

**RUBBEREX CORPORATION (M) BERHAD**

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 30 September 2018

These figures have not been audited

	2018 Current Quarter ended 30 September RM'000	2018 Year-to-Date ended 30 September RM'000	2017 Current Quarter ended 30 September RM'000	2017 Year-to-Date ended 30 September RM'000
Revenue	86,872	298,930	105,829	286,079
Cost of sales	(82,251)	(276,825)	(93,462)	(252,741)
<b>Gross profit</b>	<b>4,621</b>	<b>22,105</b>	<b>12,367</b>	<b>33,338</b>
Other gains and losses	2,912	2,629	(4,652)	(7,023)
Operating expenses	(4,145)	(12,283)	(4,170)	(12,703)
<b>Profit from operations</b>	<b>3,388</b>	<b>12,451</b>	<b>3,545</b>	<b>13,612</b>
Finance costs	(765)	(2,430)	(982)	(3,131)
<b>Profit before tax</b>	<b>2,623</b>	<b>10,021</b>	<b>2,563</b>	<b>10,481</b>
Income tax expense	(505)	(2,242)	(625)	(2,811)
<b>Profit for the period attributable to Equity holders of the Company</b>	<b>2,118</b>	<b>7,779</b>	<b>1,938</b>	<b>7,670</b>
<b>Other comprehensive income, net of tax:</b>				
Foreign currency translation differences for foreign operations	(1,580)	(6,841)	4,420	4,692
<b>Total comprehensive income for the period attributable to Equity holders of the Company</b>	<b>538</b>	<b>938</b>	<b>6,358</b>	<b>12,362</b>
<b>Earnings per share:</b>				
Basic (sen)	0.84	3.08	0.77	3.04
<b>Average number of shares in issue:</b>				
Basic	-	252,195,617	-	252,195,617

*The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

These figures have not been audited

	As at 30 September 2018 RM'000	Year ended 31 December 2017 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	183,551	192,560
Prepaid lease payments	17,446	15,996
Deferred tax asset	1,191	1,182
Goodwill	2,793	2,793
	<u>204,981</u>	<u>212,531</u>
<b>Current Assets</b>		
Inventories	80,591	88,900
Trade and other receivables	71,430	81,740
Cash and bank balances	23,582	28,696
	<u>175,603</u>	<u>199,336</u>
<b>TOTAL ASSETS</b>	<b><u>380,584</u></b>	<b><u>411,867</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Share premium	-	-
Other reserves	34,311	40,722
Retained earnings	80,763	75,683
<b>TOTAL EQUITY</b>	<b><u>275,258</u></b>	<b><u>276,589</u></b>
<b>Non-current Liabilities</b>		
Borrowings	30,401	38,782
Other liabilities	438	508
Deferred tax liabilities	-	-
	<u>30,839</u>	<u>39,290</u>
<b>Current Liabilities</b>		
Trade and other payables	55,150	69,951
Borrowings	19,337	26,037
	<u>74,487</u>	<u>95,988</u>
<b>TOTAL LIABILITIES</b>	<b>105,326</b>	<b>135,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>380,584</u></b>	<b><u>411,867</u></b>
Net assets per share (RM)	1.09	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 2017 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 June 2018

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 2017</b>	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
<b>As at 30 September 2017</b>	<b>130,688</b>	<b>(8)</b>	<b>29,503</b>	<b>(2,415)</b>	<b>47,834</b>	<b>72,777</b>	<b>278,379</b>
<b>As at 01 January 2018</b>	160,192	(8)	-	(2,342)	43,064	75,683	276,589
Total comprehensive income for the period	-	-	-	-	-	7,779	7,779
Dividend paid	-	-	-	-	-	(1,891)	(1,891)
Waiver of debt from subsidiary company treated as capital contribution	-	-	-	430	-	(808)	(378)
Effects of foreign exchange differences	-	-	-	-	(6,841)	-	(6,841)
<b>As at 30 September 2018</b>	<b>160,192</b>	<b>(8)</b>	<b>-</b>	<b>(1,912)</b>	<b>36,223</b>	<b>80,763</b>	<b>275,258</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 2017 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 2018

These figures have not been audited

	2018 Year-to-Date ended 30 June RM'000	2017 Year-to-Date ended 30 June RM'000
Net cash generated from operating activities	29,868	18,220
Net cash generated used in investing activities	(9,820)	(7,805)
Net cash generated from/(used in) financing activities	<u>(23,737)</u>	<u>5,552</u>
Net increase/(decrease) in cash and cash equivalents	(3,689)	15,967
Effects of foreign exchange differences	(3,236)	699
Cash and cash equivalents at beginning of financial period	<u>26,120</u>	<u>8,740</u>
Cash and cash equivalents at end of financial period	<u><b>19,195</b></u>	<u><b>25,406</b></u>

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

Cash and bank balances	23,582	26,630
Short term borrowings - bank overdrafts	<u>(4,387)</u>	<u>(1,224)</u>
	<u><b>19,195</b></u>	<u><b>25,406</b></u>

*The condensed consolidated statements of cashflows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying notes attached to the interim financial statements.*



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

### 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 2017.

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 2017.

#### 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 2017 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 2018.

