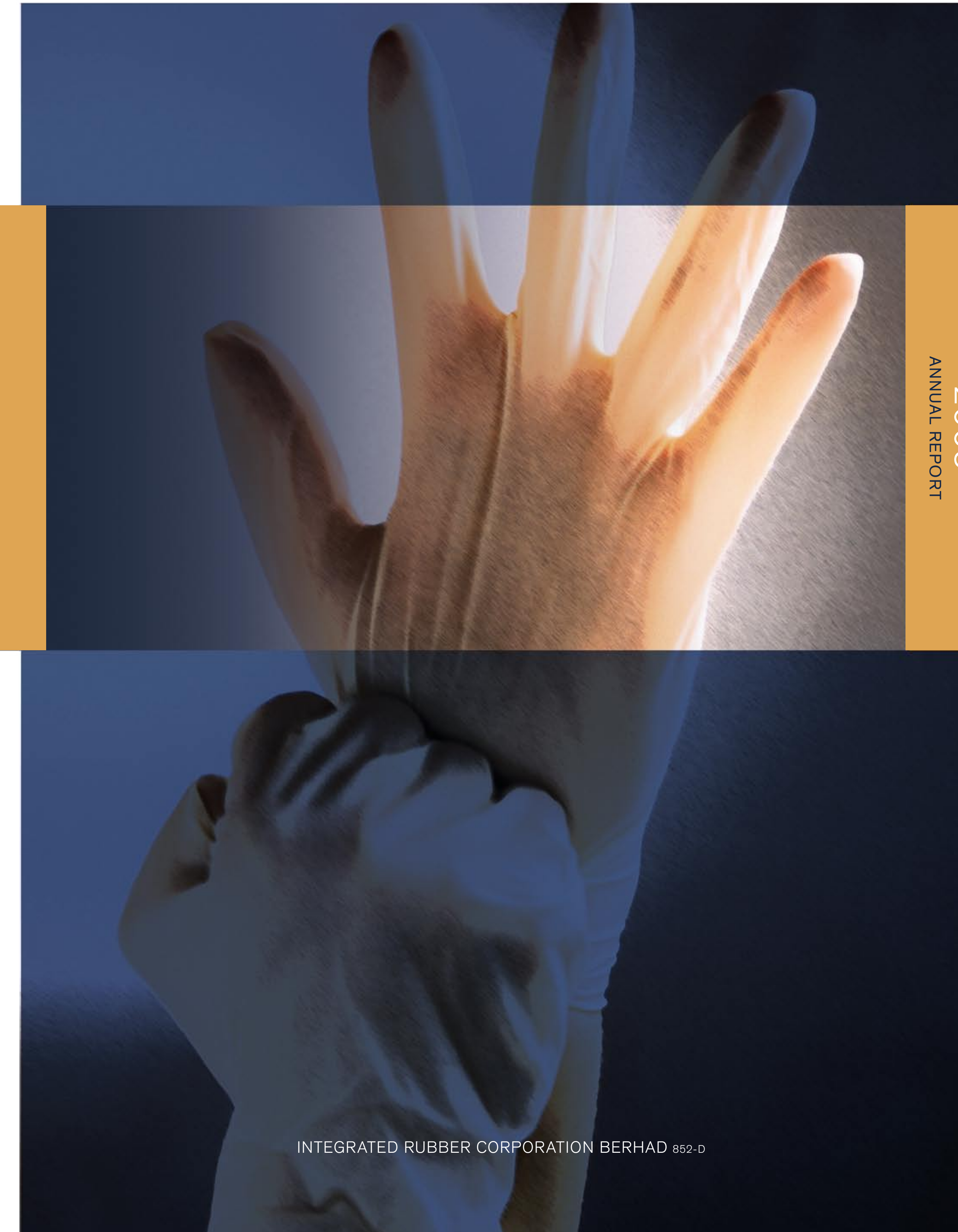
INTEGRATED RUBBER CORPORATION BERHAD 852-D

10th Floor, Block B, HP Towers, 12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur



2005

ANNUAL REPORT

INTEGRATED RUBBER CORPORATION BERHAD 852-D

‘HANDS-ON 05’ IS A REFLECTION OF OUR APPROACH TO OUR NEW CORE BUSINESS... THE MANUFACTURE OF NATURAL RUBBER LATEX GLOVES.

