

RUBBEREX CORPORATION (M) BERHAD

Incorporated in Malaysia

(Company no. 372642-U)

Condensed Consolidated Statements of Comprehensive Income for the financial period ended 30 September 2019

These figures have not been audited

	2019 Current Quarter ended 30 September RM'000	2019 Year-to-Date ended 30 September RM'000	2018 Current Quarter ended 30 September RM'000 (Restated)	2018 Year-to-Date ended 30 September RM'000 (Restated)
CONTINUING OPERATIONS				
Revenue	62,233	168,330	56,272	165,719
Cost of sales	(55,920)	(149,590)	(51,241)	(150,350)
Gross profit	6,313	18,740	5,031	15,369
Other gains and losses	1,017	465	759	1,173
Operating expenses	(3,241)	(8,600)	(2,773)	(8,317)
Profit from operations	4,089	10,605	3,017	8,225
Finance costs	(426)	(1,649)	(718)	(2,158)
Profit before tax	3,663	8,956	2,299	6,067
Income tax expense	(549)	(1,486)	(350)	(1,068)
Profit for the period from continuing operations	3,114	7,470	1,949	4,999
DISCONTINUED OPERATIONS				
Profit for the period from discontinued operations	15,533	13,760	168	2,780
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	18,647	21,230	2,117	7,779
Other comprehensive income, net of tax:				
Foreign currency translation differences for foreign operations	(30,106)	(30,536)	(1,580)	(6,841)
Total comprehensive income for the period attributable to Equity holders of the Company	(11,459)	(9,306)	537	938
Earnings per share:				
From continuing and discontinued operations				
Basic (sen)	7.39	8.42	0.84	3.08
From continuing operations				
Basic (sen)	1.23	2.96	0.77	1.98

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 30 September 2019

These figures have not been audited

	As at 30 September 2019 RM'000	Year ended 31 December 2018 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	98,119	86,844
Prepaid lease payments	4,912	5,038
Deferred tax asset	1,748	1,748
Goodwill	2,793	2,793
	<u>107,572</u>	<u>96,423</u>
Current Assets		
Inventories	42,399	56,266
Trade and other receivables	47,269	47,365
Cash and bank balances	63,366	23,866
	<u>153,034</u>	<u>127,497</u>
Assets held for sale	-	70,352
	<u>260,606</u>	<u>294,272</u>
TOTAL ASSETS	260,606	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	6,891	35,085
Retained earnings	35,551	19,185
TOTAL EQUITY	<u>202,626</u>	<u>214,454</u>
Non-current Liabilities		
Borrowings	4,891	27,003
Other liabilities	-	-
Deferred tax liabilities	-	-
	<u>4,891</u>	<u>27,003</u>
Current Liabilities		
Trade and other payables	38,379	35,413
Borrowings	14,710	17,402
	<u>53,089</u>	<u>52,815</u>
TOTAL LIABILITIES	57,980	79,818
TOTAL EQUITY AND LIABILITIES	<u>260,606</u>	<u>294,272</u>
Net assets per share (RM)	0.80	0.85

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 30 September 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		Retained Earnings 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	-	-	-	-	7,779	7,779
Waiver of debt from subsidiary company treated as capital contribution	-	-	430	-	(808)	(378)
Dividend paid	-	-	-	-	(1,891)	(1,891)
Effects of foreign exchange differences	-	-	-	(6,841)	-	(6,841)
As at 30 September 2018	160,192	(8)	(1,912)	36,223	80,763	275,258
As at 01 January 2019	160,192	(8)	(2,342)	37,427	19,185	214,454
Total comprehensive income for the period	-	-	-	(2,840)	(2,619)	(5,459)
Transferred to/from retained earnings	-	-	2,342	-	(2,342)	-
Dividend paid	-	-	-	-	(2,522)	(2,522)
Disposal of subsidiary companies	-	-	-	(27,606)	23,849	(3,757)
Effects of foreign exchange differences	-	-	-	(90)	-	(90)
As at 30 September 2019	160,192	(8)	-	6,891	35,551	202,626

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 30 September 2019

These figures have not been audited

	2019 Year-to-Date ended 30 September RM'000	2018 Year-to-Date ended 30 September RM'000
Net cash generated from operating activities	25,168	29,868
Net cash generated used in investing activities	38,980	(9,820)
Net cash generated from/(used in) financing activities	<u>(27,326)</u>	<u>(23,737)</u>
Net increase/(decrease) in cash and cash equivalents	36,822	(3,689)
Effects of foreign exchange differences	25	(3,236)
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>60,554</u>	<u>19,195</u>

