rates	-	(11,861)	(134,044)	(381,207)	(36,514)	(65,543)	-	(629,169)
At 31 December 2012/ 1 January 2013	365,645	1,853,599	9,087,917	29,411,602	3,760,282	3,995,379	-	48,474,424
Charge for the year	48,902	320,593	821,669	1,163,941	182,150	244,283	-	2,781,538
Disposals	-	-	-	-	-	(658,848)	-	(658,848)
Write off	-	-	-	(256,331)	-	-	-	(256,331)
Effect of movements in exchange rates	-	52,084	147,881	237,860	(56,635)	(104,575)	-	276,615
At 31 December 2013	414,547	2,226,276	10,057,467	30,557,072	3,885,797	3,476,239	-	50,617,398
Carrying amounts								
At 31 December 2012/ 1 January 2013	14,256,855	8,721,642	24,581,322	9,364,903	1,156,620	1,107,925	1,851,904	61,041,171
At 31 December 2013	13,501,471	8,565,565	24,001,149	9,221,699	997,329	879,102	1,059,425	58,225,740

* Long term leasehold land with unexpired lease period of more than 50 years.

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

The carrying amounts of motor vehicles acquired under finance lease liabilities are as follows :

	2013 RM	2012 RM
Motor vehicles	156,391	494,188

4. Investments in subsidiaries - Company

	2013 RM	2012 RM
Unquoted shares, at cost	41,201,620	40,951,620
Less : Impairment loss	(268,003)	(268,003)
	40,933,617	40,683,617

Details of the subsidiaries are as follows :

Name of company	Effective ownership interest 2013	2012	Country of incorporation	Principal activities
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
Subsidiary of Rex Canning Co. Sdn. Bhd.				
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

	2013 RM	2012 RM
Cost		
At 1 January/31December	12,121,439	12,121,439
Impairment loss		
At 1 January	(2,355,096)	(220,577)
Impairment loss for the year	(1,134,520)	(2,134,519)
At 31 December	(3,489,616)	(2,355,096)
Carrying amounts	8,631,823	9,766,343

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

5.1 Impairment testing for cash generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's business which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Management has assessed the recoverable amount of goodwill based on value in use calculations determined by discounting future cash flows generated from the continuing use of the CGUs projected based on the financial budget for 2014 and projected revenue growth covering a period of 5 years.

A pre-tax discount rate of 10.0% (2012: 10.0%) was applied to the calculations in determining the recoverable amount of the CGUs.

The values assigned to the key assumptions represent management's assessment of future trends of the various businesses or divisions and are based on both external and internal sources.

Management believes that while cash flow projections are subject to inherent uncertainty, any reasonably possible changes to the key assumptions utilised in assessing recoverable amounts have been considered in determining the recoverable amount of the cash generating unit.

Based on the assessments carried out during the financial year, the Group has impaired the goodwill relating to the frozen food business of RM1.1 million as the recoverable amount of the CGU, determined based on value in use calculations, is lower than the carrying amount.

6. Trade and other receivables

Group	Note	2013 RM	2012 RM
Trade			
Trade receivables		29,692,665	30,474,593
Less : Impairment loss		(3,027,752)	(2,355,569)
		26,664,913	28,119,024
Non-trade			
Other receivables		4,822,825	4,466,060
Deposits	6.1	4,222,170	5,329,043
Prepayments		745,633	744,887
		9,790,628	10,539,990
		36,455,541	38,659,014

Company	Note	2013 RM	2012 RM
Non-trade			
Subsidiaries (advances)	6.2	26,154,907	26,835,465
Other receivables		8,002	6,793
		26,162,909	26,842,258

6.1 Deposits

Included in deposits of the Group is an amount of RM3,894,826 (2012 : RM4,988,753) which represents advances paid to suppliers.

