

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 31 December 2018

These figures have not been audited

	2018 Current Quarter ended 31 December RM'000	2018 Year-to-Date ended 31 December RM'000	2017 Current Quarter ended 31 December RM'000	2017 Year-to-Date ended 31 December RM'000
CONTINUING OPERATIONS				
Revenue	54,146	355,792	112,189	401,188
Cost of sales	(48,891)	(333,616)	(105,595)	(364,950)
Gross profit	5,255	22,176	6,594	36,238
Other gains and losses	(1,488)	(962)	1,779	(2,956)
Operating expenses	(2,956)	(11,493)	(3,276)	(11,970)
Profit from operations	811	9,721	5,097	21,312
Finance costs	(629)	(2,831)	(708)	(3,533)
Profit/(Loss) before tax	182	6,890	4,389	17,779
Income tax expense	(273)	(1,361)	1,132	(1,591)
Profit/(Loss) for the year from continuing operations	(91)	5,529	5,521	16,188
DISCONTINUED OPERATIONS				
Profit/(Loss) for the year from discontinued operations	(59,476)	(57,317)	(18)	(3,016)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(59,567)	(51,788)	5,503	13,172
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	1,204	(5,637)	(4,771)	(79)
Total comprehensive income for the period attributable to Equity holders of the Company	(58,363)	(57,425)	732	13,093
Earnings per share:				
From continuing and discontinued operations Basic (sen)	(23.62)	(20.53)	2.18	5.22
From continuing operations Basic (sen)	(0.04)	2.19	2.19	6.42

Note: Comparative figures have been re-presented to reflect the operations classified as discontinued in the current year

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 31 December 2018

These figures have not been audited

	As at 31 December 2018 RM'000	Year ended 31 December 2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	86,485	192,560
Prepaid lease payments	6,106	15,996
Deferred tax asset	1,748	1,182
Goodwill	2,793	2,793
	<u>97,132</u>	<u>212,531</u>
Current Assets		
Inventories	56,600	88,900
Trade and other receivables	45,493	81,740
Cash and bank balances	23,866	28,696
	<u>125,959</u>	<u>199,336</u>
Property, plant and equipment held for sale	67,460	-
	<u>67,460</u>	<u>-</u>
TOTAL ASSETS	<u>290,551</u>	<u>411,867</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	160,192	160,192
Treasury shares	(8)	(8)
Other reserves	35,515	40,722
Retained earnings	19,052	75,683
TOTAL EQUITY	<u>214,751</u>	<u>276,589</u>
Non-current Liabilities		
Borrowings	27,003	38,782
Other liabilities	-	508
Deferred tax liabilities	-	-
	<u>27,003</u>	<u>39,290</u>
Current Liabilities		
Trade and other payables	31,395	69,951
Borrowings	17,402	26,037
	<u>48,797</u>	<u>95,988</u>
TOTAL LIABILITIES	75,800	135,278
TOTAL EQUITY AND LIABILITIES	<u>290,551</u>	<u>411,867</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 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 31 December 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		
As at 01 January 2017	114,639	(8)	29,503	(2,415)	43,142	66,998	251,859
Total comprehensive income for the period	-	-	-	-	-	13,172	13,172
Dividend paid	-	-	-	-	-	(4,413)	(4,413)
Transferred from retained earnings	-	-	-	74	-	(74)	-
Issuance of new shares	16,049	-	-	-	-	-	16,049
Waiver of debts	-	-	-	-	-	-	-
Transfer arising from "no par value" regime	29,504	-	(29,503)	-	-	-	1
Effects of foreign exchange differences	-	-	-	-	(79)	-	(79)
As at 31 December 2017	160,192	(8)	-	(2,341)	43,063	75,683	276,589
As at 01 January 2018	160,192	(8)	-	(2,342)	43,064	75,683	276,589
Total comprehensive income for the period	-	-	-	-	-	(51,788)	(51,788)
Dividend paid	-	-	-	-	-	(4,413)	(4,413)
Waiver of debt from subsidiary company treated as capital contribution	-	-	-	430	-	(430)	-
Effects of foreign exchange differences	-	-	-	-	(5,637)	-	(5,637)
As at 31 December 2018	160,192	(8)	-	(1,912)	37,427	19,052	214,751

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 31 December 2018

These figures have not been audited

	2018 Year-to-Date ended 31 December RM'000	2017 Year-to-Date ended 31 December RM'000
Net cash generated from operating activities	59,729	43,822
Net cash generated used in investing activities	(36,239)	(18,449)
Net cash generated from/(used in) financing activities	<u>(27,875)</u>	<u>(7,064)</u>
Net increase/(decrease) in cash and cash equivalents	(4,385)	18,309
Effects of foreign exchange differences	(2,046)	(929)
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>19,689</u>	<u>26,120</u>

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

Cash and bank balances	23,866	28,696
Short term borrowings - bank overdrafts	<u>(4,177)</u>	<u>(916)</u>
	<u>19,689</u>	<u>27,780</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 FOURTH QUARTER ENDED 31 DECEMBER 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 financial statements ended 31 December 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 financial statements ended 31 December 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 31 December 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.

