

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 30 September 2017

These figures have not been audited

	2017 Current Quarter ended 30 September RM'000	2017 Year-to-Date ended 30 September RM'000	2016 Current Quarter ended 30 September RM'000	2016 Year-to-Date ended 30 September RM'000
Revenue	105,829	286,079	72,164	222,783
Cost of sales	(93,462)	(252,741)	(63,262)	(192,498)
Gross profit	12,367	33,338	8,902	30,285
Other gains and losses	(4,652)	(7,023)	1,323	352
Operating expenses	(4,170)	(12,703)	(4,300)	(13,517)
Profit from operations	3,545	13,612	5,925	17,120
Finance costs	(982)	(3,131)	(718)	(2,057)
Profit before tax	2,563	10,481	5,207	15,063
Income tax expense	(625)	(2,811)	(1,037)	(3,519)
Profit for the period attributable to Equity holders of the Company	1,938	7,670	4,170	11,544
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	4,420	4,692	4,625	(12,132)
Total comprehensive income for the period attributable to Equity holders of the Company	6,358	12,362	8,795	(588)
Earnings per share:				
Basic (sen)	0.77	3.04	1.82	5.04
Average number of shares in issue:				
Basic	-	252,195,617	-	229,274,650

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 30 September 2017

These figures have not been audited

	As at 30 September 2017 RM'000	Year ended 31 December 2016 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	195,928	203,977
Prepaid lease payments	16,314	16,703
Deferred tax asset	255	256
Goodwill	2,793	2,793
	<u>215,290</u>	<u>223,729</u>
Current Assets		
Inventories	91,502	84,121
Trade and other receivables	79,913	71,129
Cash and bank balances	24,415	11,804
	<u>195,830</u>	<u>167,054</u>
TOTAL ASSETS	<u>411,120</u>	<u>390,783</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	130,688	114,639
Treasury shares	(8)	(8)
Share premium	29,503	29,503
Other reserves	45,419	40,727
Retained earnings	72,777	66,998
TOTAL EQUITY	<u>278,379</u>	<u>251,859</u>
Non-current Liabilities		
Borrowings	42,136	51,055
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>42,136</u>	<u>51,055</u>
Current Liabilities		
Trade and other payables	63,454	54,853
Borrowings	27,151	33,016
	<u>90,605</u>	<u>87,869</u>
TOTAL LIABILITIES	132,741	138,924
TOTAL EQUITY AND LIABILITIES	<u>411,120</u>	<u>390,783</u>
Net assets per share (RM)	1.07	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 30 September 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		
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 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
As at 01 January 2017	114,639	(8)	29,503	(2,415)	43,142	66,998	251,859
Total comprehensive income for the period	-	-	-	-	-	7,670	7,670
Dividend paid	-	-	-	-	-	(1,891)	(1,891)
Issuance of new shares	16,049	-	-	-	-	-	16,049
Effects of foreign exchange differences	-	-	-	-	4,692	-	4,692
As at 30 September 2017	130,688	(8)	29,503	(2,415)	47,834	72,777	278,379

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 30 September 2017

These figures have not been audited

	2017 Year-to-Date ended 30 September RM'000	2016 Year-to-Date ended 30 September RM'000
Net cash generated from operating activities	28,224	36,346
Net cash generated used in investing activities	(16,581)	(22,536)
Net cash generated from/(used in) financing activities	<u>(4,134)</u>	<u>(9,869)</u>
Net increase/(decrease) in cash and cash equivalents	7,509	3,941
Effects of foreign exchange differences	4,725	(4,409)
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>20,974</u>	<u>13,866</u>

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

Cash and bank balances	24,415	20,786
Short term borrowings - bank overdrafts	<u>(3,441)</u>	<u>(6,920)</u>
	<u>20,974</u>	<u>13,866</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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 30 September 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 30 September 2017, a total of 10,000 shares were held as Treasury Shares by the Company.

7. Dividends Paid

A first interim single-tiered dividend of 0.75 sen per ordinary share of RM0.50 each in respect of the current financial year was paid on 18 August 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 30 September 2017 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	50,859	148,183
People's Republic of China	114,822	285,188
Europe	19,900	56,013
	<hr/> 185,581	<hr/> 489,384
Group adjustments	(79,752)	(203,305)
Total	<hr/> 105,829	<hr/> 286,079
Segment Results:		
Malaysia	2,341	11,001
People's Republic of China	644	1,689
Europe	570	2,136
	<hr/> 3,555	<hr/> 14,826
Group adjustments	(10)	(1,214)
Total	<hr/> 3,545	<hr/> 13,612

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 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 30 September 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 30 September 2017 is as follows:-

	RM'000
Capital expenditure approved and contracted for	1,627



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 RM105.8 million in the current quarter compared to RM72.2 million in the corresponding quarter ended 30 September 2016. However, Group pretax profit recorded in the period was RM2.6 million, a decrease of 50.0% from RM5.2 million in the corresponding quarter of the previous year. The lower profits were mainly due to the provision of unrealized foreign exchange losses for investments held in China.

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

Sales for the third quarter of 2017 amounted to RM105.8 million, a slight increase of 6.0% compared to RM99.8 million reported for the second quarter of the year. However, pre-tax profit was lower in the current quarter at RM2.6 million, a decrease of 27.8% from the previous quarter's profit of RM3.6 million as the Group made a provision for foreign exchange losses to account for the strengthening Ringgit in relation to our investments in China since the end of the previous financial year.

3. Current Year Prospects

Demand for the Group's general-purpose and disposable gloves are expected to remain stable for the remainder part of the financial year. However, the Group continues to face operational challenges such as rising raw material costs in both the Malaysia and China operations. The recent strengthening of the Ringgit and Chinese Yuan against major trading currencies such as the U.S. Dollar and Euro is also expected to impact on the earnings of the Group for the final quarter of 2017.

The first phase of our nitrile disposable gloves project is currently operating at 85% capacity. 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 production lines that would increase the current installed capacity by another 500 million pieces to 1.5 billion pieces annually, however, commercial production is only 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 30 September 2017 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	442	2,073
Current year – Foreign income tax	183	738
Total income tax expense	625	2,811



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 2017.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 September 2017.

8. Status of Corporate Proposals

There were no corporate proposals not announced or outstanding as at 30 September 2017.

9. Group Borrowings and Debt Securities

	As at 30 September 2017		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	10,992	16,159	27,151
Term Loans	-	42,136	42,136
	10,992	58,295	69,287

10. Financial Instruments Risks

As at 30 September 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	12,022	50,692	50,696	October 2017 – February 2018
Euro	2,396	12,020	11,938	October 2017 - March 2018
		62,712	62,634	

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 30 September 2017.



12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 30 September 2017 RM'000	Period ended 30 September 2016 RM'000
Total retained profits/(loss):		
- Realised	72,787	59,728
- Unrealised	(11)	(617)
	72,776	59,111

13. Dividend Payable

Notice of book closure

NOTICE IS HEREBY GIVEN that a second interim tax-exempt dividend of 1.0 sen per share in respect of the financial year ending 31 December 2017 will be payable on 05 February 2018. The entitlement date for the dividend payment is 15 January 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 15 January 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 30 September 2017	Cumulative Year-to-Date ended 30 September 2016
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	7,670	11,544
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,274,650
Basic EPS	sen	3.04	5.04

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 29 November 2017.

CHAN CHEE KHEONG (MAICSA 0810287)

Company Secretary

Ipoh, Perak.

29 November 2017