



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134₂₀₀₄: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134₂₀₀₄: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2008. The interim financial report contain condensed consolidated financial statements and these explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

2. Auditor’s Report on Preceding Annual Financial Statements

The auditor’s report on the financial statements of the Group and the Company for the year ended 31 December 2008 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group’s products are mainly exported to temperate regions like Europe, USA and Latin America. In tandem with climatic changes, demand for the Group’s products may fluctuate with the seasons. Generally, demand is stronger in the second half of the year.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows in the financial statements ended 31 March 2009.

5. Changes in Material Estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the interim financial statements and current year.

6. Changes in Debt and Equity Securities

6.1 Executive Share Option Scheme (“ESOS”)

The Company did not issue any new shares under ESOS during the current financial quarter.

6.2 Medium Term Notes (“MTN”) Programme

The Company did not issue any new medium term notes during the quarter under review.



6.3 Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) with free Warrants

During the current quarter, 23,900 nominal value of ICULS at RM1.00 each were converted to ordinary shares at the conversion price of RM1.70 per ordinary share of RM1.00 each.

As at 31 March 2009, a total of 6,187,700 nominal ICULS have been converted to ordinary shares of RM1.00 each in the Company.

6.4 Share Buy-back

During the current quarter, the Company did not carry out any share buy-back exercise. However, a total of 2,801,900 Treasury Shares were re-sold on Bursa Malaysia Securities Berhad for a total consideration of RM3.54 million; the gain on these sales have been recorded in the Share Premium account of the Company.

As at 31 March 2009, the Company does not hold any Treasury Shares.

7. Dividends Paid

A first interim dividend of 7 sen less 25% tax per ordinary share of RM1.00 each in respect of the current financial year was paid on 15 January 2009.

8. Segmental Information

Segmental information is presented in accordance to the Group’s business and geographical segments by location of assets, which is the primary reporting format.

	Current Quarter ended 31 March 2009 RM’000	Cumulative year-to- date ending 31 December 2009 RM’000
Segment Revenue:		
Malaysia	30,005	30,005
People’s Republic of China	90,197	90,197
Europe	10,101	10,101
	-----	-----
	130,303	130,303
Eliminations	(55,306)	(55,306)
	-----	-----
Total	74,997	74,997
	=====	=====
Segment Results:		
Malaysia	4,110	4,110
People’s Republic of China	7,539	7,539
Europe	24	24
	-----	-----
	11,673	11,673
Eliminations	(580)	(580)
	-----	-----
Total	11,093	11,093
	=====	=====



9. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment during the current quarter and interim financial year ended 31 March 2009.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2008.

10. Subsequent Events

There were no other material events subsequent to the end of the current quarter that have not been reflected in this financial report ended 31 March 2009.

11. Changes in the Composition of the Group

There were no changes to the composition of the Group since the last financial year ended 31 December 2008.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or assets since the last annual balance sheet date as at 31 December 2008.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 March 2009 is as follows:-

	RM'000
Capital expenditure approved and contracted for	14,585



B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group achieved a sales turnover of RM75.00 million for the first quarter ended 31 March 2009 (2008: RM44.88 million, which is an increase of 67%). Group pretax profit recorded in the current quarter was RM5.29 million compared to RM2.01 million in the corresponding quarter of year 2008, a significant improvement of 163%. The increase in turnover and profits were due to sales contribution from our China subsidiaries and better profit margins of our Group's products compared to the corresponding period in 2008.

2. Material change in the profit before tax of the current quarter compared with preceding quarter

Sales for the first quarter 2009 amounted to RM75.00 million compared to RM78.90 million reported for the fourth quarter of 2008, a slight decrease of 5%. The decrease was due to a decline in demand for certain of our Group's products owing to the global economic slowdown.

Pre-tax profit of RM5.29 million was recorded in the first quarter of 2009 compared to RM3.80 million in the previous quarter, an improvement of 39%. This improvement was attributable to increased production volumes and efficiencies achieved from our China subsidiaries.