6.2 Amount due from subsidiaries

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

7. Inventories – Group

	2013 RM	2012 RM
Raw materials	14,854,352	21,328,107
Manufactured inventories	37,303,498	33,375,790
Packing materials	6,362,675	6,621,046
Consumables	967,070	858,226
	59,487,595	62,183,169

8. Cash and cash equivalents

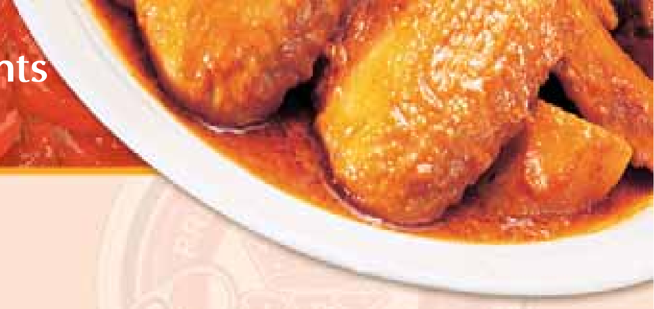
Group	2013 RM	2012 RM
Cash and bank balances	14,869,296	11,262,676
Company		
Cash and bank balances	82,374	46,449

9. Share capital - Group/Company

	2013 RM	2013 Number of Shares	2012 RM	2012 Number of Shares
Ordinary shares of RM1 each				
Authorised :				
Balance at 1 January/ 31 December	100,000,000	100,000,000	100,000,000	100,000,000
Ordinary shares of RM1 each				
Issued and fully paid :				
Balance at 1 January/ 31 December	56,051,617	56,051,617	56,051,617	56,051,617

10. Reserves

Group	2013 RM	2012 RM
Non-distributable		
Share premium	10,614,008	10,614,008
Translation reserve	2,628,274	834,890
	13,242,282	11,448,898
Distributable		
Retained earnings	59,638,373	57,531,776
	72,880,655	68,980,674



10. Reserves (continued)

Company	2013 RM	2012 RM
Non-distributable		
Share premium	10,614,008	10,614,008
Distributable		
Retained earnings	167,512	636,307
	10,781,520	11,250,315

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

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.

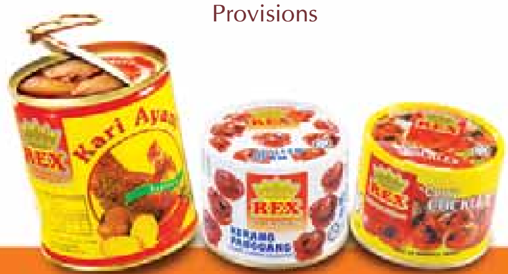
11. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows :

	2013 RM	2012 RM
Property, plant and equipment		
- capital allowances	2,247,000	2,606,000
- revaluation	4,744,366	4,958,801
Unabsorbed capital allowances	-	(251,000)
Tax loss carry-forwards	-	(226,000)
Provisions	(695,000)	(164,000)
	6,296,366	6,923,801

Movements in temporary differences during the year

	At 1.1.2012 RM	Recognised in profit or loss RM	At 31.12.2012 RM	Recognised in profit or loss RM	At 31.12.2013 RM
Property, plant and equipment					
- capital allowances	2,589,000	17,000	2,606,000	(359,000)	2,247,000
- revaluation	5,023,508	(64,707)	4,958,801	(214,435)	4,744,366
Unabsorbed capital allowances	(1,077,000)	826,000	(251,000)	251,000	-
Tax loss carry-forwards	(65,000)	(161,000)	(226,000)	226,000	-
Provisions	(66,000)	(98,000)	(164,000)	(531,000)	(695,000)
	6,404,508	519,293	6,923,801	(627,435)	6,296,366



11. Deferred tax liabilities - Group (continued)

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

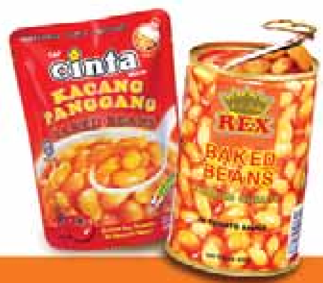
	2013 RM	2012 RM
Taxable temporary differences	(421,000)	(463,000)
Tax loss carry-forwards	3,038,000	3,417,000
Unabsorbed capital allowances	123,000	-
Provisions	3,136,000	2,512,000
	5,876,000	5,466,000

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.

12. Loans and borrowings – Group

	2013 RM	2012 RM
Current		
Unsecured		
Bank overdrafts	832,321	2,298,695
BBA*	1,057,006	1,021,642
Term loans - floating rate	39,262	36,593
Bankers' acceptances	22,815,222	26,599,695
Revolving credit	1,500,000	4,000,000
Finance lease liabilities	54,929	129,941
	26,298,740	34,086,566
Non-current		
Unsecured		
BBA*	981,360	1,943,626
Term loans - floating rate	9,118	48,175
Finance lease liabilities	80,943	135,872
	1,071,421	2,127,673

* Al-Bai Bithaman Ajil ("BBA") loan facility.



