

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

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

These figures have not been audited

	2016 Current Quarter ended 30 September RM'000	2016 Year-to-Date ended 30 September RM'000	2015 Current Quarter ended 30 September RM'000	2015 Year-to-Date ended 30 September RM'000
Revenue	72,164	222,783	74,873	220,751
Cost of sales	(63,262)	(192,498)	(64,316)	(189,260)
Gross profit	8,902	30,285	10,557	31,491
Other gains and losses	1,323	352	(67)	(1,436)
Operating expenses	(4,300)	(13,517)	(4,709)	(13,628)
Profit from operations	5,925	17,120	5,781	16,427
Finance costs	(718)	(2,057)	(833)	(2,445)
Profit before tax	5,207	15,063	4,948	13,982
Income tax expense	(1,037)	(3,519)	(1,508)	(4,468)
Profit for the period attributable to Equity holders of the Company	4,170	11,544	3,440	9,514
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	4,625	(12,132)	28,136	42,292
Total comprehensive income for the period attributable to Equity holders of the Company	8,795	(588)	31,576	51,806
Earnings per share:				
Basic (sen)	1.82	5.04	1.51	4.18
Average number of shares in issue:				
Basic	-	229,274,650	-	227,413,284

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 September 2016

These figures have not been audited

	As at 30 September 2016 RM'000	Year ended 31 December 2015 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	202,258	202,358
Prepaid lease payments	14,446	15,342
Deferred tax asset	626	626
Goodwill	2,793	2,793
	<u>220,123</u>	<u>221,119</u>
Current Assets		
Inventories	81,010	73,337
Trade and other receivables	58,980	65,215
Cash and bank balances	20,786	21,157
	<u>160,776</u>	<u>159,709</u>
TOTAL ASSETS	<u>380,899</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	38,924	51,055
Retained earnings	59,111	51,006
TOTAL EQUITY	<u>242,169</u>	<u>246,203</u>
Non-current Liabilities		
Borrowings	51,115	40,037
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>51,115</u>	<u>40,037</u>
Current Liabilities		
Trade and other payables	60,856	52,378
Borrowings	26,759	42,210
	<u>87,615</u>	<u>94,588</u>
TOTAL LIABILITIES	138,730	134,625
TOTAL EQUITY AND LIABILITIES	<u>380,899</u>	<u>380,828</u>
Net assets per share (RM)	1.06	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 September 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	-	-	-	-	-	9,514	9,514
Dividend paid	-	-	-	-	-	(3,410)	(3,410)
(Purchase)/Resale of treasury shares	-	424	39	-	-	-	463
Effects of foreign exchange differences	-	-	-	-	42,292	-	42,292
As at 30 September 2015	114,639	(996)	29,374	(2,727)	65,700	49,056	255,046
As at 01 January 2016	114,639	-	29,503	(2,727)	53,783	51,006	246,204
Total comprehensive income for the period	-	-	-	-	-	11,544	11,544
Dividend paid	-	-	-	-	-	(3,439)	(3,439)
(Purchase)/Resale of treasury shares	-	(8)	-	-	-	-	(8)
Effects of foreign exchange differences	-	-	-	-	(12,132)	-	(12,132)
As at 30 September 2016	114,639	(8)	29,503	(2,727)	41,651	59,111	242,169

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 September 2016

These figures have not been audited

	2016 Year-to-Date ended 30 September RM'000	2015 Year-to-Date ended 30 September RM'000
Net cash generated from operating activities	36,346	12,671
Net cash generated used in investing activities	(22,536)	(43,828)
Net cash generated used in financing activities	<u>(9,869)</u>	<u>(3,227)</u>
Net increase/(decrease) in cash and cash equivalents	3,941	(34,384)
Effects of foreign exchange differences	(4,409)	17,492
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>13,866</u>	<u>26,130</u>

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

Cash and bank balances	20,786	29,267
Short term borrowings - bank overdrafts	<u>(6,920)</u>	<u>(3,137)</u>
	<u>13,866</u>	<u>26,130</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 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 30 September 2016, a total of 10,000 shares were held as Treasury Shares by the Company.

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 September 2016 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	39,663	115,130
People's Republic of China	67,739	216,180
Europe	15,288	44,932
	<hr/>	<hr/>
	122,690	376,242
Group adjustments	(50,526)	(153,459)
Total	72,164	222,783
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Segment Results:		
Malaysia	3,290	13,612
People's Republic of China	1,835	2,543
Europe	704	1,415
	<hr/>	<hr/>
	5,829	17,570
Group adjustments	96	(450)
Total	5,925	17,120
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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 30 September 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 September 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 September 2016 is as follows:-

	RM'000
Capital expenditure approved and contracted for	1,377



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 RM72.2 million in the current quarter compared to RM74.9 million in the corresponding quarter ended 30 September 2015. Group pretax profit recorded in the current quarter was RM5.2 million, a slight increase from RM4.9 million recorded in the corresponding quarter of the previous year. Net profit improved to RM4.2 million in the current quarter compared to RM3.4 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 third quarter 2016 amounted to RM72.2 million, a decrease of 5% compared to RM76.1 million reported in the second quarter. Nevertheless, pre-tax profit was higher in the current quarter at RM5.2 million, an increase of 11% from the previous quarter of RM4.7 million, mainly due to favourable product mix and better profit margins.

3. Current Year Prospects

The Group recorded a pre-tax profit of RM17.1 million for the first nine months of financial year 2016 compared to RM16.4 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 is contributing positively to the Group's earnings. It has now reached an annual installed capacity of one billion pieces and 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.

Provided the fluctuations of the Ringgit and Chinese Yuan remain favourable to 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 September 2016 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	472	2,740
Current year – Foreign income tax	565	779
Total income tax expense	1,037	3,519



6. Sales of Unquoted Investments and/or Properties

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

7. Purchase/disposal of Quoted Securities

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

8. Status of Corporate Proposals

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

9. Group Borrowings and Debt Securities

	As at 30 September 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	583	23,401	23,984
Term Loans	-	53,890	53,890
	583	77,291	77,874

10. Financial Instruments Risks

As at 30 September 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)	973	4,005	4,035	October 2016 - January 2017
Euro (EUR)	2,334	10,722	10,827	November 2016 - March 2017
		14,727	14,862	

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 September 2016.



12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 30 September 2016 RM'000	Period ended 30 September 2015 RM'000
Total retained profits/(loss):		
- Realised	59,728	50,687
- Unrealised	(617)	(1,631)
	59,111	49,056

13. Dividend Payable

Notice of book closure

NOTICE IS HEREBY GIVEN that a second interim tax-exempt dividend of 0.5 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2016 will be payable on 23 December 2016. The entitlement date for the dividend payment is 08 December 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 08 December 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 30 September 2016	Cumulative Year-to-Date ended 30 September 2015
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	11,544	9,514
Weighted average number of ordinary shares in issue	Shares	229,274,650	227,413,284
Basic EPS	sen	5.04	4.18

15. Authorisation for Issue

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

CHAN CHEE KHEONG (MAICSA 0810287)

Company Secretary

Ipoh, Perak.

22 November 2016