

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 March 2017

These figures have not been audited

	2017 Current Quarter ended 31 March RM'000	2017 Year-to-Date ended 31 March RM'000	2016 Current Quarter ended 31 March RM'000	2016 Year-to-Date ended 31 March RM'000
Revenue	80,476	80,476	74,482	74,482
Cost of sales	(70,645)	(70,645)	(62,599)	(62,599)
<b>Gross profit</b>	<b>9,831</b>	<b>9,831</b>	<b>11,883</b>	<b>11,883</b>
Other gains and losses	(190)	(190)	(1,338)	(1,338)
Operating expenses	(4,201)	(4,201)	(4,680)	(4,680)
<b>Profit from operations</b>	<b>5,440</b>	<b>5,440</b>	<b>5,865</b>	<b>5,865</b>
Finance costs	(1,086)	(1,086)	(713)	(713)
<b>Profit before tax</b>	<b>4,354</b>	<b>4,354</b>	<b>5,152</b>	<b>5,152</b>
Income tax expense	(1,022)	(1,022)	(1,521)	(1,521)
<b>Profit for the period attributable to Equity holders of the Company</b>	<b>3,332</b>	<b>3,332</b>	<b>3,631</b>	<b>3,631</b>
<b>Other comprehensive income, net of tax:</b>				
Foreign currency translation differences for foreign operations	(190)	(190)	(18,132)	(18,132)
<b>Total comprehensive income for the period attributable to Equity holders of the Company</b>	<b>3,142</b>	<b>3,142</b>	<b>(14,501)</b>	<b>(14,501)</b>
<b>Earnings per share:</b>				
Basic (sen)	1.45	1.45	1.58	1.58
<b>Average number of shares in issue:</b>				
Basic	-	229,268,817	-	229,278,817

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

These figures have not been audited

	As at 31 March 2017 RM'000	Year ended 31 December 2016 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	199,102	203,977
Prepaid lease payments	16,568	16,703
Deferred tax asset	256	256
Goodwill	2,793	2,793
	<u>218,719</u>	<u>223,729</u>
<b>Current Assets</b>		
Inventories	82,159	84,121
Trade and other receivables	76,870	71,129
Cash and bank balances	10,432	11,804
	<u>169,461</u>	<u>167,054</u>
<b>TOTAL ASSETS</b>	<b><u>388,180</u></b>	<b><u>390,783</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	114,639	114,639
Treasury shares	(8)	(8)
Share premium	29,503	29,503
Other reserves	40,535	40,727
Retained earnings	70,330	66,998
<b>TOTAL EQUITY</b>	<b><u>254,999</u></b>	<b><u>251,859</u></b>
<b>Non-current Liabilities</b>		
Borrowings	50,545	51,055
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>50,545</u>	<u>51,055</u>
<b>Current Liabilities</b>		
Trade and other payables	55,728	54,853
Borrowings	26,908	33,016
	<u>82,636</u>	<u>87,869</u>
<b>TOTAL LIABILITIES</b>	<b>133,181</b>	<b>138,924</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>388,180</u></b>	<b><u>390,783</u></b>
Net assets per share (RM)	1.11	1.10

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

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		
<b>As at 01 January 2016</b>	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)
<b>As at 31 March 2016</b>	<u>114,639</u>	<u>-</u>	<u>29,503</u>	<u>(2,727)</u>	<u>35,651</u>	<u>54,637</u>	<u>231,703</u>
<b>As at 01 January 2017</b>	114,639	(8)	29,503	(2,415)	43,142	66,998	251,859
Total comprehensive income for the period	-	-	-	(2)	-	3,332	3,330
Effects of foreign exchange differences	-	-	-	-	(190)	-	(190)
<b>As at 31 March 2017</b>	<u>114,639</u>	<u>(8)</u>	<u>29,503</u>	<u>(2,417)</u>	<u>42,952</u>	<u>70,330</u>	<u>254,999</u>

*The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

These figures have not been audited

	2017 Year-to-Date ended 31 March RM'000	2016 Year-to-Date ended 31 March RM'000
Net cash generated from operating activities	7,944	11,465
Net cash generated used in investing activities	(830)	(1,887)
Net cash generated from/(used in) financing activities	<u>(9,958)</u>	<u>(3,194)</u>
Net increase/(decrease) in cash and cash equivalents	(2,844)	6,384
Effects of foreign exchange differences	(782)	(7,209)
Cash and cash equivalents at beginning of financial period	<u>8,740</u>	<u>14,334</u>
Cash and cash equivalents at end of financial period	<u><b>5,114</b></u>	<u><b>13,509</b></u>

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

Cash and bank balances	10,432	17,984
Short term borrowings - bank overdrafts	<u>(5,318)</u>	<u>(4,475)</u>
	<u><b>5,114</b></u>	<u><b>13,509</b></u>

*The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.*



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

### 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 2016.

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 2016.

#### 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 2016 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 2017.

