

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 March 2019

These figures have not been audited

	2019 Current Quarter ended 31 March RM'000	2019 Year-to-Date ended 31 March RM'000	2018 Current Quarter ended 31 March RM'000 (Restated)	2018 Year-to-Date ended 31 March RM'000 (Restated)
CONTINUING OPERATIONS				
Revenue	50,457	50,457	51,580	51,580
Cost of sales	(43,308)	(43,308)	(46,581)	(46,581)
Gross profit	7,149	7,149	4,999	4,999
Other gains and losses	(1,172)	(1,172)	(397)	(397)
Operating expenses	(2,715)	(2,715)	(2,732)	(2,732)
Profit from operations	3,262	3,262	1,870	1,870
Finance costs	(636)	(636)	(714)	(714)
Profit before tax	2,626	2,626	1,156	1,156
Income tax expense	(667)	(667)	(164)	(164)
Profit for the period from continuing operations	1,959	1,959	992	992
DISCONTINUED OPERATIONS				
Profit/(Loss) for the period from discontinued operations	(1,155)	(1,155)	2,002	2,002
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	804	804	2,994	2,994
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	1,218	1,218	(174)	(174)
Total comprehensive income for the period attributable to Equity holders of the Company	2,022	2,022	2,820	2,820
Earnings per share:				
From continuing and discontinued operations Basic (sen)	0.32	0.32	1.19	1.19
From continuing operations Basic (sen)	0.78	0.78	0.39	0.39

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

These figures have not been audited

	As at 31 March 2019 RM'000	Year ended 31 December 2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	85,232	86,844
Prepaid lease payments	5,061	5,038
Deferred tax asset	1,748	1,748
Goodwill	2,793	2,793
	<u>94,834</u>	<u>96,423</u>
Current Assets		
Inventories	56,907	56,266
Trade and other receivables	38,712	47,365
Cash and bank balances	57,720	23,866
	<u>153,339</u>	<u>127,497</u>
Assets held for sale	70,352	70,352
	<u>318,525</u>	<u>294,272</u>
TOTAL ASSETS	318,525	294,272
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Other reserves	36,303	35,085
Retained earnings	19,989	19,185
TOTAL EQUITY	<u>216,476</u>	<u>214,454</u>
Non-current Liabilities		
Borrowings	23,606	27,003
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>23,606</u>	<u>27,003</u>
Current Liabilities		
Trade and other payables	55,355	35,413
Borrowings	23,088	17,402
	<u>78,443</u>	<u>52,815</u>
TOTAL LIABILITIES	102,049	79,818
TOTAL EQUITY AND LIABILITIES	<u>318,525</u>	<u>294,272</u>
Net assets per share (RM)	0.86	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 2018 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 2019

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 2018	160,192	(8)	-	(2,342)	43,064	75,683	276,589
Total comprehensive income for the period	-	-	-	-	-	2,994	2,994
Effects of foreign exchange differences	-	-	-	-	(174)	-	(174)
As at 31 March 2018	160,192	(8)	-	(2,342)	42,890	78,677	279,409
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

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

These figures have not been audited

	2019 Year-to-Date ended 31 March RM'000	2018 Year-to-Date ended 31 March RM'000
Net cash generated from operating activities	26,575	3,650
Net cash generated used in investing activities	(2,522)	(5,900)
Net cash generated from/(used in) financing activities	<u>1,652</u>	<u>(11,997)</u>
Net increase/(decrease) in cash and cash equivalents	25,705	(14,247)
Effects of foreign exchange differences	783	860
Cash and cash equivalents at beginning of financial period	<u>23,707</u>	<u>26,120</u>
Cash and cash equivalents at end of financial period	<u>50,195</u>	<u>12,733</u>

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

Cash and bank balances	57,720	20,101
Short term borrowings - bank overdrafts	<u>(7,525)</u>	<u>(7,368)</u>
	<u>50,195</u>	<u>12,733</u>

The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying notes attached to the interim financial statements.