3. Current Year Prospects

As expected, the world economy continued to deteriorate in early 2009. Even though the latest economic data shows that the US economy is weakening at a slower pace with some even predicting that the US economy might even recover towards the end of the year, the Group expects demand for products from its Malaysian operations, especially in the automotive and its related sectors, to remain weak for the rest of the year.

However, the Board and management remain optimistic on the disposable gloves segment and expect further growth in 2009 for this product from its China operations.

Barring any unforeseen circumstances, overall performance for the Group is expected to be better in 2009 compared to 2008.

4. Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee has been issued for the current quarter.



5. Taxation

	Current quarter ended 31 March 2009 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	569	569
Current year – Foreign income tax	19	19
	-----	-----
Total income tax expense/(credit)	588	588
	=====	=====
Effective tax rate	11.1%	11.1%

The lower effective tax rate during the current quarter was mainly due to profits generated from certain overseas subsidiaries that are exempted from income tax.

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 31 March 2009.

7. Purchase/disposal of Quoted Securities

There was no purchase and/or disposal of quoted securities for the current quarter other than the resale of 2,801,900 ordinary shares under Share Buy-back.

8. Status of Corporate Proposals

On 15 April 2009, the Company announced its intention to seek shareholders' approval during the upcoming Annual General Meeting, for the proposed renewal of authority to purchase its own shares up to 10% of its issued and paid up share capital. A Share Buy-Back Statement was sent to shareholders on 30 April 2009.

9. Group Borrowings and Debt Securities

	As at 31 March 2009	
	Secured RM'000	Unsecured RM'000
Short Term Borrowings including trade financing	7,008	39,570
Term Loans	7,402	-
Medium Term Notes ("MTN")	-	43,000
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	43,774
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	14,410	126,344
	=====	=====

10. Financial Instruments with Off Balance Sheet Risks

As at 31 March 2009, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Expiry Period(s)
US Dollars (USD)	8,860	31,550	April 2009 – September 2009
Euro Dollars (EUR)	2,528	11,910	April 2009 – September 2009



The above foreign currency contracts are entered into with a local licensed bank to hedge the Group's receivables in foreign currencies. The contracted rates will be used to translate the underlying foreign currencies into Ringgit Malaysia.

These foreign currency contracts are of a short-term nature and the Group does not take up any differences between the contracted rates and spot rates to the income statements.

The accounting policy adopted with regards to off balance sheet financial instruments was consistent with those applied in the last audited financial statements as at 31 December 2008.

11. Changes in Material Litigation

Rubberex (M) Sdn Berhad ("RMSB"), a wholly-owned subsidiary of Rubberex Corporation (M) Berhad, had on 08 April 2002 filed a legal action against Kesatuan Kebangsaan Pekerja-Pekerja Syarikat-Syarikat Pembuat Keluaran Getah, A. Subramanian, Sun Media Corporation Sdn Bhd and H'ng Hung Yong (collectively "the Defendants") at the Ipoh High Court under suit no. 22-72-2002. RMSB is alleging that a libelous and/or defamatory statement against RMSB has been made and published by the Defendants in The Sun newspaper on 17 October 2001. RMSB is claiming for a sum of RM750,000 as general damages together with interest and costs and a written public apology to be published in a national newspaper. The next hearing on this matter has not been determined by the Court.

Based on the opinion of RMSB's solicitors, the Defendants have no defense on merits to the claim.

12. Dividend Payable

No dividend is proposed for the current quarter under review.

13. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 March 2009	Cumulative Year-to-Date ended 31 March 2008
Profit attributable to ordinary shareholders of the Company	RM'000	2,696	1,050
Weighted average number of ordinary shares in issue	Shares	80,321,624	79,427,819
Basic EPS	sen	3.36 sen	1.32 sen
Diluted weighted average number of ordinary shares in issue	Shares	107,849,086	144,051,262
Fully diluted EPS	sen	2.50 sen	0.73 sen



Rubberex Corporation (M) Berhad (Company no. 372642-U)

14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 26 May 2009.

CHAN CHEE KHEONG (MAICSA 0810287)

CHANG POOI YEE (MAICSA 7036213)

Company Secretaries

Ipoh, Perak

26 May 2009