

## RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Income Statement for the Third Quarter ended 30 September 2008

These figures have not been audited

	2008 Current Quarter ended 30 September RM'000	2008 Year-to-Date ended 30 September RM'000	2007 Comparative Quarter ended 30 September RM'000	2007 Year-to-Date ended 30 September RM'000
Revenue	87,296	195,609	38,082	106,434
Cost of Sales	<u>(78,256)</u>	<u>(173,413)</u>	<u>(36,936)</u>	<u>(98,690)</u>
<b>Gross Profit</b>	<b>9,040</b>	<b>22,196</b>	<b>1,146</b>	<b>7,744</b>
Other Income	7	133	5	21
Administrative expenses	(2,465)	(5,480)	(1,082)	(4,063)
Selling and marketing expenses	(1,173)	(3,136)	(835)	(2,812)
Other expenses	<u>(556)</u>	<u>(989)</u>	<u>(99)</u>	<u>(437)</u>
<b>Profit from operations</b>	<b>4,853</b>	<b>12,724</b>	<b>(865)</b>	<b>453</b>
Finance costs	<u>(1,379)</u>	<u>(4,637)</u>	<u>(1,175)</u>	<u>(3,093)</u>
<b>Profit before Tax</b>	<b>3,474</b>	<b>8,087</b>	<b>(2,040)</b>	<b>(2,640)</b>
Income tax expense	(575)	(2,796)	(154)	(380)
<b>Profit for the period</b>	<b><u>2,899</u></b>	<b><u>5,291</u></b>	<b><u>(2,194)</u></b>	<b><u>(3,020)</u></b>
<b>Attributable to:</b>				
Equity holders of the Company	2,347	5,026	(1,483)	(1,328)
Minority Interests	552	265	(711)	(1,692)
	<b><u>2,899</u></b>	<b><u>5,291</u></b>	<b><u>(2,194)</u></b>	<b><u>(3,020)</u></b>
<b>Earnings per share attributable to Equity holders of the Company:</b>				
Basic (sen)	2.96	6.34	(1.87)	(1.67)
Diluted (sen)	1.65	3.54	(1.31)	(1.18)

*The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.*

# RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Balance Sheets as at 30 September 2008

These figures have not been audited.

	As at 30 September 2008 RM'000	Year Ended 31 December 2007 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	129,812	112,557
Prepaid lease payments	14,464	13,668
Deferred tax asset	105	116
Goodwill	<u>2,793</u>	<u>2,793</u>
	147,174	129,134
<b>Current Assets</b>		
Inventories	72,222	61,837
Trade and other receivables	61,533	35,866
Cash and bank balances	<u>13,269</u>	<u>12,640</u>
	147,024	110,343
<b>TOTAL ASSETS</b>	<b><u>294,198</u></b>	<b><u>239,477</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share Capital	80,660	79,484
Treasury Shares	(2,911)	(63)
ICULS (Equity)	41,257	43,257
Share Premium	11,611	10,788
Other Reserves	(1,201)	(4,332)
Retained Earnings	<u>6,237</u>	<u>5,182</u>
	135,653	134,316
<b>Minority Interests</b>	9,743	7,639
<b>Total Equity</b>	<u>145,396</u>	<u>141,955</u>
<b>Non-current Liabilities</b>		
Long term borrowings	50,312	46,307
ICULS (Liability)	7,464	8,245
Deferred tax liabilities	<u>4,690</u>	<u>4,690</u>
	62,466	59,242
<b>Current Liabilities</b>		
Trade and other payables	35,989	24,714
Short term borrowings and trade financing	<u>50,347</u>	<u>13,566</u>
	86,336	38,280
<b>Total Liabilities</b>	148,802	97,522
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>294,198</u></b>	<b><u>239,477</u></b>
Net assets per share (RM)	1.68	1.69

*The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.*

## RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Cash Flow Statements for the Financial Period ended 30 September 2008

These figures have not been audited

	2008 Year-to-Date ended 30 September RM'000	2007 Year-to-Date ended 30 September RM'000
Net cash generated from/(used in) operating activities	(4,851)	1,905
Net cash generated used in investing activities	(29,414)	(23,812)
Net cash generated from financing activities	<u>26,896</u>	<u>24,344</u>
Net increase/(deceased) in cash and cash equivalents	(7,369)	2,437
Effects of foreign exchange differences	3,820	(2,566)
Cash and cash equivalents at beginning of financial period	<u>8,974</u>	<u>7,382</u>
Cash and cash equivalents at end of financial period	<u><b>5,425</b></u>	<u><b>7,253</b></u>

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

Cash and bank balances	13,269	11,650
Short term borrowings	<u>(7,844)</u>	<u>(4,397)</u>
	<u><b>5,425</b></u>	<u><b>7,253</b></u>