12. Loans and borrowings – Group (continued)

Finance lease liabilities are payable as follows :

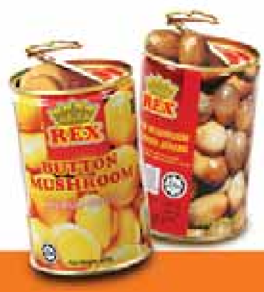
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
2013			
Less than 1 year	64,672	9,743	54,929
Between 1 and 5 years	98,162	17,219	80,943
	162,834	26,962	135,872
2012			
Less than 1 year	148,763	18,822	129,941
Between 1 and 5 years	153,102	25,037	128,065
More than 5 years	9,732	1,925	7,807
	311,597	45,784	265,813

13. Trade and other payables

	Note	2013 RM	2012 RM
Group			
Trade			
Trade payables		8,649,139	10,534,030
Non-trade			
Other payables		2,536,571	1,647,184
Accrued expenses		3,000,877	2,871,471
Amount due to Directors	13.1	211,847	192,955
		14,398,434	15,245,640
Company			
Non-trade			
Accrued expenses		30,232	22,000
Amount due to Directors	13.1	192,576	125,437
Amount due to subsidiaries	13.1	154,275	154,275
		377,083	301,712

13.1 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 RM676,751 (2012 : RM706,940).

16. Finance costs - Group

	2013 RM	2012 RM
Interest payable :		
Term loans	84,842	234,949
Bank overdrafts	36,939	38,713
Finance lease liabilities	19,685	42,681
Bankers' acceptances	930,332	920,264
Revolving credit	146,714	217,986
	1,218,512	1,454,593

17. Profit/(Loss) before tax

Profit/(Loss) before tax is arrived at :

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
After charging :				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia				
- Current year	102,000	94,000	33,000	26,000
- Prior year	2,000	10,000	-	-
Other auditors	48,893	41,844	-	-
- Non-audit fees				
KPMG Malaysia				
- Current year	6,000	6,000	6,000	6,000
- Prior year	-	1,000	-	1,000
Local affiliates of KPMG Malaysia	14,700	9,800	2,600	2,600

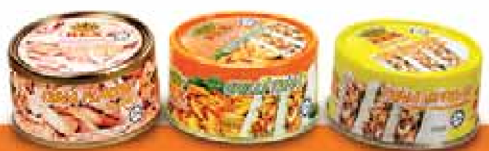
17. Profit/(Loss) before tax (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Directors' emoluments				
Directors of the Company				
- Fees	176,760	183,883	173,160	180,283
- Short term employee benefits	847,944	866,157	11,600	10,300
Other Directors				
- Fees	7,200	7,200	-	-
- Short term employee benefits	404,972	339,824	-	-
Past Director				
- Fees	46,383	-	46,383	-
- Short term employee benefits	3,100	-	3,100	-
Impairment loss on receivables				
- trade	690,941	262,935	-	-
- non-trade	500,000	163,000	-	-
Rental of premises	115,276	121,699	-	-
Rental of machinery	282	276	-	-
Allowance for inventory obsolescence	434,225	446,817	-	-
Realised loss on foreign exchange	2,950,524	875,303	-	-
Unrealised loss on foreign exchange	2,306,895	462,468	-	-
Inventories written off	436,000	-	-	-
Impairment loss on goodwill (Note 5)	1,134,520	2,134,519	-	-
Plant and equipment written off	28,353	-	-	-
and crediting :				
Gain on disposal of plant and equipment	103,986	136,791	-	-
Rental of premises	-	66,816	-	-

18. Key management personnel compensation

The key management personnel compensation is as follows:

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Directors of the Company :				
Fees	3,600	-	-	-
Remuneration	839,344	797,057	1,500	-
	842,944	797,057	1,500	-
Other Directors				
Fees	7,200	7,200	-	-
Remuneration	404,972	407,444	-	-
	412,172	414,644	-	-
	1,255,116	1,211,701	1,500	-