IN THE CHALLENGING TASK OF RATIONALISING THE COMPANY’S TRANSITION TO OUR NEW CORE BUSINESS, EACH STAFF MEMBER FROM THE MANAGING DIRECTOR DOWN, HAS BEEN INVOLVED IN HANDS-ON MANAGEMENT IN STEERING THE COMPANY TOWARDS THIS NEW AND EXCITING PATH.

TODAY, WE ARE OPTIMISTIC ABOUT THE COMPANY’S GROWTH PROSPECTS IN THIS IMPORTANT DOWNSTREAM INDUSTRY AS WE MARSHALL THE RESOURCES OF THE COMPANY TO BRING ABOUT POSITIVE RESULTS IN THE YEARS AHEAD.

contents

chairman's statement

LAST YEAR WE ACQUIRED A NATURAL RUBBER LATEX ("NRL") GLOVE MANUFACTURING AND TRADING BUSINESS AND SET A PATH FOR A NEW FUTURE FOR THE GROUP. TODAY, WE ARE OPTIMISTIC ABOUT THE GROUP'S GROWTH PROSPECTS DRIVEN BY THE EXPECTED INCREASE IN GLOBAL DEMAND FOR NRL GLOVES. OUR STRATEGY FROM HERE ON IS TO STRENGTHEN OUR MARKET POSITION AND STAY COMPETITIVE IN THE INDUSTRY AND POSITION THE GROUP FOR CONTINUED GROWTH IN THE YEARS AHEAD.

INDUSTRY TRENDS

Malaysia is currently the world's leading manufacturer of NRL gloves, consistently recording an annual export sales of over RM3 billion from disposable NRL gloves in the past few years. The country's export sales of NRL gloves recorded a growth rate of 19% from 2003 to 2004, reflecting solid signs of recovery after a slowdown in 2000 as a result of an over-supply of NRL gloves and the switch to synthetic rubber gloves on concerns of latex allergy caused by NRL gloves.

Comfort Rubber Gloves Industries Sdn Bhd ("CRG"), the Group's main operating subsidiary, is a major manufacturer of disposable NRL examination gloves, contributing 2.3% to the country's total export revenue of NRL examination gloves. These gloves are mostly produced for the export market and are widely used in hospitals, nursing homes, industrial plants and food handling processes worldwide. CRG's competitive edge is its ability to produce high-quality NRL gloves cost effectively, which is critical to its success in the current competitive environment.

FUTURE PLANS AND PROSPECTS

To leverage on the expected increase in world demand for NRL examination gloves, and to improve our competitive position in the face of increasing competition, we have set out the following strategies:

- **Increase production capacity to achieve greater economies of scale**
  We plan to invest in new plant and machinery to achieve better economies of scale and meet the various quality standards and requirements of different export markets. These investments will increase our annual glove production capacity to about 3 billion from 1.7 billion currently and allow us to enjoy greater economies of scale and remain competitive in the face of increasing competition.

- **Better penetrate into existing markets and develop new markets**
  We will work closely with existing customers to strengthen our presence in existing key market segments in Asia, USA and Europe. With the increase in our production, we will also focus on expanding our exports to China and Japan and penetrate into new markets in the Middle East, Latin America and South Africa through more aggressive marketing, and increased participation in international trade fairs and overseas trade missions.

- **Expand manufacturing facilities overseas**
  To remain competitive, we are focusing on becoming a regional manufacturer with manufacturing facilities in neighbouring countries like Indonesia, Thailand and Vietnam, to capitalise on the abundant labour supply and tax incentives in these countries. With our technological know-how, human resource and market network, we are well positioned to diversify our manufacturing base into other countries in South East Asia to further enhance our competitive edge.

- **Improve product mix**
  With the increasing trend of switching from powdered to powder-free gloves, we are progressively changing our product mix towards producing more powder-free gloves which have lower protein content to cater for the increase in demand.