*The condensed consolidated cashflow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2008

These figures have not been audited

	Attributable to Equity Holders of the Company								
	Share Capital RM'000	Treasury Shares RM'000	ICULS RM'000	Share Premium RM'000	Translation Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
<b>As at 01 January 2007</b>	79,288	-	-	10,692	(1,887)	11,573	99,666	7,147	106,813
Effects of foreign exchange differences	-	-	-	-	594	-	594	525	1,119
Profit for the period	-	-	-	-	-	(1,328)	(1,328)	(1,692)	(3,020)
Total recognised income and expenses for the period	79,288	-	-	10,692	(1,293)	10,245	98,932	5,980	104,912
Issue of shares pursuant to ESOS	196	-	-	96	-	-	292	-	292
Creation of ICULS	-	-	52,407	(1,083)	-	-	51,324	-	51,324
Dividends paid	-	-	-	-	-	(4,764)	(4,764)	-	(4,764)
<b>As at 30 September 2007</b>	<b>79,484</b>	<b>-</b>	<b>52,407</b>	<b>9,705</b>	<b>(1,293)</b>	<b>5,481</b>	<b>145,784</b>	<b>5,980</b>	<b>151,764</b>
<b>As at 01 January 2008</b>	<b>79,484</b>	<b>(63)</b>	<b>43,257</b>	<b>10,788</b>	<b>(4,332)</b>	<b>5,182</b>	<b>134,316</b>	<b>7,639</b>	<b>141,955</b>
Effects of foreign exchange differences	-	-	-	-	3,130	-	3,130	690	3,820
Profit for the period	-	-	-	-	-	5,026	5,026	264	5,290
Total recognised income and expenses for the period	79,484	(63)	43,257	10,788	(1,202)	10,208	142,472	8,593	151,065
Conversion of ICULS to ordinary shares	1,176	-	(2,000)	824	-	-	-	-	-
Proceeds received from minority shareholders	-	-	-	-	-	-	-	1,471	1,471
Purchase of Treasury shares	-	(2,848)	-	-	-	-	(2,848)	-	(2,848)
Dividends paid	-	-	-	-	-	(3,971)	(3,971)	(321)	(4,292)
<b>As at 30 September 2008</b>	<b>80,660</b>	<b>(2,911)</b>	<b>41,257</b>	<b>11,612</b>	<b>(1,202)</b>	<b>6,237</b>	<b>135,653</b>	<b>9,743</b>	<b>145,396</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 2007 and the accompanying notes attached to the interim financial statements.



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

### A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134<sub>2004</sub> : INTERIM FINANCIAL REPORTING

#### 1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134<sub>2004</sub>: 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 2007.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2007. The interim financial report contain condensed consolidated financial statements and these explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

#### 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 year ended 31 December 2007 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. Generally, demand is stronger in the second half of the year.

#### 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 2008.

#### 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 and current year.

#### 6. Changes in Debt and Equity Securities

##### 6.1 Executive Share Option Scheme (“ESOS”)

The Company did not issue any new shares under ESOS during the current financial quarter.

##### 6.2 Medium Term Notes (“MTN”) Programme

The Company did not issue any new medium term notes during the quarter under review.

##### 6.3 Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) with free Warrants

During the current quarter, a total of 2,000,000 nominal value of ICULS of RM1.00 each were converted to ordinary shares at the conversion price of RM1.70 per ordinary share of RM1.00 each.

##### 6.4 Share Buy-back

During the current quarter, the Company purchased 2,186,700 ordinary shares of RM1.00 each from Bursa Malaysia Securities Berhad, for a total consideration of RM2,293,827. The shares are currently maintained as Treasury Shares.

As at 30 September 2008, the Company has accumulated a total of 2,670,100 Treasury Shares.

#### 7. Dividends Paid

A first interim dividend of 5 sen tax-exempt per ordinary share of RM1.00 each in respect of the current financial year was paid on 12 February 2008.



## 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 2008 RM'000	Cumulative year-to- date ended 30 September 2008 RM'000
<b>Segment Revenue:</b>		
Malaysia	40,588	118,874
People's Republic of China	101,842	191,499
Europe	10,299	29,741
	-----	-----
	152,729	340,114
Eliminations	(65,433)	(144,505)
	-----	-----
Total	<b>87,296</b>	<b>195,609</b>
	=====	=====
<b>Segment Results:</b>		
Malaysia	5,222	16,916
People's Republic of China	4,414	7,124
Europe	689	2,516
	-----	-----
	10,325	26,556
Eliminations	(1,278)	(4,228)
	-----	-----
Total	<b>9,047</b>	<b>22,328</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 and interim financial year ended 30 September 2008.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2007.

## 10. Subsequent Events

There were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report ended 30 September 2008.

