

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 March 2016

These figures have not been audited

	2016 Current Quarter ended 31 March RM'000	2016 Year-to-Date ended 31 March RM'000	2015 Current Quarter ended 31 March RM'000	2015 Year-to-Date ended 31 March RM'000
Revenue	74,482	74,482	70,707	70,707
Cost of sales	(62,599)	(62,599)	(60,711)	(60,711)
Gross profit	11,883	11,883	9,996	9,996
Other gains and losses	(1,338)	(1,338)	(601)	(601)
Operating expenses	(4,680)	(4,680)	(4,340)	(4,340)
Profit from operations	5,865	5,865	5,055	5,055
Finance costs	(713)	(713)	(724)	(724)
Profit before tax	5,152	5,152	4,331	4,331
Income tax expense	(1,521)	(1,521)	(1,514)	(1,514)
Profit for the period attributable to Equity holders of the Company	3,631	3,631	2,817	2,817
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	(18,132)	(18,132)	9,612	9,612
Total comprehensive income for the period attributable to Equity holders of the Company	(14,501)	(14,501)	12,429	12,429
Earnings per share:				
Basic (sen)	1.58	1.58	1.24	1.24
Average number of shares in issue:				
Basic	-	229,278,817	-	227,296,617

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Financial Position as at 31 March 2016

These figures have not been audited

	As at 31 March 2016 RM'000	Year ended 31 December 2015 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	193,826	202,358
Prepaid lease payments	14,313	15,342
Deferred tax asset	628	626
Goodwill	2,793	2,793
	<u>211,560</u>	<u>221,119</u>
Current Assets		
Inventories	71,723	73,337
Trade and other receivables	55,231	65,215
Cash and bank balances	17,984	21,157
	<u>144,938</u>	<u>159,709</u>
TOTAL ASSETS	<u>356,498</u>	<u>380,828</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	114,639	114,639
Treasury shares	-	-
Share premium	29,503	29,503
Other reserves	32,923	51,055
Retained earnings	54,638	51,006
TOTAL EQUITY	<u>231,703</u>	<u>246,203</u>
Non-current Liabilities		
Borrowings	54,235	40,037
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>54,235</u>	<u>40,037</u>
Current Liabilities		
Trade and other payables	41,377	52,378
Borrowings	29,183	42,210
	<u>70,560</u>	<u>94,588</u>
TOTAL LIABILITIES	124,795	134,625
TOTAL EQUITY AND LIABILITIES	<u>356,498</u>	<u>380,828</u>
Net assets per share (RM)	1.01	1.07

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Changes in Equity for the financial period ended 31 March 2016

These figures have not been audited

	Attributable to Equity Holders of the Company						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable Reserves			Retained Earnings RM'000	
			Share Premium RM'000	Capital Reserves RM'000	Translation Reserves RM'000		
As at 01 January 2015	114,639	(1,420)	29,335	(2,727)	23,408	42,952	206,187
Total comprehensive income for the period	-	-	-	-	-	2,817	2,817
Effects of foreign exchange differences	-	-	-	-	9,612	-	9,612
As at 31 March 2015	114,639	(1,420)	29,335	(2,727)	33,020	45,769	218,616
As at 01 January 2016	114,639	-	29,503	(2,727)	53,783	51,006	246,204
Total comprehensive income for the period	-	-	-	-	-	3,631	3,631
Effects of foreign exchange differences	-	-	-	-	(18,132)	-	(18,132)
As at 31 March 2016	114,639	-	29,503	(2,727)	35,651	54,637	231,703

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Cashflows for the financial period ended 31 March 2016

These figures have not been audited

	2016 Year-to-Date ended 31 March RM'000	2015 Year-to-Date ended 31 March RM'000
Net cash generated from operating activities	11,465	10,421
Net cash generated used in investing activities	(7,887)	(11,800)
Net cash generated from/(used in) financing activities	<u>2,806</u>	<u>(9,916)</u>
Net increase/(decrease) in cash and cash equivalents	6,384	(11,295)
Effects of foreign exchange differences	(7,209)	659
Cash and cash equivalents at beginning of financial period	<u>14,334</u>	<u>43,022</u>
Cash and cash equivalents at end of financial period	<u>13,509</u>	<u>32,386</u>

Cash and cash equivalents at end of financial period comprise the following:

Cash and bank balances	17,984	32,891
Short term borrowings - bank overdrafts	<u>(4,475)</u>	<u>(505)</u>
	<u>13,509</u>	<u>32,386</u>

The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation of the Financial Statements and Adoption of New and Revised Financial Reporting Standards (“FRSs”)

The interim financial report is unaudited and has been prepared in accordance with FRS 134: 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 2015.