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

Cash and bank balances	63,366	23,582
Short term borrowings - bank overdrafts	<u>(2,812)</u>	<u>(4,387)</u>
	<u>60,554</u>	<u>19,195</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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 30 September 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 30 September 2019, 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 2018 was paid on 24 January 2019; and
- (b) a first interim single-tiered dividend of 1.0 sen per share in respect of financial year 2019 was paid on 18 September 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 30 September 2019 RM'000	Cumulative year- to-date RM'000
Segment Revenue:		
Malaysia/HK	64,131	171,673
Europe	21,248	62,730
	85,379	234,403
Group adjustments	(23,146)	(66,073)
Total	62,233	168,330
Segment Results:		
Malaysia/HK	4,043	74,546
Europe	299	1,367
	4,342	75,913
Group adjustments	(253)	(65,308)
Total	4,089	10,605

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 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 30 September 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 30 September 2019 is as follows: -

	RM'000
Capital expenditure approved and contracted for	26,503



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 gains and losses attributable to 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.

Revenue of RM62.2 million was achieved in the current quarter ended 30 September 2019, an increase of 10.6% from RM56.3 million recorded in the corresponding quarter of the previous year, largely contributed by the nitrile disposable glove division. A higher pretax profit of RM3.8 million was also recorded in the current quarter, an improvement from RM2.3 million by comparison, mainly due to favourable glove selling prices and higher profit margins.

The Group has also completed the disposal of its China operations in the current quarter and a net gain of RM15.5 million, mainly as a result of the reversal of translation reserves, has been recognized under the Group's Discontinued Operations.

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

Sales revenue for the third quarter of 2019 improved by RM6.6 million, from RM55.6 million in the second quarter to RM62.2 million, an increase of 11.8%, largely contributed by the Group's nitrile disposable glove division. Heightened demand and favourable glove selling prices as well as improved profit margins have resulted in a pretax profit of RM3.8 million recorded in the current quarter, an increase by 33.3% from RM2.7 million previously amidst the weakened Ringgit relative to the U.S. Dollar and Euro.

3. Current Year Prospects

With the completion of the disposal of the Group's China operations, the Management shall re-focus its resources in Malaysia, particularly in the nitrile disposable gloves division. This division is currently operating at full capacity with order intakes that have surpassed installed capacity, as such, the Group has fast-tracked the second phase of its expansion with the proposed installation of additional production lines that would boost the current installed capacity from 1.0 billion pieces to 2.0 billion pieces annually. Upon the completion of this phase of expansion, this division is expected to contribute significantly to the Group's revenue and earnings by the second quarter of 2020 onwards.

Demand for the Group's general-purpose and industrial gloves are expected to remain stable and unchanged for the remainder of the year.

Meanwhile, the Group continues to be mindful of competition, market and operational risks such as foreign exchange fluctuations, material and labour costs. The Group remains cautiously optimistic on a better performance from the Continuing Operations for financial year 2019.

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 30 September 2019 RM'000	Cumulative year- to-date RM'000
Current year – Malaysian income tax	459	1,076
Current year – Foreign income tax	90	410
Total income tax expense	549	1,486

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 2019.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 September 2019.

8. Status of Corporate Proposals

As of 30 September 2019, the Group had utilized a sum of RM15.1 million out of the 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 plant in Ipoh, Perak.

The Group had also completed its disposal of equity interests in two of its Hong Kong subsidiary companies for a total consideration of HKD135.0 million during the current quarter; an announcement was duly made on Bursa Malaysia Securities Berhad on 26 August 2019.

9. Group Borrowings and Debt Securities

	As at 30 September 2019		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term borrowings including trade financing	620	14,090	14,710
Term Loans	4,891	-	4,891
	5,511	14,090	19,601

10. Financial Instruments Risks

As at 30 September 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)	646	2,715	2,706	October 2019 - January 2020
Euro (EUR)	830	3,904	3,803	October 2019 - January 2020
		6,619	6,509	

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 30 September 2019.

12. Dividend Payable

No dividend is proposed for the current quarter ended 30 September 2019.

13. Earnings per Share (“EPS”)

		Cumulative Year-to-Date ended 30 September 2019	Cumulative Year-to-Date ended 30 September 2018 (Restated)
Continuing Operations			
Profit for the period attributable to equity holders of the Company	RM'000	7,470	4,999
Weighted average number of ordinary shares in issue	Shares	252,195,617	229,195,617
Basic EPS	sen	2.96	1.98

14. Authorisation for Issue

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

Ipoh, Perak
26 November 2019