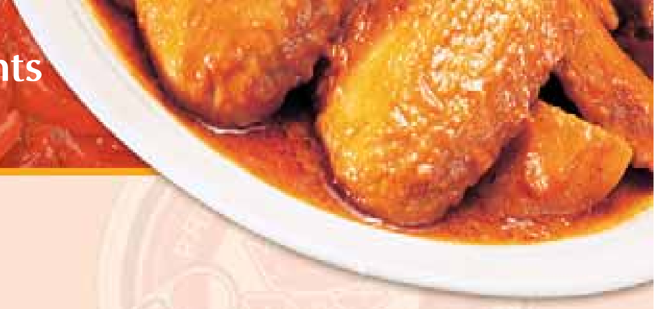


19. Income tax expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Recognised in profit or loss				
Income tax expense on continuing operations	1,831,387	1,676,485	-	-
Current tax expense				
Malaysian				
- current year	874,000	-	-	-
- prior year	197,864	4,885	-	-
Overseas				
- current year	1,386,958	966,323	-	-
- prior year	-	185,984	-	-
	2,458,822	1,157,192	-	-
Deferred tax expense				
- current year	(85)	750,293	-	-
- prior year	(627,350)	(231,000)	-	-
	(627,435)	519,293	-	-
Total income tax expense	1,831,387	1,676,485	-	-

Reconciliation of effective tax expense

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Profit/(Loss) for the year	2,106,597	202,731	(468,795)	(340,186)
Total income tax expense	1,831,387	1,676,485	-	-
Profit/(Loss) excluding tax	3,937,984	1,879,216	(468,795)	(340,186)
Income tax calculated using Malaysian tax rate of 25%	984,496	469,804	(117,199)	(85,047)
Effect of tax rates in foreign jurisdictions	-	20,717	-	-
Non-deductible expenses	1,391,037	1,278,726	117,199	85,047
Non-taxable income	(2,754)	(33,836)	-	-
Effect of deferred tax assets not recognised	102,316	48,335	-	-
Reversal of deferred tax liability on revaluation of property	(214,435)	(64,707)	-	-
Tax incentives	-	(4,925)	-	-
Other items	213	2,502	-	-
	2,260,873	1,716,616	-	-
Over provision in prior years	(429,486)	(40,131)	-	-
Total income tax expense	1,831,387	1,676,485	-	-



20. Basic earnings per ordinary share - Group

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM2,106,597 (2012 : RM202,731) and the weighted average number of ordinary shares outstanding during the year of 56,051,617 (2012 : 56,051,617).

21. 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 RM86,300,000 (2012 : RM72,700,000) of which RM21,414,000 (2012 : RM32,397,000) were utilised as at the end of the reporting date.

22. 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 or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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.

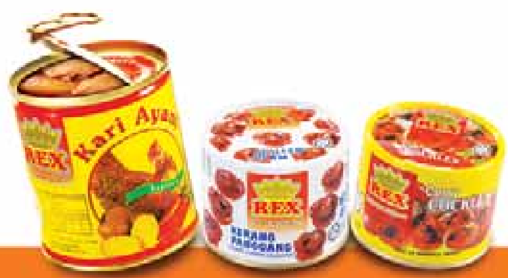
There were no significant related party transactions of the Group and of the Company, other than key management personnel compensation as disclosed in Note 18 to the financial statements.

23. 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 MFRS 8 is not presented.

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.



23. Operating segments- Group (continued)

Geographical information

	Revenue RM'000	Non-current assets RM'000
2013		
Malaysia	70,013	45,634
United States of America	37,601	-
European countries	22,140	-
Asia (excludes Malaysia)	27,186	21,223
	156,940	66,857
2012		
Malaysia	64,927	48,158
United States of America	36,885	-
European countries	15,252	-
Asia (excludes Malaysia)	21,844	22,650
	138,908	70,808

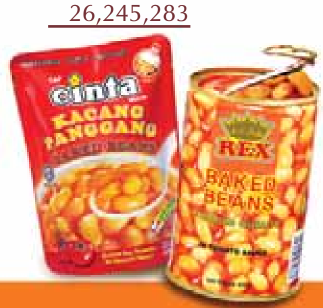
24. Financial instruments

24.1 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
2013		
Financial assets		
Group		
Trade and other receivables	35,709,908	35,709,908
Cash and cash equivalents	14,869,296	14,869,296
	50,579,204	50,579,204
2013		
Company		
Trade and other receivables	26,162,909	26,162,909
Cash and cash equivalents	82,374	82,374
	26,245,283	26,245,283