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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 2018.

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 2018.

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 2018 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 2019.

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 2019.

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 2019, 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 2018 was paid on 24 January 2019.



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 2019 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	52,462	52,462
Europe	18,538	18,538
	71,000	71,000
Group adjustments	(20,543)	(20,543)
Total	50,457	50,457
Segment Results:		
Malaysia	3,205	3,205
Europe	462	462
	3,667	3,667
Group adjustments	(405)	(405)
Total	3,262	3,262

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 2019.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2018.

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 2019.

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 2018.

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 2018.

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 2019 is as follows:-

	RM'000
Capital expenditure approved and contracted for	4,376



B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

Since 31 December 2018, the Group’s financial results and review of performance have been reclassified for presentation purposes, where losses from the Group’s China operations are disclosed separately as “Discontinued Operations”. The Group’s Continuing Operations are in Malaysia and Spain. Comparative figures of the previous financial year have also been restated accordingly.

Under the Group’s Continuing Operations, a sales turnover of RM50.4 million was achieved in the current quarter ended 31 March 2019, a decrease of 2.3% from RM51.6 million recorded in the corresponding quarter of the previous year. However, Group pretax profit recorded in the period was RM2.6 million, a significant increase from RM1.2 million in the corresponding quarter of the previous financial year due to higher profit margins and more favourable average glove selling prices.

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

Sales for the first quarter of 2019 amounted to RM50.4 million, a decrease of 6.8% compared to RM54.1 million reported for the fourth quarter of 2018. However, pre-tax profit in the current quarter was RM2.6 million, a turnaround from loss of RM0.1 million in the previous quarter owing to higher product margins and more favourable glove selling prices.

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 against major trading currencies such as the U.S. Dollar and Euro. The Group continues to mitigate these risks 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 from the current 1.0 billion pieces to 2.0 billion pieces annually. The new project shall be part financed by a private placement exercise completed in 2017, proceeds from the disposal of the Group’s China operations as well as bank borrowings.

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 2019.

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 2019 RM’000	Cumulative year- to-date RM’000
Continuing Operations		
Current year – Malaysian income tax	528	528
Current year – Foreign income tax	139	139
Total income tax expense	667	667



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 2019.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 March 2019.

8. Status of Corporate Proposals

As at 31 March 2019, the Group had not utilized its net Placement proceeds of RM15.6 million raised from the issuance of new shares in June 2017 to part finance the expansion of the nitrile disposable glove production lines as construction of factory buildings is only expected to be commence by second quarter of 2019.

On 02 January 2019, the Group announced a proposal to dispose of its manufacturing operations in China through the disposal of equity interests in Hong Kong for HKD135.0 million. The Group had obtained an unanimous shareholders' approval at an Extraordinary General Meeting held on 18 February 2019 and subsequently received the first payment of HKD55.0 million from the purchaser on 22 February 2019. The sale is expected to be completed by 30 September 2019 and the balance of HKD80.0 million would have been received.

9. Group Borrowings and Debt Securities

	As at 31 March 2019		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	4,516	18,572	23,088
Term Loans	7,918	15,688	23,606
	12,434	34,260	46,694

10. Financial Instruments Risks

As at 31 March 2019, 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)	1,135	4,630	4,635	April - August 2019
Euro (EUR)	1,930	9,003	8,883	April - September 2019
		13,633	13,518	

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 2018.



11. Changes in Material Litigation

There was no outstanding material litigation as at 31 March 2019.

12. Dividend Payable

No dividend is proposed for the current quarter ended 31 March 2019.

13. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 31 March 2019	Cumulative Year-to-Date ended 31 March 2018 (Restated)
Continuing Operations			
Profit for the period attributable to equity holders of the Company	RM'000	1,959	992
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,195,617
Basic EPS	sen	0.78	0.39

14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 30 May 2019.

CHONG LAY KIM (LS 0008373)
YENG SHI MEI (MAICSA 7059759)
Secretaries

Ipoh, Perak
30 May 2019