

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 30 June 2016

These figures have not been audited

	2016 Current Quarter ended 30 June RM'000	2016 Year-to-Date ended 30 June RM'000	2015 Current Quarter ended 30 June RM'000	2015 Year-to-Date ended 30 June RM'000
Revenue	76,137	150,619	75,171	145,878
Cost of sales	(66,637)	(129,236)	(64,233)	(124,944)
Gross profit	9,500	21,383	10,938	20,934
Other gains and losses	367	(971)	(769)	(1,369)
Operating expenses	(4,537)	(9,217)	(4,579)	(8,919)
Profit from operations	5,330	11,195	5,590	10,646
Finance costs	(627)	(1,339)	(887)	(1,611)
Profit before tax	4,703	9,856	4,703	9,035
Income tax expense	(960)	(2,481)	(1,445)	(2,960)
Profit for the period attributable to Equity holders of the Company	3,743	7,375	3,258	6,075
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	1,375	(16,757)	4,544	14,156
Total comprehensive income for the period attributable to Equity holders of the Company	5,118	(9,382)	7,802	20,231
Earnings per share:				
Basic (sen)	1.63	3.22	1.43	2.67
Average number of shares in issue:				
Basic	-	229,277,150	-	227,303,284

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 30 June 2016

These figures have not been audited

	As at 30 June 2016 RM'000	Year ended 31 December 2015 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	197,696	202,358
Prepaid lease payments	14,295	15,342
Deferred tax asset	628	626
Goodwill	2,793	2,793
	<u>215,412</u>	<u>221,119</u>
Current Assets		
Inventories	73,636	73,337
Trade and other receivables	59,171	65,215
Cash and bank balances	12,588	21,157
	<u>145,395</u>	<u>159,709</u>
TOTAL ASSETS	<u>360,807</u>	<u>380,828</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	114,639	114,639
Treasury shares	(8)	-
Share premium	29,503	29,503
Other reserves	34,299	51,055
Retained earnings	58,380	51,006
TOTAL EQUITY	<u>236,813</u>	<u>246,203</u>
Non-current Liabilities		
Borrowings	52,175	40,037
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>52,175</u>	<u>40,037</u>
Current Liabilities		
Trade and other payables	40,901	52,378
Borrowings	30,918	42,210
	<u>71,819</u>	<u>94,588</u>
TOTAL LIABILITIES	123,994	134,625
TOTAL EQUITY AND LIABILITIES	<u>360,807</u>	<u>380,828</u>
Net assets per share (RM)	1.03	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 30 June 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	-	-	-	-	-	6,075	6,075
(Purchase)/Resale of treasury shares	-	65	3	-	-	-	68
Effects of foreign exchange differences	-	-	-	-	14,156	-	14,156
As at 30 June 2015	114,639	(1,355)	29,338	(2,727)	37,564	49,027	226,486
As at 01 January 2016	114,639	-	29,503	(2,727)	53,783	51,006	246,204
Total comprehensive income for the period	-	-	-	-	-	7,374	7,374
(Purchase)/Resale of treasury shares	-	(8)	-	-	-	-	(8)
Effects of foreign exchange differences	-	-	-	-	(16,757)	-	(16,757)
As at 30 June 2016	114,639	(8)	29,503	(2,727)	37,026	58,380	236,813

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 30 June 2016

These figures have not been audited

	2016 Year-to-Date ended 30 June RM'000	2015 Year-to-Date ended 30 June RM'000
Net cash generated from operating activities	14,481	16,073
Net cash generated used in investing activities	(15,942)	(32,760)
Net cash generated used in financing activities	<u>(3,070)</u>	<u>(11,153)</u>
Net increase/(decrease) in cash and cash equivalents	(4,531)	(27,840)
Effects of foreign exchange differences	(6,614)	4,650
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>3,189</u>	<u>19,832</u>

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

Cash and bank balances	12,588	22,828
Short term borrowings - bank overdrafts	<u>(9,399)</u>	<u>(2,996)</u>
	<u>3,189</u>	<u>19,832</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 SECOND QUARTER ENDED 30 JUNE 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 30 June 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 30 June 2016.

6. Changes in Debt and Equity Securities

6.1 Share Buy-back

In the current quarter, the Company purchased 10,000 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM7,961.

The shares are currently maintained as Treasury Shares.

7. Dividends Paid

A first interim single-tiered dividend of 1.5 sen per ordinary share of RM0.50 each in respect of the current financial year was paid on 28 July 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 30 June 2016 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	34,996	75,467
People's Republic of China	79,310	148,441
Europe	15,400	29,644
	129,706	253,552
Group adjustments	(53,569)	(102,933)
Total	76,137	150,619
Segment Results:		
Malaysia	4,014	10,322
People's Republic of China	747	708
Europe	411	711
	5,172	11,741
Group adjustments	158	(546)
Total	5,330	11,195

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 30 June 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 30 June 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 30 June 2016 is as follows:-

	RM'000
Capital expenditure approved and contracted for	3,150



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 RM76.1 million in the current quarter compared to RM75.2 million in the corresponding quarter ended 30 June 2015. Group pretax profit recorded in the current quarter was RM4.3 million, similar to that recorded in the corresponding quarter of the previous year. Net profit improved to RM3.7 million in the current quarter compared to RM3.2 million during the same period as a result of favourable exchange rates and lower effective tax rate in the current quarter.

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

Sales for the second quarter 2016 amounted to RM76.1 million, a slight increase of 2% compared to RM74.5 million reported in the first quarter. Pre-tax profit was lower in the current quarter at RM4.7 million, a decrease of 10% from the previous quarter of RM5.2 million, mainly due to higher costs of raw materials and product mix.

3. Current Year Prospects

The Group recorded a pre-tax profit of RM9.9 million for the first half of financial year 2016 compared to RM9.0 million for the same period in 2015. The improvement was mainly contributed by favourable exchange rates as well as better product mix achieved.

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 is expected to reach full capacity 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.

Provided the fluctuations of the Ringgit and Chinese Yuan remain stable against the Group's major trading currencies, the Board and Management is cautiously 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 30 June 2016 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	837	2,268
Current year – Foreign income tax	123	213
Total income tax expense	960	2,481



6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 30 June 2016.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 June 2016.

8. Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as at 30 June 2016.

9. Group Borrowings and Debt Securities

	As at 30 June 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	1,952	25,116	27,068
Term Loans	-	56,025	56,025
	1,952	81,141	83,093

10. Financial Instruments Risks

As at 30 June 2016, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Fair Values RM'000	Expiry Periods
U.S. Dollar (USD)	2,855	11,657	11,551	July - December 2016
Euro (EUR)	3,168	14,529	14,241	July - December 2016
		26,186	25,792	

The above foreign currency contracts were entered into with local licensed banks to hedge the Group's receivables and payables 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. 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 2015.

11. Changes in Material Litigation

There was no outstanding material litigation as at 30 June 2016.



12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 30 June 2016 RM'000	Period ended 30 June 2015 RM'000
Total retained profits/(loss):		
- Realised	58,468	48,786
- Unrealised	(88)	241
	58,380	49,027

13. Dividend Payable

No dividend was proposed for the current quarter under review.

14. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 30 June 2016	Cumulative Year-to-Date ended 30 June 2015
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	7,375	6,075
Weighted average number of ordinary shares in issue	Shares	229,277,150	227,303,284
Basic EPS	sen	3.22	2.67

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 22 August 2016.

CHAN CHEE KHEONG (MAICSA 0810287)
Company Secretary
Ipoh, Perak.

22 August 2016