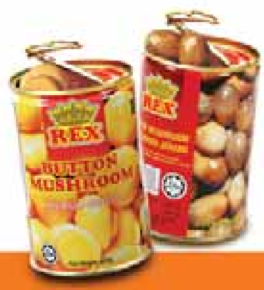


24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

	Carrying Amount RM	L&R RM
2012		
Financial assets		
Group		
Trade and other receivables	37,914,127	37,914,127
Cash and cash equivalents	11,262,676	11,262,676
	49,176,803	49,176,803
Company		
Trade and other receivables	26,842,258	26,842,258
Cash and cash equivalents	46,449	46,449
	26,888,707	26,888,707

	Carrying Amount RM	OL RM
2013		
Financial liabilities		
Group		
Loans and borrowings	27,370,161	27,370,161
Trade and other payables	14,398,434	14,398,434
	41,768,595	41,768,595
Company		
Trade and other payables	377,083	377,083
2012		
Financial liabilities		
Group		
Loans and borrowings	36,214,239	36,214,239
Trade and other payables	15,245,640	15,245,640
	51,459,879	51,459,879
Company		
Trade and other payables	301,712	301,712



24. Financial instruments (continued)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Net losses on:				
Loans and receivables	(984,708)	(190,025)	-	-
Financial liabilities measured at amortised cost	(1,218,512)	(1,454,593)	-	-
	(2,203,220)	(1,644,618)	-	-

24.3 Financial risk management

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

Credit risk
Liquidity risk
Market risk

24.4 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.

24. Financial instruments (continued)

24.4 Credit risk (continued)

Receivables (continued)

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

	2013 RM	2012 RM
Group		
Malaysia	17,831,074	16,649,633
United States of America	3,783,603	3,785,267
European countries	2,362,846	2,605,764
Asia (excludes Malaysia)	2,687,390	5,078,360
	26,664,913	28,119,024

Impairment losses

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

	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
Group				
2013				
Not past due	19,628,021	-	-	19,628,021
Past due 0 - 30 days	4,523,539	-	-	4,523,539
Past due 31 - 120 days	1,494,110	(349,042)	-	1,145,068
Past due more than 120 days	4,046,995	(2,678,710)	-	1,368,285
	29,692,665	(3,027,752)	-	26,664,913
Group				
2012				
Not past due	20,475,232	-	-	20,475,232
Past due 0 - 30 days	4,659,694	-	-	4,659,694
Past due 31 - 120 days	1,877,441	-	-	1,877,441
Past due more than 120 days	3,462,226	(2,355,569)	-	1,106,657
	30,474,593	(2,355,569)	-	28,119,024

24. Financial instruments (continued)

24.4 Credit risk (continued)

Impairment losses (Continued)

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

	2013 RM	2012 RM
Group		
At 1 January	2,355,569	2,728,256
Impairment loss recognised	690,941	262,935
Impairment loss written off	(18,758)	(635,622)
At 31 December	3,027,752	2,355,569

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 receivables 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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM22,197,000 (2012 : RM32,397,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

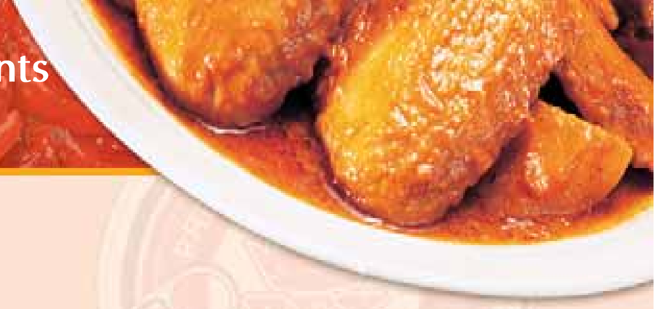
As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

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.