FINANCIAL RESULTS

With the completion of the restructuring scheme in July 2004, the Group turned around the corner and achieved profitability during the last financial period. For the nine-month period ended 31 January 2005, the Group registered a profit before tax of RM7.1 million compared to a loss before tax of RM1.5 million in the previous year. For the period under review, the Group recorded a net profit of RM6.1 million and earnings per share of 3.6 sen. Revenue grew to RM53.3 million from RM28,000 in the previous year.

The Board has recommended a dividend of 1.5 sen tax-exempt for the period under review. If approved by shareholders, this will be the first time the Company will be paying dividends since January 1990.

We expect to record better results this year with the full-year consolidation of CRG's results, which are expected to improve following its expansion plans, improved production capacity and aggressive marketing strategy.

APPRECIATION

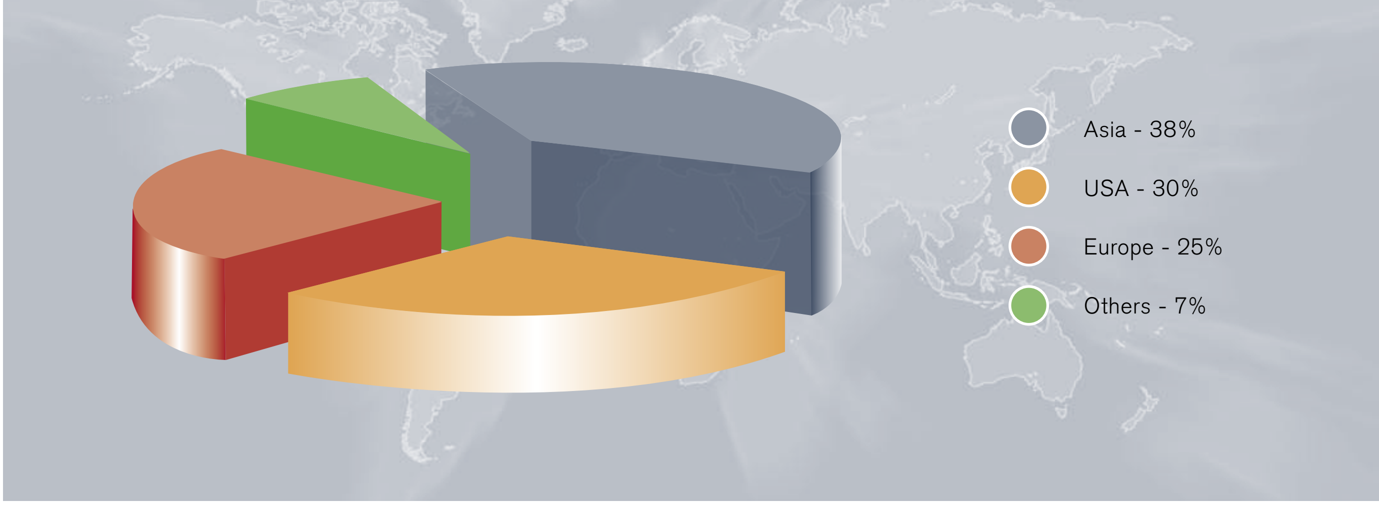
I would like to thank all our shareholders for their continued support in the Company throughout this period of change. I would also like to thank our customers and business associates for their continued confidence in the Company and our employees for their dedication and hard work to ensure we reach our goals. My gratitude also goes out to my colleagues on the Board for their guidance and counsel.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
CHAIRMAN

financial highlights

	2004 RM'000	9-month period ended 31 January 2005 RM'000
Profit / (loss) before tax and exceptional items	(1,515)	7,129
Profit / (loss) attributable to shareholders	(1,515)	6,130
Gross assets	2,230	124,530
Shareholders' funds	(21,607)	96,823
Earnings / (loss) per share (sen)	(12.4)	3.6
Net asset / (liabilities) per share (sen)	(70.8)	40.9

market distribution by region



corporate information

DIRECTORS

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN (CHAIRMAN)

TAN KENG BENG

DATO' (DR) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD

DATUK ALIAS BIN ALI

DATO' DANIEL TAY KWAN HUI

TAN KOON POON @ TAN KOON PUN

TAN LOON GUAN

Secretaries
Nanjappan A/L Vengedasalam
Chan Yoke Yin (Ms)

