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EVERSAFE RUBBER

EVERSAFE RUBBER BERHAD

(Company no: 1133877 - V)
(Incorporated in Malaysia)

CONSOLIDATED
RESULTS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2018

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 ⁽¹⁾

	Individual Period (3rd quarter)		Cumulative Period	
	Current Year Quarter 30.09.2018 RM	Preceding Year Corresponding Quarter 30.09.2017 RM	Current Year To-date 30.09.2018 RM	Preceding Year Corresponding Period 30.09.2017 RM
Revenue	30,508,042	25,004,070	83,754,591	63,878,369
Cost of sales	(25,455,267)	(20,746,699)	(71,606,499)	(52,679,073)
Gross profit	5,052,775	4,257,371	12,148,092	11,199,296
Other operating income/(expenses)	368,025	(40,407)	624,406	180,024
Distribution costs	(1,665,596)	(1,319,877)	(4,757,423)	(3,953,264)
General and administrative expenses	(2,563,154)	(1,938,430)	(6,598,500)	(4,553,436)
Other - Listing expenses	-	-	-	(2,240,503)
Profit from operations	1,192,050	958,657	1,416,575	632,117
Finance income	27,485	33,344	81,748	130,010
Finance costs	(240,329)	(223,693)	(720,504)	(628,707)
Profit before tax	979,206	768,308	777,819	133,420
Taxation	(69,615)	(193,166)	(211,158)	(349,330)
Profit/(Loss) for the financial period attributable to owners of the parent	909,591	575,142	566,661	(215,910)
Foreign currency translation, net of tax	59,609	2,873	92,204	(1,330)
Total comprehensive income, attributable to owners of the parent	969,200	578,015	658,865	(217,240)
Earnings/(Loss) per share attributable to owners of the parent:				
Profit/(Loss) for the financial period				
Basic and diluted (sen) ⁽²⁾⁽³⁾	0.378	0.239	0.236	(0.097)

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018⁽¹⁾ (con'd)**

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017 and the accompanying explanatory notes to this interim financial report.
- (2) Basic earnings per share is calculated based on the Company's weighted average number of ordinary shares for the financial period.
- (3) Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018 ⁽¹⁾**

	As at 30.09.2018 RM (Unaudited)	As at 31.12.2017 RM (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	35,545,391	33,550,109
Intangible assets	6,011	21,700
Trade receivables	2,932,556	1,361,273
	38,483,958	34,933,082
Current assets		
Inventories	18,521,785	16,435,356
Trade and other receivables	21,753,649	24,932,993
Current tax assets	494,007	110,895
Cash and bank balances	19,268,111	20,115,662
	60,037,552	61,594,906
TOTAL ASSETS	98,521,510	96,527,988
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,428,449	65,428,449
Reserves	(5,446,870)	(1,775,047)
TOTAL EQUITY	59,981,579	63,653,402
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	3,765,160	3,740,146
Borrowings	968,972	1,708,834
	4,734,132	5,448,980
Current liabilities		
Trade and other payables	5,828,170	6,873,429
Borrowings	23,646,941	20,009,757
Dividend payable	4,330,688	-
Current tax liabilities	-	542,420
	33,805,799	27,425,606
TOTAL LIABILITIES	38,539,931	32,874,586
TOTAL EQUITY AND LIABILITIES	98,521,510	96,527,988
Net assets per ordinary share (RM) ⁽²⁾	0.249	0.265

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018 ⁽¹⁾ (con'd)**

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017 and the accompanying explanatory notes to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 ⁽¹⁾

	[-----Non-distributable-----]				Distributable	
	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2017	48,148,449	7,104	(1,239,158)	(36,914,958)	45,554,001	55,555,438
Issuance of new ordinary shares arising from Initial Public Offering ("IPO")	17,280,000	-	-	-	-	17,280,000
Share issue expenses	-	-	-	-	(666,926)	(666,926)
Loss for the financial period	-	-	-	-	(215,910)	(215,910)
Other comprehensive loss, net of tax	-	-	(1,330)	-	-	(1,330)
Total comprehensive loss	-	-	(1,330)	-	(215,910)	(217,240)
Dividend paid during the year	-	-	-	-	(4,330,688)	(4,330,688)
Balance as at 30 September 2017	65,428,449	7,104	(1,240,488)	(36,914,958)	40,340,477	67,620,584