24. Financial instruments (continued)

24.4 Credit risk (continued)

Inter company balances (Continued)

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

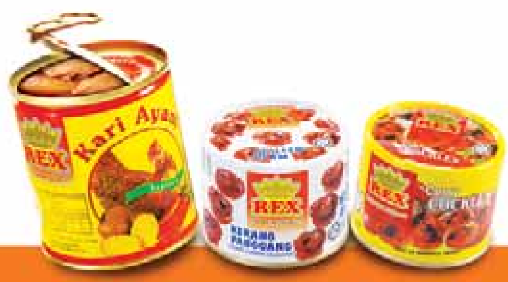
As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are not considered to be overdue and are repayable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

24.5 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



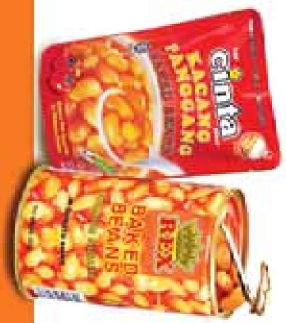
24. Financial instruments (continued)

24.5 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:

	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
2013							
Group							
Non-derivative financial liabilities							
Unsecured							
Bank overdrafts	832,321	8.10%	832,321	832,321	-	-	-
BBA	2,038,366	3.75%	2,084,791	1,098,240	986,551	-	-
Term loans	48,380	7.40%	50,642	41,436	9,206	-	-
Bankers' acceptances	22,815,222	3.20% - 5.30%	22,815,222	22,815,222	-	-	-
Revolving credit	1,500,000	5.21% - 5.29%	1,500,000	1,500,000	-	-	-
Finance lease liabilities	135,872	2.19% - 4.00%	162,834	64,672	49,286	48,876	-
Trade and other payables	14,398,434	-	14,398,434	14,398,434	-	-	-
	41,768,595		41,844,244	40,750,325	1,045,043	48,876	-
Company							
Non-derivative financial liabilities							
Trade and other payables	377,083	-	377,083	377,083	-	-	-



24. Financial instruments (continued)

24.5 Liquidity risk (continued)

	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
2012							
Group							
Non-derivative financial liabilities							
Unsecured							
Bank overdrafts	2,298,695	8.10%	2,298,695	2,298,695	-	-	-
BBA	2,965,268	3.75%	3,083,332	1,098,240	1,098,240	886,852	-
Term loans	84,768	7.40%	91,855	41,436	41,436	8,983	-
Bankers' acceptances	26,599,695	3.20% - 5.30%	26,599,695	26,599,695	-	-	-
Revolving credit	4,000,000	5.21% - 5.29%	4,000,000	4,000,000	-	-	-
Finance lease liabilities	265,813	2.19% - 4.00%	311,597	148,763	64,672	88,430	9,732
Trade and other payables	15,245,640	-	15,245,640	15,245,640	-	-	-
	51,459,879		51,630,814	49,432,469	1,204,348	984,265	9,732
Company							
Non-derivative financial liabilities							
Trade and other payables	301,712	-	301,712	301,712	-	-	-

24. Financial instruments (continued)

24.6 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.

24.6.1 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

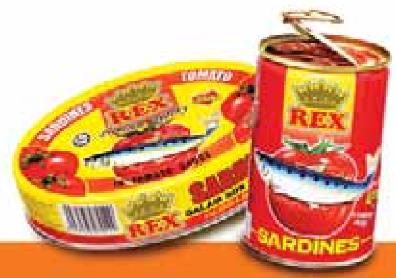
The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in	
	USD	SGD
Group	**RM**	**RM**
2013		
Trade receivables	6,541,895	254,848
Cash and bank balances	1,848,524	-
Trade payables	(2,781,685)	-
Net exposure	5,608,734	254,848
2012		
Trade receivables	8,519,091	272,154
Cash and bank balances	943,428	-
Trade payables	(1,315,498)	-
Net exposure	8,147,021	272,154

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.



24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

Group	Profit or loss 2013 RM'000	Profit or loss 2012 RM'000
USD	(421)	(611)
SGD	(19)	(20)

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.

24.6.2 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:

	2013 RM	2012 RM
Group		
Fixed rate instruments		
Financial liabilities	(26,489,460)	(33,830,776)
Group		
Floating rate instruments		
Financial liabilities	(880,701)	(2,383,463)

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk (continued)

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	100 bp decrease
Group	RM'000	RM'000
2013		
Floating rate instruments	(6)	6
2012		
Floating rate instruments	(18)	18

24.7 Fair value information

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.