Registered Office
10th Floor, Block B, HP Towers
12, Jalan Gelenggang, Bukit Damansara
50490 Kuala Lumpur
Tel: 603 2092 5588 Fax: 603 2094 0296
E-mail: cosec@mmc.com.my

Share Registrar
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 603 2721 2222 Fax: 603 2721 2530

Operational Office
Comfort Rubber Gloves Industries Sdn Bhd
Lot 821, Jalan Matang
34750 Matang, Taiping, Perak

Auditors
KPMG Chartered Accountants

Principal Bankers
Bumiputra Commerce Bank Berhad
Malayan Banking Berhad

Stock Exchange Listing
Main Board
Bursa Malaysia Securities Berhad

profile of directors

Dato' Wira Syed Abdul Jabbar bin Syed Hassan

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, 66, was appointed as a non-independent, non-executive Director of the Company on 9 April 2004. On 1 May 2004, he was appointed Chairman of the Board.

Dato' Wira Syed Abdul Jabbar was the Chief Executive Officer of the Kuala Lumpur Commodity Exchange from 1980 to 1996, the Executive Chairman of Malaysia Monetary Exchange from 1996 to 1998 and the Executive Chairman of the Commodity and Monetary Exchange of Malaysia from 1998 to 2000.

Dato' Wira Syed Abdul Jabbar is a Malaysian citizen and holds a Bachelor of Economics degree and a Master of Science degree in Marketing. He is also the Chairman of MMC Corporation Berhad and MARDEC Berhad, and a Board member of Star Publications (Malaysia) Berhad and Malaysia Smelting Corporation Berhad.

Tan Keng Beng

Mr Tan Keng Beng, aged 43, was appointed as the Managing Director and an Audit Committee member on 22 July 2004.

He has been with Chip Lam Seng Berhad for the past twelve years and has vast working experience in processing and exporting natural rubber and latex concentrates, administration, marketing, processing and general management. He joined the Board of Comfort Rubber Gloves Industries Sdn Bhd ("CRG") in the year 2000 and was appointed as Managing Director on 18 January 2002. He is involved in policy planning and chartering the future course of CRG. Mr Tan Keng Beng is also the President of the Malaysian Latex Concentrate Producers (since 1996), alternate Board Member of the Malaysian Rubber Board ("MRB") and committee member of MRB on price advisory and freight. He is an advisor to the MRB and the Ministry of Primary Industries.

Mr Tan Keng Beng holds a Bachelor of Economics degree from Monash University, Melbourne, Australia and is an associate of the Australian Society of Certified Practising Accountants.

Tan Koon Poon @ Tan Koon Pun

Mr Tan Koon Poon @ Tan Koon Pun, aged 79, was appointed as a non-independent, non-executive Director on 22 July 2004.

He is the founder of Chip Lam Seng Berhad and is well respected in the rubber community with an estimated 49 years of accumulated experience in this industry.

Mr Tan Koon Poon started business as a sole proprietor of Chip Lam Seng Enterprise Berhad which later prospered and allowed him to expand into the current activities of rubber dealing, processing, packaging, importing and exporting of rubber products.

Dato' Daniel Tay Kwan Hui

Dato' Daniel Tay, aged 50, was appointed as an independent non-executive Director and a member of the Audit Committee on 22 July 2004.

Dato' Daniel Tay served as a committee member of the Perak Bar and sits as Chairman/member of a few disciplinary committees. He is a Councillor of Majlis Bandaraya Ipoh and Secretary of the Council of Justices of the Peace, Perak. He is the President of the YMCA of Ipoh and Vice-President of the National Council of YMCAs. He sits on the Management Board of the Methodist High School, Ipoh and continues to serve as the Vice-President of the Perak Lawn Tennis Association. Dato' Daniel Tay remains as a legal advisor to several public companies and sits as a director of others.

Dato' Daniel Tay qualified as a Barrister and was called to the Bar of England and Wales in 1978. In 1979 he was called to the Bar, States of Malaya. In 1980, he was appointed a Magistrate in Ipoh and resumed legal practice in 1982.