	[-----Non-distributable-----]				Distributable	
	Share capital RM	Capital reserve RM	Foreign currency translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2018	65,428,449	7,104	(1,252,168)	(36,914,958)	41,131,835	68,400,262
Adjustments from adoption of MFRS 15	-	-	-	-	(924,141)	(924,141)
Opening balance adjustment from adoption of MFRS 9	-	-	-	-	(3,822,719)	(3,822,719)
Restated balance as at 1 January 2018	65,428,449	7,104	(1,252,168)	(36,914,958)	36,384,975	63,653,402
Profit for the financial period	-	-	-	-	566,661	566,661
Other comprehensive income, net of tax	-	-	92,204	-	-	92,204
Total comprehensive loss	-	-	92,204	-	566,661	658,865
Dividends *	-	-	-	-	(4,330,688)	(4,330,688)
Balance as at 30 September 2018	65,428,449	7,104	(1,159,964)	(36,914,958)	32,620,948	59,981,579

Note:-

(1) The basis of preparation of the Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017 and the accompanying notes to this interim financial report.

* Refer to disclosure in B10.

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 ⁽¹⁾**

	(Unaudited) 9 months ended 30.09.2018 RM	(Unaudited) 9 months ended 30.09.2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	777,819	133,420
Adjustments for:		
Non-cash items/Non-operating items	2,985,297	3,145,081
Operating profit before working capital changes	3,763,116	3,278,501
Changes in working capital:		
Increase in inventories	(2,131,643)	(1,392,415)
Decrease/(Increase) in trade and other receivables	1,512,589	(1,002,575)
Decrease in trade and other payables	(595,340)	(1,123,851)
Others	38,671	3,272,441
Cash generated from operations	2,587,393	3,032,101
Tax paid - net	(1,114,893)	(1,476,394)
Net cash generated from operating activities	1,472,500	1,555,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	54,263	130,010
Proceeds from disposal of property, plant and equipment	114,002	12,470
Purchase of property, plant and equipment	(4,892,817)	(2,122,524)
Net cash used in investing activities	(4,724,552)	(1,980,044)

EVERSAFE RUBBER BERHAD (COMPANY NO.: 1133877 - V)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)**

	(Unaudited) 9 months ended 30.09.2018 RM	(Unaudited) 9 months ended 30.09.2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(4,330,688)
Interest paid	(480,175)	(628,707)
Issuance of ordinary shares	-	17,280,000
Listing and share issue expenses	-	(2,907,429)
Net drawdowns of bank borrowings	3,447,854	4,129,538
(Decrease)/Increase in short-term deposits pledged as securities	(81,427)	1,428,862
Net cash from financing activities	2,886,252	14,971,576
Net (decrease)/increase in cash and cash equivalents	(365,800)	14,547,239
Effect of foreign exchange rates changes	2,413	59,754
Cash and cash equivalents at the beginning of the financial period	13,617,242	2,710,075
Cash and cash equivalents at the end of the financial period	13,253,855	17,317,068
Cash and cash equivalents comprise:		
Cash and bank balances	19,268,111	23,030,749
Less: Deposits pledged as securities	(3,663,689)	(3,534,204)
Less: Deposits with licensed banks and other financial institutions with maturity of over 3 months	(1,500,000)	(1,500,000)
Less: Bank overdrafts	(850,567)	(679,477)
	13,253,855	17,317,068

Note:

(1) The basis of preparation of the Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017 and the accompanying explanatory notes to this interim financial report.

EVERSAFE RUBBER BERHAD (1133877 - V)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018

A1. BASIS OF PREPARATION

The interim financial report of Eversafe Rubber Berhad (“Eversafe Rubber” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Securities.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group for the quarterly financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2017, except for the adoption of the following MFRS/ Amendments/ Interpretations effective 1 January 2018:

MFRS 9, Financial Instruments

MFRS 15, Revenue from Contracts with Customers

Amendments to MFRS 15, Clarifications to MFRS 15

Amendments to MFRS 1, Annual Improvements to MFRS Standards 2014 - 2016 Cycle

Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 128, Annual Improvements to MFRS Standards 2014-2016 Cycle

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 140, Transfers of Investment Property

Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

The Group has adopted the new and revised MFRSs that are relevant and effective for accounting periods beginning on or after 1 January 2018. The adoption of these new and revised MFRSs have not resulted in any material impact on the financial statements of the Group except as mentioned below:

MFRS 9, Financial Instruments

On the adoption of MFRS 9, the Group has assessed all the three aspects of the accounting for the financial assets and liabilities for classification and measurement, impairment and hedge accounting. In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group’s financial assets and financial liabilities, except that the Group’s allowance for impairment has increased by RM3.82 million (revised) as at 1 January 2018 as a result of applying the ECL model on trade receivables. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures for the statement of profit and loss and thus this adjustment was recognized in the opening retained earnings of the current financial year.

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A2. CHANGES IN ACCOUNTING POLICIES (con'd)

MFRS 15, Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretation when it becomes effective.

Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when or as the Group transfers goods or services to a customer, measured at the amount to which the Group expects to be entitled, according to the term and condition stipulated in the contracts with customers. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the Group's performance; or at a point in time, when control of the goods or services is transferred to the customers.

The impact of adopting MFRS 15 and MFRS 9 is as follows:

Statement of Financial Position:

	<u>Previously Reported</u> RM	<u>Effect of MFRS 9</u> RM	<u>Effect of MFRS 15</u> RM	<u>Restated</u> RM
Balance as at 1 January 2018				
Current assets				
Trade and other receivables	32,421,189	(3,867,989)	(3,620,207)	24,932,993
Inventories	13,739,290	-	2,696,066	16,435,356
Impact to assets	<u>46,160,479</u>	<u>(3,867,989)</u>	<u>(924,141)</u>	<u>41,368,349</u>
Non-current liabilities				
Deferred tax liabilities	<u>(3,785,417)</u>	<u>45,270</u>	<u>-</u>	<u>(3,740,146)</u>
Equity attributable to owners of the parent				
Reserves	<u>2,971,813</u>	<u>(3,822,719)</u>	<u>(924,141)</u>	<u>(1,775,047)</u>

The Group has elected to recognize the adjustment of the financial effect of MFRS 15 in the opening retained earnings of the current year and, accordingly, the comparative figures for the statement of profit and loss for 2017 have not been restated.

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A3. AUDITORS' REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding year's audited financial statements of the Group were not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not materially affected by seasonal or cyclical factors during the current financial quarter under review.

Generally, our sales for the first (1st) half of the year will be slower as compared to the second (2nd) half of the year. This is attributable to the festive seasons, public holidays and geometric condition in certain country. We generally see our sales picking up in the second (2nd) half of the year. Save for the above, our Group does not experience any other material seasonality or cyclical effects in sales.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and the financial year-to-date under review.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that had a material effect in the current financial quarter and the financial year-to-date under review.

A7. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

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A8. SEGMENTAL INFORMATION

The Group is principally involved in the manufacturing and sale of rubber based tyre retread products and provision of related services.

No product and services segment information is presented as the Chief Operating Decision Maker (CODM) views the Group as a single reportable segment.

Segment revenue is based on geographical location from which the sale transactions originated.

The following are revenue from external customers by geographical location with revenue equal or more than ten percent (10%) of the Group revenue:

	Individual Quarter		Cumulative Quarter	
	3 months ended 30.09.2018 RM	3 months ended 30.09.2017 RM	9 months ended 30.09.2018 RM	9 months ended 30.09.2017 RM
Revenue from external customers				
Malaysia	9,699,781	9,861,573	29,377,358	25,859,245
Japan	4,912,261	4,245,170	9,608,966	10,702,374
Others	15,896,000	10,897,327	44,768,267	27,316,750
	<u>30,508,042</u>	<u>25,004,070</u>	<u>83,754,591</u>	<u>63,878,369</u>
Sales by currency				
- USD	8,384,073	5,736,126	22,403,289	14,115,882
- JPY	4,912,261	4,245,170	9,608,966	10,702,374
- RM	9,699,781	9,861,573	29,377,358	25,859,245
- Others	7,511,927	5,161,201	22,364,978	13,200,868
	<u>30,508,042</u>	<u>25,004,070</u>	<u>83,754,591</u>	<u>63,878,369</u>
Average foreign exchange rates				
- RM/USD	4.090	4.263	3.988	4.347
- RM/JPY100	<u>3.668</u>	<u>3.841</u>	<u>3.637</u>	<u>3.884</u>

(source: Bank Negara Malaysia Exchange Rate)

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A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter and the financial year-to-date under review.

