

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 December 2016

These figures have not been audited

	2016 Current Quarter ended 31 December RM'000	2016 Year-to-Date ended 31 December RM'000	2015 Current Quarter ended 31 December RM'000	2015 Year-to-Date ended 31 December RM'000
Revenue	88,324	311,107	79,434	300,185
Cost of sales	(81,099)	(273,597)	(68,158)	(257,418)
<b>Gross profit</b>	<b>7,225</b>	<b>37,510</b>	<b>11,276</b>	<b>42,767</b>
Other gains and losses	10,956	11,309	1,171	(265)
Operating expenses	(6,043)	(19,560)	(5,241)	(18,870)
<b>Profit from operations</b>	<b>12,138</b>	<b>29,259</b>	<b>7,206</b>	<b>23,632</b>
Finance costs	(685)	(2,743)	(882)	(3,326)
<b>Profit before tax</b>	<b>11,453</b>	<b>26,516</b>	<b>6,324</b>	<b>20,306</b>
Income tax expense	(2,051)	(5,570)	(940)	(5,408)
<b>Profit for the period attributable to Equity holders of the Company</b>	<b>9,402</b>	<b>20,946</b>	<b>5,384</b>	<b>14,898</b>
<b>Other comprehensive income, net of tax:</b>				
Foreign currency translation differences for foreign operations	1,494	(10,638)	(11,917)	30,375
<b>Total comprehensive income for the period attributable to Equity holders of the Company</b>	<b>10,896</b>	<b>10,308</b>	<b>(6,533)</b>	<b>45,273</b>
<b>Earnings per share:</b>				
Basic (sen)	4.10	9.14	2.36	6.54
<b>Average number of shares in issue:</b>				
Basic	-	229,272,150	-	227,814,067

*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 31 December 2016

These figures have not been audited

	As at 31 December 2016 RM'000	Year ended 31 December 2015 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	207,370	202,358
Prepaid lease payments	14,787	15,342
Deferred tax asset	242	626
Goodwill	2,793	2,793
	<u>225,192</u>	<u>221,119</u>
<b>Current Assets</b>		
Inventories	84,420	73,337
Trade and other receivables	68,394	65,215
Cash and bank balances	11,276	21,157
	<u>164,090</u>	<u>159,709</u>
<b>TOTAL ASSETS</b>	<b><u>389,282</u></b>	<b><u>380,828</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)	-
Share premium	29,503	29,503
Other reserves	40,418	51,056
Retained earnings	67,367	51,006
<b>TOTAL EQUITY</b>	<b><u>251,919</u></b>	<b><u>246,204</u></b>
<b>Non-current Liabilities</b>		
Borrowings	51,055	40,037
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>51,055</u>	<u>40,037</u>
<b>Current Liabilities</b>		
Trade and other payables	53,286	52,377
Borrowings	33,022	42,210
	<u>86,308</u>	<u>94,587</u>
<b>TOTAL LIABILITIES</b>	<b>137,363</b>	<b>134,624</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>389,282</u></b>	<b><u>380,828</u></b>
Net assets per share (RM)	1.10	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 31 December 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		
<b>As at 01 January 2015</b>	114,639	(1,420)	29,335	(2,727)	23,408	42,952	206,187
Total comprehensive income for the period	-	-	-	-	-	14,898	14,898
Dividend paid	-	-	-	-	-	(6,844)	(6,844)
(Purchase)/Resale of treasury shares	-	1,420	168	-	-	-	1,588
Effects of foreign exchange differences	-	-	-	-	30,375	-	30,375
<b>As at 31 December 2015</b>	<b>114,639</b>	<b>-</b>	<b>29,503</b>	<b>(2,727)</b>	<b>53,783</b>	<b>51,006</b>	<b>246,204</b>
<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	-	-	-	-	-	20,946	20,946
Dividend paid	-	-	-	-	-	(4,585)	(4,585)
(Purchase)/Resale of treasury shares	-	(8)	-	-	-	-	(8)
Effects of foreign exchange differences	-	-	-	-	(10,638)	-	(10,638)
<b>As at 31 December 2016</b>	<b>114,639</b>	<b>(8)</b>	<b>29,503</b>	<b>(2,727)</b>	<b>43,145</b>	<b>67,367</b>	<b>251,919</b>

*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 31 December 2016

These figures have not been audited

	2016 Year-to-Date ended 31 December RM'000	2015 Year-to-Date ended 31 December RM'000
Net cash generated from operating activities	22,134	12,671
Net cash generated used in investing activities	(18,298)	(43,828)
Net cash generated used in financing activities	<u>(5,499)</u>	<u>(3,227)</u>
Net increase/(decrease) in cash and cash equivalents	(1,663)	(34,384)
Effects of foreign exchange differences	(25,292)	17,492
Cash and cash equivalents at beginning of financial period	<u>26,130</u>	<u>43,022</u>
Cash and cash equivalents at end of financial period	<u><b>(825)</b></u>	<u><b>26,130</b></u>

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

Cash and bank balances	11,276	29,267
Short term borrowings - bank overdrafts	<u>(12,101)</u>	<u>(3,137)</u>
	<u><b>(825)</b></u>	<u><b>26,130</b></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 FOURTH QUARTER ENDED 31 DECEMBER 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 financial statements ended 31 December 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 financial statements ended 31 December 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 31 December 2016, a total of 10,000 shares were held as Treasury Shares by the Company.