24. Financial instruments (continued)

24.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2013	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group										
Financial liabilities										
BBA	-	-	-	-	-	2,038,366	-	2,038,366	2,038,366	2,038,366
Term loans	-	-	-	-	-	48,380	-	48,380	48,380	48,380
Finance lease liabilities	-	-	-	-	-	135,872	-	135,872	135,872	135,872
	-	-	-	-	-	2,222,618	-	2,222,618	2,222,618	2,222,618

2012	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Total		
	RM	RM	RM	RM	RM	RM	RM
Group							
Financial liabilities							
BBA	-	-	-	-	2,965,268	2,965,268	2,965,268
Term loans	-	-	-	-	84,768	84,768	84,768
Finance lease liabilities	-	-	-	-	265,813	265,813	265,813
	-	-	-	-	3,315,849	3,315,849	3,315,849

* *Comparative figures have not been analysed by level, by virtue of transitional provision given in Appendix C2 of MFRS 13.*

24. Financial instruments (continued)

24.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

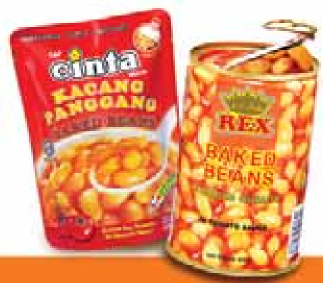
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2012: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.



25. 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.

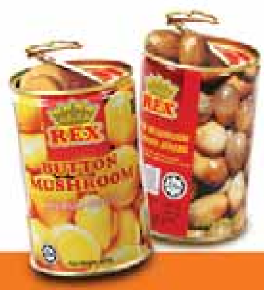
There were no changes in the Group's approach to capital management during the financial year.

26. 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 2013, 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	86,200	82,632	168	636
- unrealised	(8,603)	(7,386)	-	-
	77,597	75,246	168	636
Less: Consolidation adjustments	(17,959)	(17,714)	-	-
Total retained earnings	59,638	57,532	168	636

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 2011.



In the opinion of the Directors, the financial statements set out on pages 31 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 of 31 December 2013 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 26 on page 80 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.

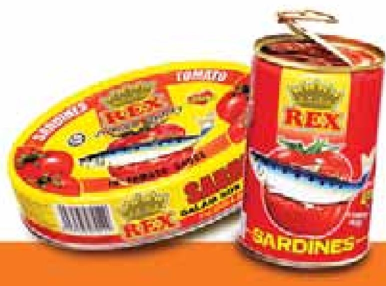
Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Mohd Faisal Izan Bin Abdul Latiff

....
Lee Hee Hong

Penang,

Date : 30 April 2014



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 31 to 80 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.

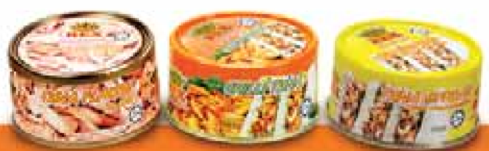
Subscribed and solemnly declared by the above named at Georgetown in the State of Penang on 30 April 2014.

………………………………………………..

Lee Hee Hong

Before me :

CHAN KAM CHEE (No. P120)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Penang



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 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 80.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible 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 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

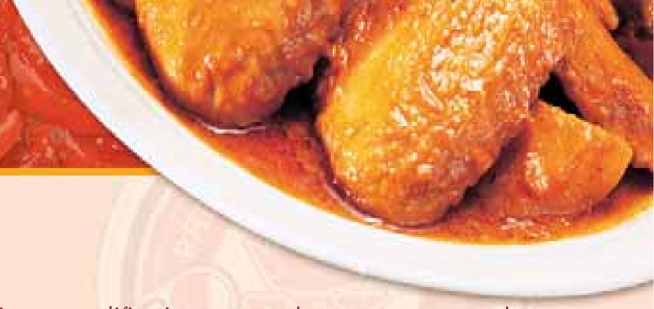
Report on Other Legal and Regulatory Requirements

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.