A10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial quarter and the financial year-to-date under review.

A12. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A13. CAPITAL COMMITMENTS

Save for the new manufacturing lines and enhanced automation systems as disclosed in note B7, there were no material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE

For the current financial quarter under review, the Group recorded revenue of RM30.51 million as compared to revenue of RM25.00 million for the preceding year's corresponding quarter. This is mainly due to the increase in the sales of tyre retreading materials.

The Group registered a profit before taxation of RM0.98 million for the current financial quarter under review as compared to the profit before taxation of RM0.77 million for the preceding year corresponding quarter. This is mainly due to the higher output achieved.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 30.09.2018 RM	Preceding Quarter 30.06.2018 RM	Variance RM	%
Revenue	30,508,042	27,482,027	3,026,015	11.01
Profit/(Loss) before tax	<u>979,206</u>	<u>(410,097)</u>	<u>1,389,303</u>	<u>338.77</u>

The Group's revenue increased by 11.01% from RM27.48 million recorded in the immediate preceding quarter to RM30.51 million in the current financial quarter. This is mainly due to the increase in the sales of tyre retreading materials.

The profit before tax of the Group increased by RM1.39 million from loss of RM0.41 million in the previous financial quarter to profit of RM0.98 million in the current financial quarter which is mainly due to higher output achieved.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B3. COMMENTARY ON PROSPECTS

As disclosed in the Prospectus of the Company dated 31 March 2017, the Group has put in place a series of future plans in the following areas:-

Grow overseas markets

- (a) establish footprint in new overseas markets
- (b) increase export sales to overseas markets
- (c) enhance manufacturing capabilities
- (d) widen range of products, particularly high value-added and premium products
- (e) branding initiative and establish intellectual property rights in new overseas markets

Enhance product quality

- (f) improve efficiency and reduce wastage
- (g) ensure consistent product quality

The Group plans to increase its export sales and geographical footprint to various overseas markets. The new markets the Group intends to expand to will primarily be outside the ASEAN region, with a focus on the South American region. The Group is in the midst of finalising the details of a joint venture agreement with its business partner to establish a tyre retreading plant in South America and also to market and distribute the retreaded tyres.

Being in the export business, the Group is exposed to foreign currency exchange risks as the Group's export revenue is mainly transacted in USD and JPY. On the other hand, the import of the raw materials such as synthetic rubber and carbon black is mainly denominated in USD. Any significant movement in foreign exchange rates will affect the Group's financial performance. Nonetheless, the Group matches its foreign-denominated sales with foreign-denominated purchases as a natural hedge to a certain degree against adverse foreign exchange fluctuations.

Since the listing of Eversafe, the Group has made several notable achievements:-

- (i) the Group has successfully penetrated into more countries in the European region;
- (ii) the Group is in the midst of upgrading its manufacturing facilities (Status: 80% completed); and
- (iii) the Group has successfully developed new Off-The-Road (OTR) tread products and such products are currently offered to the market.

Barring any unforeseen circumstances, the Board is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 December 2018 will remain satisfactory.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B4. INCOME TAX EXPENSES

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM	RM	RM	RM
Income tax expense:-				
Current financial period/year	69,615	171,900	175,006	220,140
Under provision in prior year	-	-	35,810	-
Deferred tax:-				
Current financial period/year	-	21,266	(368,906)	129,190
Under provision in prior year	-	-	369,248	-
Total tax expense	<u>69,615</u>	<u>193,166</u>	<u>211,158</u>	<u>349,330</u>

The applicable Malaysian income tax rate is 24% for the financial year ended 31 December 2018 (24% for the financial year ended 31 December 2017).

The Group's effective tax rate for the cumulative quarter were higher than the statutory rate due to losses incurred by certain subsidiaries and also certain expenses which were not deductible for tax purposes.

B5. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B6. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced as at the date of this report.

