

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 March 2020

These figures have not been audited

	2020 Current Quarter ended 31 March RM'000	2020 Year-to-Date ended 31 March RM'000	2019 Current Quarter ended 31 March RM'000	2019 Year-to-Date ended 31 March RM'000
CONTINUING OPERATIONS				
Revenue	66,430	66,430	50,457	50,457
Cost of sales	(54,183)	(54,183)	(43,308)	(43,308)
Gross profit	12,247	12,247	7,149	7,149
Other gains and losses	989	989	(1,172)	(1,172)
Operating expenses	(2,615)	(2,615)	(2,715)	(2,715)
Profit from operations	10,621	10,621	3,262	3,262
Finance costs	(134)	(134)	(636)	(636)
Profit before tax	10,487	10,487	2,626	2,626
Income tax expense	(1,226)	(1,226)	(667)	(667)
Profit for the period from continuing operations	9,261	9,261	1,959	1,959
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations	-	-	(1,155)	(1,155)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9,261	9,261	804	804
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	545	545	1,218	1,218
Total comprehensive income for the period attributable to Equity holders of the Company	9,806	9,806	2,022	2,022
Earnings per share:				
From continuing and discontinued operations Basic (sen)	3.67	3.67	0.32	0.32
From continuing operations Basic (sen)	3.67	3.67	0.78	0.78

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020

These figures have not been audited

	As at 31 March 2020 RM'000	Year ended 31 December 2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	129,858	125,708
Prepaid lease payments	4,874	4,893
Right-of-use assets	731	906
Deferred tax asset	420	600
	<u>135,883</u>	<u>132,107</u>
Current Assets		
Inventories	36,617	42,958
Trade and other receivables	48,353	38,461
Cash and bank balances	41,581	56,130
	<u>126,551</u>	<u>137,549</u>
TOTAL ASSETS	<u>262,434</u>	<u>269,656</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Other reserves	7,069	6,524
Retained earnings	47,570	38,309
TOTAL EQUITY	<u>214,823</u>	<u>205,017</u>
Non-current Liabilities		
Borrowings	1,300	1,300
Lease liabilities	130	130
Deferred tax liabilities	-	181
	<u>1,430</u>	<u>1,611</u>
Current Liabilities		
Trade and other payables	33,888	51,535
Lease liabilities	602	777
Borrowings	11,691	10,716
	<u>46,181</u>	<u>63,028</u>
TOTAL LIABILITIES	47,611	64,639
TOTAL EQUITY AND LIABILITIES	<u>262,434</u>	<u>269,656</u>
Net assets per share (RM)	0.85	0.81

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020

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	Capital Reserves RM'000	Translation Reserves RM'000	Retained Earnings RM'000	
As at 01 January 2019	160,192	(8)	(2,342)	37,427	19,185	214,454
Total comprehensive income for the period	-	-	-	-	804	804
Effects of foreign exchange differences	-	-	-	1,218	-	1,218
As at 31 March 2019	160,192	(8)	(2,342)	38,645	19,989	216,476
As at 01 January 2020	160,192	(8)	-	6,524	38,309	205,017
Total comprehensive income for the period	-	-	-	-	9,261	9,261
Effects of foreign exchange differences	-	-	-	545	-	545
As at 31 March 2020	160,192	(8)	-	7,069	47,570	214,823

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020

These figures have not been audited

	2020 Year-to-Date ended 31 March RM'000	2019 Year-to-Date ended 31 March RM'000
Net cash generated from/(used in) operating activities	(10,574)	29,879
Net cash used in investing activities	(4,985)	(2,522)
Net cash used in financing activities	<u>(1,855)</u>	<u>(1,652)</u>
Net increase/(decrease) in cash and cash equivalents	(17,414)	25,705
Effects of foreign exchange differences	532	783
Cash and cash equivalents at beginning of financial period	<u>55,664</u>	<u>23,707</u>
Cash and cash equivalents at end of financial period	<u>38,782</u>	<u>50,195</u>

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

Cash and bank balances	41,581	57,720
Short term borrowings - bank overdrafts	<u>(2,799)</u>	<u>(7,525)</u>
	<u>38,782</u>	<u>50,195</u>

The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 2019.

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 2019.

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 2019 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group’s products are not materially impacted by any seasonal or cyclical factors.

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 2020.

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 2020.

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 2020, 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 2019 was paid on 20 January 2020.



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.