#### 7. Dividends Paid

A total of 2.0 sen tax exempt dividends per ordinary share of RM0.50 each were paid in respect of the current financial year as follows:-

- (a) First interim dividend of 1.5 sen paid on 28 July 2016; and
- (b) Second interim dividend of 0.5 sen paid on 23 December 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 31 December 2016 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	41,587	156,717
People's Republic of China	75,952	292,132
Europe	19,030	63,962
	136,569	512,811
Group adjustments	(48,245)	(201,704)
Total	<b>88,324</b>	<b>311,107</b>
<b>Segment Results:</b>		
Malaysia	10,163	23,775
People's Republic of China	(897)	1,646
Europe	1,091	2,506
	10,357	27,927
Group adjustments	1,781	1,332
Total	<b>12,138</b>	<b>29,259</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 December 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 31 December 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 31 December 2016 is as follows:-

	RM'000
Capital expenditure approved and contracted for	2,376



**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 RM88.3 million in the current quarter compared to RM79.4 million in the corresponding quarter ended 31 December 2015. Group pretax profit recorded in the current quarter was RM11.4 million, an increase of 81.0% from RM6.3 million recorded in the corresponding quarter of the previous year. Net profit improved to RM9.4 million in the current quarter compared to RM5.4 million during the same period as a result of favourable foreign exchange rates and better product mix.

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

Sales for the fourth quarter 2016 amounted to RM88.3 million, an increase of 22.3% compared to RM72.2 million reported in the third quarter. Correspondingly, pre-tax profit was higher in the current quarter at RM11.4 million, a significant increase of 119.2% from the previous quarter of RM5.2 million, mainly due to foreign exchange gains and product mix.

**3. Current Year Prospects**

The Group recorded a pre-tax profit of RM26.5 million for the financial year 2016 compared to RM20.3 million for the same period in 2015, inclusive of an exceptional unrealized foreign exchange gain of RM5.8 million for overseas investments held. Overall demand for the Group's products is expected to remain strong for the new financial year 2017. With the nitrile disposable glove plant (which is currently operating at optimum capacity) backed by strong market demand, this product is expected to contribute more significantly to the Group's overall earnings.

Despite the positive outlook for 2017, the Group is also expected to face challenges from the recent escalation of raw material prices such as natural latex, nitrile latex as well as PVC resin which are the main components of the Group's products. The rising trend in costs beginning in the last quarter of 2016 is expected to adversely impact on overall profit margins in the short term. The Group is also mindful of possible hikes in China's minimum wage for workers and the volatility of the Ringgit and Chinese Yuan against major trading currencies.

**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 December 2016 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	1,252	3,992
Current year – Foreign income tax	414	1,193
Deferred tax	385	385
Total income tax expense	<b>2,051</b>	<b>5,570</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 December 2016.



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

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 December 2016.

**8. Status of Corporate Proposals**

There were no corporate proposals not announced or outstanding as at 31 December 2016.

**9. Group Borrowings and Debt Securities**

	As at 31 December 2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	2,103	30,919	33,022
Term Loans	-	51,055	51,055
	<b>2,103</b>	<b>81,974</b>	<b>84,077</b>

**10. Financial Instruments Risks**

As at 31 December 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)	1,104	4,969	4,956	January - April 2017
Euro (EUR)	1,352	6,359	6,398	January - June 2017
		<b>11,328</b>	<b>11,354</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 2015.

**11. Changes in Material Litigation**

There was no outstanding material litigation as at 31 December 2016.

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

Group	Current period ended 31 December 2016 RM'000	Period ended 31 December 2015 RM'000
Total retained profits/(loss):		
- Realised	61,672	48,784
- Unrealised	5,695	2,222
	<b>67,367</b>	<b>51,006</b>





### 13. Dividend Payable

No dividend is proposed for the current quarter ended 31 December 2016.

### 14. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 31 December 2016	Cumulative Year-to-Date ended 31 December 2015
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	20,946	14,898
Weighted average number of ordinary shares in issue	Shares	229,272,150	227,814,067
<b>Basic EPS</b>	<b>sen</b>	<b>9.14</b>	<b>6.54</b>

### 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 24 February 2017.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

Huizhou City,  
Guangdong Province,  
People's Republic of China.

24 February 2017