Tan Loon Guan

Mr Tan Loon Guan, aged 27, was appointed as a non-independent, non-executive Director on 22 July 2004.

Besides joining CRG as a Marketing Manager in 2002, he is also the Marketing Manager in Chip Lam Seng Berhad, specialising in the trading of natural rubber and latex concentrates for the local and overseas markets.

Mr Tan Loon Guan graduated in 2000 with a Bachelor of Arts degree from the University of Hertfordshire, United Kingdom.

Datuk Alias bin Ali

Datuk Alias bin Ali, aged 57, was appointed as a non-independent, non-executive Director on 7 September 2004.

Datuk Alias started his career with the Prime Minister's Department. In 1995 he was appointed as Secretary General of the Ministry of Health until his retirement in March 2004. He is currently a member of the Securities Commission and Board member of Pos Malaysia & Services Holdings Berhad, FIMA Corporation Berhad and Mentakab Rubber Company (Malaya) Berhad.

Datuk Alias holds a Bachelor of Economics degree from University Malaya, Malaysia and a Masters Degree in Business Management from the Asian Institute of Management, Philippines.

Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad

Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad, 66, was appointed to the Board as an independent non-executive Director on 23 September 2002. He is also the Chairman of the Audit Committee.

Dato' (Dr) Megat Abdul Rahman holds a Bachelor of Commerce degree from the University of Melbourne, Australia. He is a member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in Australia. He was awarded an Honorary Doctorate in Business Administration by Universiti Kebangsaan Malaysia.

Dato' (Dr) Megat Abdul Rahman was a partner in KPMG, Managing Partner of KPMG Desa Megat & Co. for over ten years and an Executive Director of Kumpulan Guthrie Berhad for eleven years. He is also a Board member of Tronoh Consolidated Malaysia Berhad, Press Metal Berhad, UAC Berhad and Boustead Holdings Berhad.

management team

SITTING FROM LEFT TO RIGHT

Ms Seah Bee Hoon **(Financial Controller)**, Mr Tan Keng Beng **(Managing Director)**, Mr Chee Yong Foo **(Chief Executive Officer)**, Mr Lim Chee Kiang **(General Manager)**

STANDING FROM LEFT TO RIGHT

Ms Vivien Tan **(Marketing Manager)**, Mr Chin Chun Seong **(QA Manager)**, Mr Ng Chai Chah **(Factory Manager)**, Mr Edmund Tan Loon Guan **(Marketing Manager)**, Mr Ng Tian Boo **(Maintenance Manager)**, Ms Dreena Wong **(Shipping Manager)**

statement on corporate governance

THE BOARD OF DIRECTORS IS COMMITTED TO ENSURE THAT THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE ARE PRACTISED IN THE GROUP. GOOD CORPORATE GOVERNANCE IS A FUNDAMENTAL PART OF THE BOARD'S RESPONSIBILITY TO PROTECT AND ENHANCE LONG TERM SHAREHOLDER VALUE AND THE FINANCIAL PERFORMANCE OF THE COMPANY, WHILST TAKING INTO ACCOUNT THE INTERESTS OF OTHER STAKEHOLDERS. THE BOARD HAS TAKEN STEPS TO INTRODUCE VARIOUS MEASURES IN ORDER TO ENHANCE ITS CORPORATE GOVERNANCE PRACTICES.

THIS SECTION OF THE ANNUAL REPORT DETAILS THE MEASURES IMPLEMENTED BY THE GROUP TO STRENGTHEN ITS COMPLIANCE WITH THE PRINCIPLES AND BEST PRACTICES OF CORPORATE GOVERNANCE AS SET OUT IN PART 1 AND 2 OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("CODE").

It is based on these premises that the Board has emphasised the importance of maintaining an effective corporate governance framework within the Group. Therefore, the Board is in the process of reviewing compliance to the Principles and Best Practices of the Malaysian Code on Corporate Governance. A narrative statement on how the Company has applied the Principles and Best Practices so far is set out below.