Continuing Operations	Current Quarter ended 31 December 2018 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia	53,948	205,437
Europe/Hong Kong (Trading)	26,899	227,938
	80,847	433,375
Group adjustments	(26,701)	(77,583)
Total	54,146	355,792
Segment Results:		
Malaysia	(78,962)	(71,519)
Europe/Hong Kong (Trading)	(2,653)	(1,136)
	(81,615)	(72,655)
Group adjustments	82,426	82,376
Total	811	9,721

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 December 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 31 December 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 financial statements as at 31 December 2018 is as follows:-

	RM'000
Capital expenditure approved and contracted for	1,349



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

1. Review of Performance

On 31 December 2018, the Company entered into a conditional Sale and Purchase Agreement with Nutraceutical Biotech Global Holdings Limited for the proposed disposal of the Group's manufacturing operations in China ("China Operations") through the disposal of the Group's entire equity interests in Pioneer Vantage Limited, [which holds 100% equity interest in LPL (Hui Zhou) Glove Co. Ltd.] and Lifestyle Investment (Hong Kong) Limited, [which holds 100% equity interest in Lifestyle Safety Products (Hui Zhou) Co. Ltd.], for a total cash consideration of HKD135.0 million.

As a result of this material development and guided by *IFRS5 Non-current Assets held for Sale and Discontinued Operations*, the Group's financial results and review of performance for the period ended 31 December 2018 have been reclassified for presentation purposes, where losses from the Group's China Operations are disclosed separately as "Discontinued Operations". As such, this review of performance is conducted on the Group's Continuing Operations in Malaysia, Spain and Hong Kong. Comparative figures of the previous financial year have also been restated accordingly.

Under the Group's Continuing Operations, a sales turnover of RM54.1 million was achieved in the current quarter, approximately halved of that RM112.2 million recorded in the corresponding quarter of the previous year ended 31 December 2017 due to the lower volumes of gloves sold as a result of the disposal of our China operations. Consequently, Group pretax profit recorded in the period was RM0.2 million, a significant decrease from RM4.4 million in the corresponding quarter of the previous financial year.

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

Under the Group's Continuing Operations, a slight pretax profit of RM0.2 million was achieved in the current quarter, a considerable reduction compared to RM2.6 million (net of Discontinued Operations, the restated pretax profit is RM2.4 million) in the third quarter. The decrease in pretax profits were mainly due to the discontinuation of the Group's operations in China, resulting in one of its subsidiary companies in Hong Kong incurring a loss of RM2.8 million in the current quarter. The remainder companies under the Group's Continuing Operations had recorded pretax profits of RM3.0 million in the current quarter.

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 full capacity. The Group's second phase of expansion is on schedule for completion by the first quarter of 2020 with commercial production expected to commence in the same period. With this expansion, the Group expects the installed capacity to increase from the current 1 billion pieces to 2 billion pieces per annum. This project shall also be partially funded from proceeds raised from the disposal of the Group's China operations.



Overall, the Group expects the financial performance of its Continuing Operations in 2019 to be stable as compared to financial year 2018.

4. Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee has been issued for the current quarter.

5. Taxation

Continuing Operations	Current quarter ended 31 December 2018 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	1,058	1,910
Current year – Foreign income tax	27	263
Deferred tax	(812)	(812)
Total income tax expense	273	1,361

6. Sales of Unquoted Investments and/or Properties

On 31 December 2018, the Company entered into a conditional Sale and Purchase Agreement for the disposal of its entire equity in two of its Hong Kong subsidiary companies as explained in item B1 above. Subsequently, shareholders' approval were obtained on 18 February 2019. The sale is expected to be completed by September 2019.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 31 December 2018.

8. Status of Corporate Proposals

As at 31 December 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 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.

9. Group Borrowings and Debt Securities

	As at 31 December 2018		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	-	17,402	17,402
Term Loans	-	27,003	27,003
	-	44,405	44,405



10. Financial Instruments Risks

As at 31 December 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)	258	1,087	1,068	January - April 2019
Euro (EUR)	417	1,994	1,973	January - April 2019
		3,081	3,041	

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 31 December 2018.

12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current period ended 31 December 2018 RM'000	Period ended 31 December 2017 RM'000
Total retained profits/(loss):		
- Realised	19,847	75,143
- Unrealised	(795)	540
	19,052	75,683

13. Dividend Payable

No dividend is proposed for the current quarter ended 31 December 2018.

14. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 31 December 2018	Cumulative Year-to-Date ended 31 December 2017
Profit/(Loss) for the year attributable to ordinary shareholders of the Company, from continuing operations	RM'000	5,529	16,188
Weighted average number of ordinary shares in issue	Shares	252,195,617	252,195,617
Basic EPS	sen	2.19	6.42



Rubberex Corporation (M) Berhad (Company no. 372642-U)

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 26 February 2019.

CHAN CHEE KHEONG (MAICSA 0810287)

Company Secretary

Ipoh, Perak.

26 February 2019