#### 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 2018.

#### 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 2018, a total of 10,000 shares were held as Treasury Shares by the Company.

#### 7. Dividends Paid

The following dividends were paid in the current financial year:-

- (a) a second interim single-tiered dividend of 1.0 sen per share in respect of financial year 2017 was paid on 05 February 2018; and
- (b) a first interim single-tiered dividend of 0.75 sen per share in respect of financial year 2018 was paid on 17 August 2018.



## 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 2018 RM'000	Cumulative year- to-date RM'000
<b>Segment Revenue:</b>		
Malaysia	52,319	151,468
People's Republic of China	65,710	284,435
Europe	21,524	65,112
	139,553	501,015
Group adjustments	(52,681)	(202,085)
Total	<b>86,872</b>	<b>298,930</b>
<b>Segment Results:</b>		
Malaysia	2,401	7,443
People's Republic of China	(44)	4,013
Europe	117	792
	2,474	12,248
Group adjustments	914	203
Total	<b>3,388</b>	<b>12,451</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 30 September 2018.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2017.

## 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 2018.

## 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 2017.

## 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 2017.

## 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 2018 is as follows:-

	RM'000
Capital expenditure approved and contracted for	1,640



## **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 RM86.9 million in the current quarter compared to RM105.8 million in the corresponding quarter ended 30 September 2017, an decrease of 17.9%. Group pretax profit recorded in the period was RM2.6 million, similar to the corresponding quarter of the previous year. The decline in revenue was mainly due to lower sales volumes of the Group's products but this was mitigated by the weakened Ringgit over the two financial periods.

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

Sales for the third quarter of 2018 amounted to RM86.9 million, a decrease of 18.0% compared to RM106.0 million reported for the second quarter of the year. Correspondingly, pre-tax profit also decreased in the current quarter to RM2.6 million, a reduction of 29.7% from the previous quarter's result of RM3.7 million. Despite the weaker Ringgit exchange relative to the major trading currencies of USD and Euro, lower sales volumes and poor performance of the China operations have impacted significantly on the Group's bottom line.

### **3. Current Year Prospects**

Demand for the Group's general-purpose and industrial gloves are expected to remain stable. However, the Group continues to face challenges such as labour and material costs and exchange rate fluctuations of the Ringgit against major trading currencies such as the U.S. Dollar and Euro.

The first phase of our nitrile disposable gloves project is currently operating at almost full capacity and demand is expected to remain stable until the end of the financial year. The Group's second phase of expansion is on schedule for completion by mid-2019 with commercial production expected to commence by the end of 2019.

In late September 2018, the local Department of Environment ("DOE") office in China issued immediate mandatory stop orders to all factories operating coal-fired boilers, including our plants in Huizhou City, Guangdong Province. The DOE will allow resumption of operations if these boilers were converted to other clean energy sources such as electricity or natural gas.

As a result of this development, the Group's China operation was temporarily discontinued and the Management is actively taking appropriate measures to replace all the existing boilers with gas-fired boilers. This conversion is expected to take approximately four to six months to complete. Simultaneously, the Management is also exploring any business opportunities to monetize the Group's investment in China as long as it is beneficial to the stakeholders of the Company.

As such, the overall Group results for the fourth quarter of 2018 is expected to be negatively affected by this temporary stoppage.

### **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 2018 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	336	852
Current year – Foreign income tax	169	1,390
Total income tax expense	<b>505</b>	<b>2,242</b>

## 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 2018.

## 7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 September 2018.

## 8. Status of Corporate Proposals

As at 30 September 2018, 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 the project was deferred to the fourth quarter of 2018.

## 9. Group Borrowings and Debt Securities

	As at 30 September 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	2,630	16,707	19,337
Term Loans	-	30,401	30,401
	<b>2,630</b>	<b>47,108</b>	<b>49,738</b>

## 10. Financial Instruments Risks

As at 30 September 2018, 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)	808	3,351	3,362	October 2018 - January 2019
Euro (EUR)	1,039	4,993	4,996	October 2018 - January 2019
		<b>8,344</b>	<b>8,358</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 2017.





### 11. Changes in Material Litigation

There was no outstanding material litigation as at 30 September 2018.

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

Group	Current period ended 30 September 2018 RM'000	Period ended 30 September 2017 RM'000
Total retained profits/(loss):		
- Realised	81,812	72,788
- Unrealised	(1,049)	(11)
	<b>80,763</b>	<b>72,777</b>

### 13. Dividend Payable

#### Notice of book closure

**NOTICE IS HEREBY GIVEN** that a second interim single-tiered dividend of 1.0 sen per share in respect of the financial year ending 31 December 2018 will be payable on 24 January 2019. The entitlement date for the dividend payment is 04 January 2019.

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 04 January 2019 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 2018	Cumulative Year-to-Date ended 30 September 2017
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	7,779	7,670
Weighted average number of ordinary shares in issue	Shares	252,195,617	252,195,617
<b>Basic EPS</b>	<b>sen</b>	<b>3.08</b>	<b>3.04</b>

### 15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 27 November 2018.

**CHAN CHEE KHEONG (MAICSA 0810287)**

**Company Secretary**

Ipoh, Perak.

27 November 2018