DIRECTORS

The Board

The Company is controlled and led by a Board of Directors (the Board) who is responsible to the shareholders for the management of the Group. The Board is responsible for the Group's overall strategy and objectives, its acquisition and divestment policies, major capital expenditure and the consideration of significant financial matters. It monitors the performance of the Group and its exposure to key business risks, the annual budgets, and their progress in relation to these budgets. During the period ended 31 January 2005, a total of five board meetings were held. Each Director, during their term of office, has attended at least 50% of these meetings to ensure compliance with the Listing Rules.

The roles of the Chairman and the Managing Director do not vest in the same person. Specific terms of reference are set out for both key positions to ensure that their roles are clearly distinguished.

In fully embracing the spirit of corporate governance and to facilitate the discharge of the Board's stewardship responsibilities, the Board has adopted the six specific responsibilities as prescribed by the Code.

DETAILS OF EACH DIRECTOR'S ATTENDANCE AT THE BOARD MEETINGS

NAME OF DIRECTOR	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE
Dato' Wira Syed Abdul Jabbar bin Syed Hassan	5/5	100
Tan Keng Beng (appointed on 22 July 2004)	3/3	100
Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad	5/5	100
Datuk Alias bin Ali (appointed on 7 September 2004)	2/2	100
Dato' Daniel Tay Kwan Hui (appointed on 22 July 2004)	3/3	100
Tan Koon Poon @ Tan Koon Pun (appointed on 22 July 2004)	3/3	100
Tan Loon Guan (appointed on 7 September 2004)	3/3	100
Dato' Mohd Hanafiah Omar (resigned on 7 September 2004)	3/3	100
Ahmad Kamal bin Abdullah Al-Yafii (resigned on 22 July 2004)	1/2	50

Board Balance

The Board comprises a Managing Director and six Non-Executive Directors, two of whom are independent. This composition allows for the applying of independent judgment on issues of strategy, performance, resource utilisation and standards of conduct, all of which are vital to the Group. The mixture of technical, entrepreneurial, financial and business skills of the Directors also enhances the effectiveness of the Board.

The Board is structured to ensure that it consists of one third of independent Directors with expertise and skills from various fields. The interests of major shareholders' are fairly reflected by the representation of the shareholders' nominees on the Board.

To further promote the active participation of Board members, the Chairman encourages healthy debates on important issues. The Board has also appointed YBhg Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad as its senior independent Director, to whom the concerns of the fellow members may be conveyed.

The non-executive Directors monitor the Group and the Management. The Board plays a significant role in the development of the Group policy. There is an adequate degree of independence and practice in place to allow Directors to meet and actively exchange views to ensure that the Board can effectively assess the direction of the Group and the performance of its management.

Supply of Information

The Board has a formal schedule of matters reserved specifically for its decision. It meets at least five times a year, and as and when necessary for any matters arising between regular Board meetings. The Board is supplied with information in a timely fashion and appropriate quality to enable them to discharge their duties. Therefore, due notice is given to Directors with regard to the issues to be discussed. All resolutions are recorded and thereafter circulated to the Directors for comments before the minutes of board proceedings are finalised and confirmed.

The Directors are given access to any information within the Group and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. Towards this end, there is an agreed procedure in place for Directors to acquire independent professional advice to ensure the Board functions effectively. All Directors have access to the advice and services of the Company Secretary whose appointment and removal is a matter for the Board as a whole. The Company Secretary is responsible for ensuring that Board procedures are met and advises the Board on compliance issues.

Appointment to the Board

The Code endorses as good practice, a formal procedure for appointment to the Board based on the recommendation made by the Nomination Committee. Towards this, the Board has established a Nomination Committee ("NC"), composed exclusively of non-executive directors, the majority of whom are independent. Their function is to propose new nominees to the Board and Board committees, and to assess Directors within the Group on an ongoing basis.

Re-election

All Directors are required to submit themselves for re-election by shareholders at least once every three years in accordance with the Company's Articles of Association. However, retiring Directors are eligible under the Articles, for re-election. In addition, pursuant to the Companies Act 1965, the Directors who are over the age of seventy years, are required to retire from office at every general meeting and shall be eligible for re-appointment to hold office until the next annual general meeting.