Continuing Operations	Current Quarter ended 31 March 2020 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	57,766	57,766
Europe	32,844	32,844
	90,610	90,610
Group adjustments	(24,180)	(24,180)
Total	66,430	66,430
Segment Results:		
Malaysia	10,025	10,025
Europe	813	813
	10,838	10,838
Group adjustments	(217)	(217)
Total	10,621	10,621

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 2020.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2019.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial period ended 31 March 2020.

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 2019.

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 2019.

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 2020 is as follows: -

	RM'000
Capital expenditure approved and contracted for	48,602



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 RM66.4 million in the current quarter compared to RM50.4 million in the corresponding quarter ended 31 March 2019, an increase of 31.7%. Group pretax profit recorded in the period was RM10.5 million, a significant increase by more than four times from RM2.6 million in the corresponding quarter of the previous year. The improved profits were due to the higher sales and demand of gloves due to the COVID-19 pandemic outbreak since early this year.

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

Pretax profit in the current quarter increased by RM3.7 million or 54.4% from RM6.8 million in the fourth quarter of 2019 to RM10.5 million in the current quarter ended 31 March 2020, on the back of heightened demand and an unprecedented increase in sales due to the pandemic. The most notable increase in revenue was derived from the Group's nitrile disposable glove division as these gloves were deemed critical essential products for use by the healthcare and medical sectors in the fight against the pandemic.

During the current quarter, factors such as better product mix, improved efficiencies achieved through higher capacity utilisation, favourable exchange rates as well as higher average glove selling prices particularly from the nitrile disposable glove division have contributed to the material increase in pretax profits.

3. Current Year Prospects

The Group remains focused on its nitrile disposable glove division, which is currently operating at full capacity. The strong performance in the current quarter was mainly driven by the nitrile disposable glove division which saw an unprecedented surge in demand attributable to the COVID-19 pandemic.

The pretax profit of RM10.5 million in the current quarter alone represented approximately 66.9% of the pretax profit for the full financial year 2019 of RM15.7 million. The Group's favourable performance is expected to continue for the rest of 2020 as order books for the existing nitrile disposable glove lines have been filled till the first quarter of 2021.

The Group's next capacity expansion which was expected to come on-stream in the second quarter of 2020 has now been rescheduled to the fourth quarter due to delays as a result of the Movement Control Orders implemented by the government in March 2020.

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 2020 RM'000	Cumulative year- to-date RM'000
Continuing Operations		
Current year – Malaysian income tax	979	979
Current year – Foreign income tax	247	247
Total income tax expense	1,226	1,226

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 2020.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2020.

8. Status of Corporate Proposals

On 04 May 2020, the Company announced that it will undertake a proposed private placement of shares that will entail the issuance of 25,219,500 new shares, representing approximately 10% of the total number of issued shares of the Company (excluding treasury shares), at the issue price of RM1.23 each.

This proposal was completed on 18 May 2020 with the listing and quotation of the new shares on Bursa Malaysia Securities Berhad.

There were no other corporate proposals not announced or outstanding as at 31 March 2020.

9. Group Borrowings and Debt Securities

	As at 31 March 2020		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	1,866	9,825	11,691
Term Loans	1,300	-	1,300
	3,166	9,825	12,991

10. Financial Instruments Risks

As at 31 March 2020, 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)	4,309	18,231	18,579	April 2020 - September 2020
Euro (EUR)	4,189	19,483	19,901	April 2020 - November 2020
		37,714	38,480	



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 2019.

11. Changes in Material Litigation

There was no outstanding material litigation as at 31 March 2020.

12. Dividend Payable

No dividend is proposed for the current quarter ended 31 March 2020.

13. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 March 2020	Cumulative Year-to-Date ended 31 March 2019
Continuing Operations			
Profit for the period attributable to equity holders of the Company	RM'000	9,261	1,959
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,195,617
Basic EPS	sen	3.67	0.78

14. Disclosure on COVID-19 related impacts

The Group is committed to complying with all current standard operating procedures (SOP) issued by the Malaysian government in relation to workplace safety and employees' health. The COVID-19 pandemic had resulted in an unprecedented surge in demand for personal protective equipment (PPE) including gloves.

The Group's production lines, workforce, supply chains, distribution networks and logistical services were not materially affected during the movement control orders (MCO) put in place by the Malaysian government. As a result of increased sales and demand for various types of gloves, in particular nitrile disposable gloves, the Group recorded significantly higher profits and hence, is in a strong positive cashflow position.

The next phase of nitrile disposable gloves expansion is progressing on schedule and is expected to contribute to the Group's earnings from the fourth quarter of 2020 onwards.

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 29 June 2020.

Ipoh, Perak
29 June 2020