

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 March 2018

These figures have not been audited

	2018 Current Quarter ended 31 March RM'000	2018 Year-to-Date ended 31 March RM'000	2017 Current Quarter ended 31 March RM'000	2017 Year-to-Date ended 31 March RM'000
Revenue	106,035	106,035	80,476	80,476
Cost of sales	(96,318)	(96,318)	(70,645)	(70,645)
Gross profit	9,717	9,717	9,831	9,831
Other gains and losses	(1,197)	(1,197)	(190)	(190)
Operating expenses	(4,023)	(4,023)	(4,201)	(4,201)
Profit from operations	4,497	4,497	5,440	5,440
Finance costs	(822)	(822)	(1,086)	(1,086)
Profit before tax	3,675	3,675	4,354	4,354
Income tax expense	(680)	(680)	(1,022)	(1,022)
Profit for the period attributable to Equity holders of the Company	2,995	2,995	3,332	3,332
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	(174)	(174)	(190)	(190)
Total comprehensive income for the period attributable to Equity holders of the Company	2,821	2,821	3,142	3,142
Earnings per share:				
Basic (sen)	1.19	1.19	1.45	1.45
Average number of shares in issue:				
Basic	-	252,195,617	-	229,268,817

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

These figures have not been audited

	As at 31 March 2018 RM'000	Year ended 31 December 2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	188,235	192,560
Prepaid lease payments	15,829	15,996
Deferred tax asset	1,184	1,182
Goodwill	2,793	2,793
	<u>208,041</u>	<u>212,531</u>
Current Assets		
Inventories	95,360	88,900
Trade and other receivables	87,073	81,740
Cash and bank balances	20,101	28,696
	<u>202,534</u>	<u>199,336</u>
TOTAL ASSETS	<u>410,575</u>	<u>411,867</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Share premium	-	-
Other reserves	40,548	40,722
Retained earnings	78,678	75,683
TOTAL EQUITY	<u>279,410</u>	<u>276,589</u>
Non-current Liabilities		
Borrowings	35,428	38,782
Other liabilities	483	508
Deferred tax liabilities	-	-
	<u>35,911</u>	<u>39,290</u>
Current Liabilities		
Trade and other payables	72,120	69,951
Borrowings	23,134	26,037
	<u>95,254</u>	<u>95,988</u>
TOTAL LIABILITIES	131,165	135,278
TOTAL EQUITY AND LIABILITIES	<u>410,575</u>	<u>411,867</u>
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 2017 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 2018

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 2017	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)
As at 31 March 2017	<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>
As at 01 January 2018	160,192	(8)	-	(2,342)	43,064	75,683	276,589
Total comprehensive income for the period	-	-	-	-	-	2,995	2,995
Effects of foreign exchange differences	-	-	-	-	(174)	-	(174)
As at 31 March 2018	<u>160,192</u>	<u>(8)</u>	<u>-</u>	<u>(2,342)</u>	<u>42,890</u>	<u>78,678</u>	<u>279,410</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 2017 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 2018

These figures have not been audited

	2018 Year-to-Date ended 31 March RM'000	2017 Year-to-Date ended 31 March RM'000
Net cash generated from operating activities	3,650	7,944
Net cash generated used in investing activities	(5,900)	(830)
Net cash generated from/(used in) financing activities	<u>(11,997)</u>	<u>(9,958)</u>
Net increase/(decrease) in cash and cash equivalents	(14,247)	(2,844)
Effects of foreign exchange differences	860	(782)
Cash and cash equivalents at beginning of financial period	<u>26,120</u>	<u>8,740</u>
Cash and cash equivalents at end of financial period	<u>12,733</u>	<u>5,114</u>

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

Cash and bank balances	20,101	10,432
Short term borrowings - bank overdrafts	<u>(7,368)</u>	<u>(5,318)</u>
	<u>12,733</u>	<u>5,114</u>

The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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 2017.

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 2017.

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 2017 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 2018.

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 2018.

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 2018, a total of 10,000 shares were held as Treasury Shares by the Company.

7. Dividends Paid

A second interim single-tiered dividend of 1.0 sen per ordinary share in respect of financial year 2017 was paid on 05 February 2018.



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 2018 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	50,172	50,172
People's Republic of China	119,642	119,642
Europe	20,532	20,532
	<hr/>	<hr/>
	190,346	190,346
Group adjustments	(84,311)	(84,311)
Total	<hr/> 106,035 <hr/>	<hr/> 106,035 <hr/>
Segment Results:		
Malaysia	1,823	1,823
People's Republic of China	2,626	2,626
Europe	248	248
	<hr/>	<hr/>
	4,697	4,697
Group adjustments	(200)	(200)
Total	<hr/> 4,497 <hr/>	<hr/> 4,497 <hr/>

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 2018.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2017.

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 2018.

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 2017.

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 2017.

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 2018 is as follows:-

	RM'000
Capital expenditure approved and contracted for	2,048



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 RM106.0 million in the current quarter compared to RM80.5 million in the corresponding quarter ended 31 March 2017. However, Group pretax profit recorded in the period was RM3.7 million, a decrease of 15.9% from RM4.4 million in the corresponding quarter of the previous year. The lower profits were mainly due to the stronger Ringgit and 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 2018 amounted to RM106.0 million, a decrease of 9.7% compared to RM117.4 million reported for the fourth quarter of 2017. Pre-tax profit was also lower in the current quarter at RM3.7 million, a decrease of 21.3% from the previous quarter's operational profit of RM4.7 million, impacted by the lower sales, high material costs and unfavourable exchange rates.

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 almost full capacity. The Group is now embarking into the second phase of expansion with the proposed installation of additional 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 end of 2019.

With overall demand for the Group's products expected to remain stable, especially from the disposable gloves division. The Management and Board is cautiously optimistic on the outlook of the Group's performance for 2018.

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 2018 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	90	90
Current year – Foreign income tax	590	590
Total income tax expense	680	680

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 2018.



7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2018.

8. Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as at 31 March 2018.

9. Group Borrowings and Debt Securities

	As at 31 March 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	4,011	19,123	23,123
Term Loans	-	35,428	35,428
	4,011	54,551	58,562

10. Financial Instruments Risks

As at 31 March 2018, 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)	17,846	71,292	69,119	April - September 2018
Euro (EUR)	3,507	17,117	16,726	April - September 2018
		88,409	85,845	

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 2017.

11. Changes in Material Litigation

There was no outstanding material litigation as at 31 March 2018.

12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 31 March 2018 RM'000	Period ended 31 March 2017 RM'000
Total retained profits/(loss):		
- Realised	79,723	70,375
- Unrealised	(1,045)	(45)
	78,678	70,330



13. Dividend Payable

Notice of book closure

NOTICE IS HEREBY GIVEN that a first interim single tiered dividend of 0.75 sen per share in respect of the financial year ending 31 December 2018 will be payable on 17 August 2018. The entitlement date for the dividend payment is 27 July 2018.

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 27 July 2018 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 2018	Cumulative Year-to-Date ended 31 March 2017
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	2,995	3,332
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,268,817
Basic EPS	sen	1.19	1.45

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 21 May 2018.

CHAN CHEE KHEONG (MAICSA 0810287)

Company Secretary

Ipoh, Perak.

21 May 2018