Directors' Training

The Board acknowledges that continuous education is vital for the Directors to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

All the Directors have completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). The Directors will continue to undergo relevant programmes and seminars to further enhance their knowledge to enable them to discharge their duties and responsibilities more efficiently.

New Directors are given essential Board and Company information for their reference. Board meetings are also held, whenever possible, within the Group's operating business to enable the Directors to obtain a better perspective of the business and enhance their understanding of the Group's operations.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The Board as a whole reviews the level of remuneration to ensure that it is sufficient to attract and retain Directors needed to run the Company successfully. However, individual Directors are not allowed to deliberate on their own remuneration.

The Board, through the Remuneration Committee ("RC"), reviews the levels of remuneration for the MD and the Board. This is to ensure that they are remunerated sufficiently to attract and retain Directors needed to run the Company successfully.

In relation to non-executive Directors, the remuneration recommended by the RC is reviewed by the Board as a whole from time to time to ensure that it is aligned to their duties and responsibilities.

The aggregate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiary company categorised into appropriate component for the financial period ended 31 January 2005 is as follows:

	FEE (RM)	SALARY (RM)	OTHERS (RM)	MEETING ALLOWANCES (RM)	BENEFIT IN KIND (RM)
Executive Director	-	214,400	-	5,250	10,625
Non-Executive Directors	143,078	-	2,400	27,750	12,500

The Directors received RM750 as their meeting allowance for each meeting attended.

The number of Directors of the Company whose total remuneration falls within the following band for the financial period from 1 May 2004 to 31 January 2005 is as follows:

	NO. OF DIRECTORS	
RANGE OF REMUNERATION	EXECUTIVE	NON EXECUTIVE
Below RM50,000	-	7
RM50,000 to RM100,000	-	1
RM200,000 to RM250,000	1	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 10 of Bursa Securities' Listing Requirements. The Board of Directors is of the opinion that separate disclosure would not add significantly to the understanding of shareholders and other interested persons in this area.

SHAREHOLDERS

Dialogue between the Company and Investors

The Group views investor relations as encompassing three vital and inter-related components:

1. **Communication**
   Our objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. As we report new developments and financial results, investors assess how each piece of information fits into the Company's overall strategy.

2. **Building Mutually Beneficial Relationships with Investors**
   Relationships are built on integrity, qualitative and timely information and management's ability to deliver on its promises.

3. **Providing Feedback to Management on How the Market Views the Company**
   We seek to understand the current attitudes of investors towards the Group, our strategies and key initiatives. This requires having a strong sense of how the market will react to strategies and gaining insight into actions investors will favour.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to stakeholders. The Board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operation and prospects each time it releases its quarterly and annual financial statements to shareholders.

In preparing the Financial Statements of the Company for the financial period ended 31 January 2005, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Internal Control

The Board is responsible to review the adequacy and integrity of the Group's internal control system. The Board has appointed experts, both internal and external to ensure that the Group maintains a sound system of internal control to safeguard the shareholders' investment and the Group's assets. The Board's Internal Control Statement appears on pages 22 and 23 of the Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement for maintaining an appropriate relationship with the Group's Internal and External Auditors. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the Auditors. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

BOARD COMMITTEES

Nomination Committee ("NC")

The NC comprises the Chairman of the Board as the Chairman of the committee with two independent, non-executive Directors. The committee met once during the financial period.

Amongst others, the Committee considered and recommended the nomination of additional directors to the Board of its subsidiary.

Remuneration Committee ("RC")

The RC comprises the Chairman of the Board as the Chairman of the committee with two independent, non-executive Directors. The committee met once during the financial period.

The Committee considered and recommended the following matters to the Board for its approval:

a) Revision in the fees payable to the Board of Directors;
b) Fees payable to the members of the Committees of the Board;
c) Reimbursement of expenses incurred in attending the meetings of the Board and its Committees; and
d) The terms and conditions of the contract of employment of the Managing Director.

Audit Committee

The Audit Committee comprises two independent non-executive Directors and the Managing Director and is chaired by YBhg Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad. The committee meets routinely four times a year with additional meetings held where necessary. At least one meeting is held each year with the external auditors in private, in the absence of the management.