B7. UTILISATION OF PROCEEDS

Based on the IPO price of RM0.36 per share, the gross proceeds arising from the public issue amounting to RM17,280,000 shall be utilised in the following manner:-

Purposes	Proposed Utilisation RM'000	Actual * Utilisation RM'000	Deviations # RM'000	Balance RM'000	Estimated Timeframe for utilisation upon listing
(a) New manufacturing lines and enhanced automation systems	12,580	(12,174)^	293	699	Within 24 months
(b) Establish intellectual property rights and overseas branding Initiative	1,500	(169)	-	1,331	Within 36 months
(c) Estimated listing expenses	3,200	(2,907)	(293)	-	Immediate
Total	17,280	(15,250)	-	2,030	

* Utilisation as at 30 September 2018.

All listing expenses have been fully paid. Accordingly, the balance of RM0.293 million will be utilised for new manufacturing lines and enhancing automation systems.

^ Part of these which include capital expenditure incurred prior to the IPO which was funded using internally generated funds and bank borrowings.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B8. GROUP BORROWINGS AND DEBT SECURITIES

Total Group's borrowings (all of which are secured against the Group's assets) as at 30 September 2018 are as follows:-

	<u>Long term</u>		<u>As at 30.09.2018</u> <u>Short term</u>		<u>Total borrowings</u>	
	USD	RM	USD	RM	USD	RM
Secured:						
Bankers' acceptance	-	-	2,640,341	10,921,771	2,640,341	10,921,771
Bankers' acceptance	-	-	-	10,341,000	-	10,341,000
Term loans	-	615,182	-	1,275,899	-	1,891,081
Hire purchase and lease creditors	-	353,790	-	257,704	-	611,494
Bank overdrafts	-	-	-	850,567	-	850,567
Total		968,972		23,646,941		24,615,913

	<u>Long term</u>		<u>As at 30.09.2017</u> <u>Short term</u>		<u>Total borrowings</u>	
	USD	RM	USD	RM	USD	RM
Secured:						
Bankers' acceptance	-	-	1,273,416	5,379,660	1,273,416	5,379,660
Bankers' acceptance	-	-	-	10,534,000	-	10,534,000
Term loans	-	1,429,838	-	1,034,974	-	2,464,812
Hire purchase and lease creditors	-	298,642	-	236,118	-	534,760
Bank overdrafts	-	-	-	679,477	-	679,477
Total		1,728,480		17,864,229		19,592,709

B9. MATERIAL LITIGATION

There were no material litigations pending as at the date of this announcement.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B10. DIVIDENDS

The Board of Directors has declared an interim single-tier dividend of 1.80 sen per share, amounting to RM4,330,688 in respect of the financial year ending 31 December 2018 on 24 August 2018 and paid on 4 October 2018 to shareholders registered in the Company's Register as at 14 September 2018.

B11. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share for the current financial quarter and current period of 30 September 2018 are computed as follows:

	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM	RM	RM	RM
Basic				
Profit/(Loss) attributable to equity holders of the Company	909,591	575,142	566,661	(215,910)
Weighted average number of ordinary shares	240,593,796	240,593,796	240,593,796	221,604,785
Basic earnings/(loss) per ordinary share (sen)	0.378	0.239	0.236	(0.097)
Diluted				

The diluted earnings/(loss) per share equals basic earnings/(loss) per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2018 (con'd)

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit before taxation is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	3 months ended 30.09.2018 RM	3 months ended 30.09.2017 RM	9 months ended 30.09.2018 RM	9 months ended 30.09.2017 RM
Interest income	(27,485)	(33,344)	(81,748)	(130,010)
Other income including investment income	-	-	-	-
Interest expense	240,329	223,693	720,504	628,707
Depreciation of property, plant and equipment	1,098,013	1,000,372	3,226,227	2,961,811
Amortisation of intangible assets	6,006	5,425	22,689	16,275
Bad debts written off	-	-	247	-
Inventories written down	-	-	-	-
Reversal of inventories written down	-	-	-	-
Gain on disposal of property, plant and equipment	(48,995)	-	(78,412)	(2,969)
Loss on disposal of a former subsidiary	-	-	-	-
Impairment of assets	-	-	-	-
Impairment loss on trade receivables	159,550	-	159,550	-
Reversal of impairment loss on trade receivables	-	-	-	-
Foreign exchange loss - net	547,517	364,325	1,192,737	322,869
Exceptional items	-	-	-	-