The accounting policies and methods of computation adopted for the interim financial statements were consistent with those adopted for the annual audited financial statements for the year ended 31 December 2015.

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 previous year ended 31 December 2015 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.

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 interim financial statements ended 31 March 2016.

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 ended 31 March 2016.

6. Changes in Debt and Equity Securities

6.1 Share Buy-back

The Company did not carry out any Share Buy-back in the current quarter.

As at 31 March 2016, the Company does not hold any Treasury Shares.

7. Dividends Paid

No dividends were paid in the current period ended 31 March 2016.



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 2016 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	40,471	40,471
People's Republic of China	69,131	69,131
Europe	14,244	14,244
	<hr/>	<hr/>
	123,846	123,846
Group adjustments	(49,364)	(49,364)
Total	74,482	74,482
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Segment Results:		
Malaysia	6,308	6,308
People's Republic of China	(39)	(39)
Europe	300	300
	<hr/>	<hr/>
	6,569	6,569
Group adjustments	(704)	(704)
Total	5,865	5,865
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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 ended 31 March 2016.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2015.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial period ended 31 March 2016.

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 2015.

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 2015.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2016 is as follows:-

	RM'000
Capital expenditure approved and contracted for	6,850



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 RM74.5 million in the current quarter compared to RM70.7 million in the corresponding quarter ended 31 March 2015. Group pretax profit recorded in the current quarter was RM5.2 million, an increase of 20.9% from RM4.3 million recorded in the corresponding quarter of the previous year. The overall improvement in product mix as well as better production efficiencies have resulted in higher profit margins. Favourable foreign exchange rates of the Group's trading currencies such as the US Dollar and Euro have also contributed to the improved results.

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

Sales for the first quarter 2016 amounted to RM74.5 million, a slight decrease of 5.4% compared to RM78.8 million reported for the fourth quarter of 2015. Pre-tax profit was also lower in the current quarter at RM5.2 million, a decrease of 21.1% from the previous quarter of RM6.3 million, impacted by the strong Ringgit, lower sales and shorter working days in the first quarter of 2016.

3. Current Year Prospects

The Group registered a pretax profit of RM5.2 million for the quarter ended 31 March 2016, higher than the RM4.3 million in the corresponding period of 2015 but lower than the previous financial quarter. This was mainly due to the short operating days from our China operation and the average stronger exchange rate for the Ringgit against the US Dollar and the Euro in this quarter compared to the fourth quarter of 2015.

Our nitrile disposable gloves project, which commenced in early 2015 had started to contribute positively to the Group's earnings. It has now reached an annual installed capacity of one billion pieces and the operating capacity is expected to be fully utilized by the end of the year. The Group will continue to expand the nitrile disposable glove production capacity in tandem with increased order intakes from existing and new customers.

Overall demand for the Group's products for financial year 2016 is expected to remain strong. With the increased capacity on hand for nitrile disposable gloves, backed by strong market demand, this product is expected to contribute significantly to the Group's earnings for the current financial year.

Barring any unforeseen factors especially with regards to the fluctuations of the Ringgit and Chinese Yuan against the Group's major trading currencies, the Board and Management is optimistic of the Group's performance for financial year 2016.

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 2016 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	1,431	1,431
Current year – Foreign income tax	90	90
Deferred Taxation	-	-
Total income tax expense	1,521	1,521

6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 31 March 2016.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2016.

8. Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as at 31 March 2016.

9. Group Borrowings and Debt Securities

	As at 31 March 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	1,774	18,284	20,058
Term Loans	-	63,360	63,360
	1,774	81,644	83,418

10. Financial Instruments Risks

The Group does not have any outstanding foreign currency exchange contracts as at 31 March 2016.

11. Changes in Material Litigation

There was no outstanding material litigation as at 31 March 2016.

12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 31 March 2016 RM'000	Period ended 31 March 2015 RM'000
Total retained profits/(loss):		
- Realised	55,121	45,622
- Unrealised	(483)	148
	54,638	45,770



13. Dividend Payable

Notice of book closure

NOTICE IS HEREBY GIVEN that a first interim single tiered dividend of 1.5 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2016 will be payable on 28 July 2016. The entitlement date for the dividend payment is 01 July 2016.

A Depositor shall qualify for entitlement only in respect of:-

- (i) Shares transferred into the Depositor's securities account before 4:00 p.m. on 01 July 2016 in respect of ordinary transfer; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

14. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 March 2016	Cumulative Year-to-Date ended 31 March 2015
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	3,631	2,817
Weighted average number of ordinary shares in issue	Shares	227,278,817	227,296,617
Basic EPS	sen	1.58	1.24

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 23 May 2016.

CHAN CHEE KHEONG (MAICSA 0810287)

Company Secretary

Ipoh, Perak.

23 May 2016