#### 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 2017.

#### 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 2017, a total of 10,000 shares were held as Treasury Shares by the Company.

#### 7. Dividends Paid

No dividends were paid in the current period ended 31 March 2017.



## 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 2017 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	47,999	47,999
People's Republic of China	71,874	71,874
Europe	17,672	17,672
	137,545	137,545
Group adjustments	(57,069)	(57,069)
Total	<b>80,476</b>	<b>80,476</b>
<b>Segment Results:</b>		
Malaysia	5,414	5,414
People's Republic of China	240	240
Europe	762	762
	6,416	6,416
Group adjustments	(976)	(976)
Total	<b>5,440</b>	<b>5,440</b>

## 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 2017.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2016.

## 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 2017.

## 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 2016.

## 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 2016.

## 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 2017 is as follows:-

	RM'000
Capital expenditure approved and contracted for	5,467



**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 RM80.5 million in the current quarter compared to RM74.5 million in the corresponding quarter ended 31 March 2016. However, Group pretax profit recorded in the period was RM4.4 million, a decrease of 18.2% from RM5.2 million in the corresponding quarter of the previous year. The lower profits were mainly due to the higher costs of production, especially latex and resin, key components of our manufactured products.

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

Sales for the first quarter of 2017 amounted to RM80.5 million, a decrease of 8.8% compared to RM88.3 million reported for the fourth quarter of 2016. Pre-tax profit was also lower in the current quarter at RM4.4 million, a decrease of 21.4% from the previous quarter's operational profit of RM5.6 million (after discounting unrealized foreign exchange gain of RM5.8 million), impacted by the lower sales and shorter working days in the first quarter of 2017 due to the long Chinese lunar holidays and temporary 2-week shutdown of our plant in China for major maintenance works.

**3. Current Year Prospects**

Demand for the Group's general-purpose and disposable gloves are expected to remain stable. However, the Group continues to face challenges such as rising labour and material costs and exchange rate fluctuations of the Ringgit as well as Chinese Yuan against major trading currencies such as the U.S. Dollar and Euro. The Group continues to mitigate these headwinds via process automation and various cost saving measures.

The first phase of our nitrile disposable gloves project is currently operating at 80% capacity and is expected to be fully utilized by the second half of the year. Backed by strong market demand, this product is expected to contribute significantly to the Group's earnings for the current financial year. The Group is now embarking into the second phase of expansion with the proposed installation of two bigger production lines that would increase the current installed capacity by another 500 million pieces to 1.5 billion pieces annually. Commercial production is expected to commence by the second half of 2018.

With overall demand for the Group's products expected to remain strong, especially from the disposable gloves division, the Management and Board is cautiously optimistic on the outlook of the Group's performance for 2017.

**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 2017 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	797	797
Current year – Foreign income tax	225	225
Deferred Taxation	-	-
<b>Total income tax expense</b>	<b>1,022</b>	<b>1,022</b>



**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 2017.

**7. Purchase/disposal of Quoted Securities**

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2017.

**8. Status of Corporate Proposals**

On 20 April 2017, the Company announced the proposal for a private placement of 22,926,800 shares with Med Bumikar Mara Sdn Bhd at the placement price of RM0.70 per share. A Circular was distributed to shareholders on 08 May 2017.

This matter was deliberated at an Extraordinary General Meeting held today and subsequently approved by the shareholders.

There were no other corporate proposals not announced or outstanding as at 31 March 2017.

**9. Group Borrowings and Debt Securities**

	As at 31 March 2017		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	5,595	21,313	26,908
Term Loans	-	50,545	50,545
	<b>5,595</b>	<b>71,858</b>	<b>77,453</b>

**10. Financial Instruments Risks**

As at 31 March 2017, 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)	913	4,064	4,042	May - July 2017
Euro (EUR)	1,888	9,006	8,944	April - September 2017
		<b>13,070</b>	<b>12,986</b>	

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 2016.

**11. Changes in Material Litigation**

There was no outstanding material litigation as at 31 March 2017.





## 12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 31 March 2017 RM'000	Period ended 31 March 2016 RM'000
Total retained profits/(loss):		
- Realised	70,375	55,121
- Unrealised	(45)	(483)
	<b>70,330</b>	<b>54,638</b>

## 13. Dividend Payable

### Notice of book closure

**NOTICE IS HEREBY GIVEN** that a first interim single tiered dividend of 0.75 sen per ordinary share in respect of the financial year ending 31 December 2017 will be payable on 18 August 2017. The entitlement date for the dividend payment is 28 July 2017.

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 28 July 2017 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 2017	Cumulative Year-to-Date ended 31 March 2016
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	3,332	3,631
Weighted average number of ordinary shares in issue	Shares	229,268,817	227,278,817
<b>Basic EPS</b>	<b>sen</b>	<b>1.45</b>	<b>1.58</b>

## 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 22 May 2017.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

Ipoh, Perak.

22 May 2017