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 26 on page 80 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 Malaysian Financial Reporting Standards or International 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

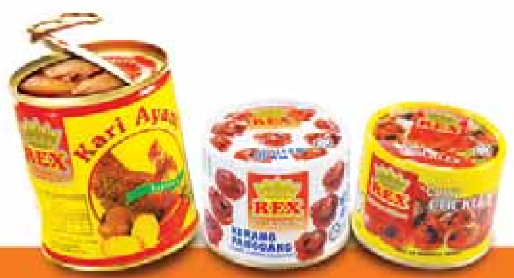
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Ooi Kok Seng
2432/05/15 (J)
Chartered Accountant

Date : 30 April 2014

Penang



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)	Date of Acquisition / * Revaluation	Net Book Value (31.12.2013) (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 53 years remaining (46 years)	29, 125 (25,000) sq.ft	* 3 November 2011	3,629,312
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 29 years remaining (27 & 22 years)	1 acre (35,000) sq. ft	* 3 November 2011	1,830,603
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 45 years remaining (15years)	6 acres (261,586) sq. ft	* 30 August 2012	18,426,432
Plot 126 Bukit Minyak Industrial Park Seberang Perai Tengah (Rex Canning)	Industrial land	60 years with 56 years remaining (4 years)	1.74 acres	* 30 August 2012	1,325,470
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	31 December 1996	115,662
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 77 years remaining (19 years)	(4,500) sq. ft	10 October 1990	498,916
JL. Raya Beji Km 4 No 42 Beji, Pasuraun, Jawa Timur, Indonesia (P.T.Rex Canning)	Industrial Land with Factory	130 years with 109 years remaining (21 years)	(252,207) sq. ft	* 14 January 2005	5,425,203
Jiedong Economic Development Experimental Zone (Jie Yang Rex Foods)	Leasehold Land with Factory Expiry Date: 20/01/2046	50 years with 33 years remaining (17years)	6.88 acres (299,693) sq. ft	* 30 November 2012	9,383,658
Lot No. 59712 Mukim Petaling Daerah Petaling Negeri Selangor (Rex Canning)	Industrial Land with Factory Geran No. 72528	-	(2,000) sq. ft	5 January 2006	649,792
JL. Raja Beji KM4, Desa Beji, Kecematan Beji, Kabupaten Pasuraun, Propinsi Jawa Timur, Indonesia.	Industrial Land	-	3.73 acres	5 September 2012	4,690,854


REX
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
HACCP CERTIFIED
VETERINARY INSPECTED
MALAYSIA
EST. NO: 86
international food standard
IFS
BUATAN MALAYSIA

REX INDUSTRY BERHAD
[282664-K]

Proxy Form

CDS Account No.
No. of Shares Held

I/We, ...
(Full name in Capital Letters)

of ....
(Full Address)

being a member/members of the above-named Company, hereby appoint ....
(Full name in Capital Letters)

of ....
(Full Address)

or failing him, ...
(Full name in Capital Letters)

of ....
(Full Address)

as *my/our proxy, to vote for *me/us on *my/our behalf at the Twentieth Annual General Meeting of the Company, to be held at Semangkok Room, Level 2, Sunway Hotel Seberang Jaya, No. 11, Lebuh Tenggiri Dua, Pusat Bandar Seberang Jaya, 13700 Prai, Penang on Monday, 30 June 2014 at 10.30 a.m., and at any adjournment thereof.

	RESOLUTIONS										
	1	2	3	4	5	6	7	8	9	10	11
FOR											
AGAINST											

(Please indicate with "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

* Strike out whichever is not desired.

Signed this .... day of .... , 2014.

For appointment of two (2) proxies, number of shares and percentage of shareholdings to be represented by the each proxy:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

....
Signature of Shareholder(s)

....
Common Seal to be affixed here if Shareholder is a Corporation

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. For the proxy to be valid, the proxy form duly completed must be deposited at the Company's Registered Office 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 appointed 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. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act,1991 ("SICDA") it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member of the Company is an Exempt Authorised Nominee which hold ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an additional nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

7. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 78(3) of the Articles of Association of the Company and Section 34(1) of the SICDA to issue a General Meeting and Record of Depositors ("ROD") as at 23 June 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

STAMP

The Company Secretary

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

REX

REX INDUSTRY BERHAD

[282664-K]

Address : Plot 125, Jalan Perindustrian Bukit Minyak 5, 14100 Simpang Ampat, Seberang Perai Tengah, Penang, Malaysia.
Telephone : 604 - 5088 288 (Hunting) Facsimile : 604 - 5088 566/7 Email : rex@rex.net.my Website : www.rex.net.my