## 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 2007.

## 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 2007.

## 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 2008 is as follows:-

	RM'000
Capital expenditure approved and contracted for	15,979



## 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 RM87.30 million for the third quarter ended 30 September 2008 (2007: RM38.08 million, which is an increase of 129%). Group pretax profit recorded in the current quarter was RM3.47 million compared to a loss of RM2.04 million in the corresponding quarter of year 2007. The increase in turnover and profits were due to sales contribution from our China subsidiaries and better prices of our Group's products compared to the corresponding period in 2007.

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

Sales for the third quarter 2008 amounted to RM87.30 million compared to RM63.43 million reported for the second quarter of 2008, an increase of 38%. This increase was contributed by higher sales and operating efficiencies from our China subsidiaries as well as better performance from our Malaysian operations.

Pre-tax profit of RM3.47 million was recorded in the third quarter 2008 compared to RM2.60 million in the previous quarter, an improvement of 33%. Although raw material prices continue to remain high, the Group has successfully passed the increased costs to end-users.

### 3. Current Year Prospects

The Group continues to show improved quarterly financial performance with the third quarter results showing a 33% jump in pre-tax profit compared to the second quarter.

The earlier phases of our China disposable gloves operations are now operating at full capacity. While our Malaysian operations remain positive, China is expected to be the significant and increasing profit contributor for the Group.

The recent world financial markets meltdown is expected to have some effect on the demand of the Group's products especially in USA and Europe. However, the Group does not foresee this event having an immediate impact on the financial performance for the remaining part of the year.

### 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 2008 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	456	2,289
Current year – Foreign income tax	119	507
Total income tax expense	575	2,796
Effective tax rate	16%	34%

The lower effective tax rate during the current quarter is mainly due to profits generated from certain overseas subsidiaries that are exempted from income tax.

### 6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 30 September 2008.



## 7. Purchase/disposal of Quoted Securities

There was no purchase and/or disposal of quoted securities for the current quarter other than the purchase of 2,186,700 ordinary shares under Share Buy-back.

## 8. Status of Corporate Proposals

There are no corporate proposals not announced or outstanding as at 30 September 2008.

## 9. Group Borrowings and Debt Securities

	As at 30 September 2008	
	Secured RM'000	Unsecured RM'000
Short Term Borrowings including trade financing	-	50,347
Term Loans	-	7,312
Medium Term Notes ("MTN")	-	43,000
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	48,721
	-----	-----
	-	149,380
	=====	=====

## 10. Financial Instruments with Off Balance Sheet Risks

As at 30 September 2008, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Expiry Period(s)
US Dollars (USD)	2,099	6,985	October 2008 – March 2009
Euro Dollars (EUR)	6,041	29,551	October 2008 – March 2009
Sterling Pound (GBP)	152	951	October 2008 – March 2009

The above foreign currency contracts are entered into with a local licensed bank to hedge the Group's receivables 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 and the Group does not take up any differences between the contracted rates and spot rates to the income statements.

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 2007.

## 11. Changes in Material Litigation

Rubberex (M) Sdn Berhad ("RMSB"), a wholly-owned subsidiary of Rubberex Corporation (M) Berhad, had on 08 April 2002 filed a legal action against Kesatuan Kebangsaan Pekerja-Pekerja Syarikat-Syarikat Pembuat Keluaran Getah, A. Subramanian, Sun Media Corporation Sdn Bhd and H'ng Hung Yong (collectively "the Defendants") at the Ipoh High Court under suit no. 22-72-2002. RMSB is alleging that a libelous and/or defamatory statement against RMSB has been made and published by the Defendants in The Sun newspaper on 17 October 2001. RMSB is claiming for a sum of RM750,000 as general damages together with interest and costs and a written public apology to be published in a national newspaper. The next hearing on this matter has not been determined by the Court.

Based on the opinion of RMSB's solicitors, the Defendants have no defense on merits to the claim.





## 12. Dividend Payable

The Board has proposed a first interim dividend of 7% less tax per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2009, to be paid on 15 January 2009. An announcement of the same has been made to Bursa Malaysia Securities Berhad on 16 October 2008.

## 13. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 30 September 2008	Cumulative Year-to-Date ended 30 September 2007
Profit attributable to ordinary shareholders of the Company	RM'000	5,026	(1,328)
Weighted average number of ordinary shares in issue	Shares	79,240,156	79,381,119
<b>Basic EPS</b>	<b>sen</b>	<b>6.34</b>	<b>(1.67 sen)</b>
Diluted weighted average number of ordinary shares in issue	Shares	142,061,918	112,984,035
<b>Fully diluted EPS</b>	<b>sen</b>	<b>3.54</b>	<b>(1.18 sen)</b>

## 14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 14 November 2008.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

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

14 November 2008