The full details of the composition, complete terms of reference and the activities of the Audit Committee during the financial period are set out under the Audit Committee Report on pages 24 to 26.

additional compliance statement

Conflict of interest
Dato' Wira Syed Abdul Jabbar bin Syed Hassan is the Director and Chairman of the significant shareholder, MMC Corporation Berhad ("MMC"). In addition, Dato' Wira Syed Abdul Jabbar is deemed interested in 2,400 shares in the Company and 3,000 shares in MMC, both held by his son.

Mr Tan Keng Beng and Mr Tan Koon Poon @ Tan Koon Pun are deemed interested in the Company by virtue of their interest in Chip Lam Seng Berhad ("CLS") via Chip Lam Seng Enterprise Berhad ("CLSE"), which holds 100% interest in CLS pursuant to Section 6A of the Companies Act, 1965. Mr Tan Koon Poon @ Tan Koon Pun is the father of Mr Tan Keng Beng.

Mr Tan Loon Guan is the nephew of Mr Tan Keng Beng and grandson of Mr Tan Koon Poon and is deemed interested in the Company by way of him being a beneficiary to the estate of the late Tan Keng Boon pursuant to Section 6A of the Companies Act, 1965. Mr Tan Loon Guan is the son to the late Tan Keng Boon. Mr Tan Koon Poon @ Tan Koon Pun is the father to the late Tan Keng Boon.

In addition to the above, Mr Tan Koon Poon @ Tan Koon Pun, Mr Tan Keng Beng and Mr Tan Loon Guan are also deemed connected to subsidiaries and associates of the CLS group of companies.

Save for the abovesaid directors, none of the other directors have any family relationship with any directors and/or substantial shareholders of the Company.

Convictions for offences
None of the Directors has been convicted for offences within the past ten years other than traffic offences, if any.

Utilisation of proceeds
No proceeds were raised by the Group from any corporate proposal.

Share buybacks
The Group has no share buyback programme.

Options, warrants or convertible securities
No options, warrants or convertible securities were issued by the Group during the financial period.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") programme
During the financial period, the Group did not sponsor any ADR or GDR programme.

Imposition of sanctions/penalties
There were no sanctions and/or penalties imposed on the Group, Directors or Management by the relevant regulatory bodies.

Non-audit fees
During the period under review, non-audit fees paid or payable to the external auditors amounted to RM13,400.

Profit estimate, forecast or projection
As set out in the prospectus of IRCB dated 26 July 2004 ("Prospectus"), Comfort Rubber Gloves Industries Sdn Bhd ("CRG") was forecast to achieve a profit after taxation of RM12.3 million for the financial year ended 31 January (FY) 2005. In this regard, CRG has met its profit after tax forecast for financial year 2005 (Actual: RM12.5million).

additional compliance statement

However, the Group profit after tax and minority interest for FY 2005 of RM6.1 million is lower than the forecast as set out in the prospectus of RM8.2 million or by 23% due to the difference in the amount consolidated as CRG's post acquisition profit. This was partly due to the monthly revenue assumed which was lower than the revenue actually attained by CRG. Additionally, a 5-month pre-acquisition period was expected then and the balance of forecast profit after tax of CRG was taken as post-acquisition profits. However, due to a slight delay in actual completion date and better actual performance for the first half of the financial year, the actual pre-acquisition profit for the year was higher.

The deviation of Profit After Taxation is as follows:

	FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2005 RM'000
Prospectus Consolidated Profit After Tax*	8,200
Less: Lower result from CRG consolidated due to delay in actual acquisition completion date	(2,070)
Actual Group Profit After Tax	6,130

* Prospectus announced on 26 July 2004

Profit guarantee

During the year, there was no profit guarantee given by the Group.

Material contracts

Save as disclosed below, there were no other material contracts entered into by the Company and/or its subsidiaries involving Directors' and substantial shareholders' interests either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the financial year:

DATE	PARTIES	GENERAL NATURE OF CONTRACT	CONSIDERATION	RELATIONSHIP
25.11.2004	CLS and CRG	Purchase of latex from CLS for the months of January and February 2005	1,000,000 kg per month at RM2.95/kg	As per disclosure in the "Conflict of Interest" above
04.02.2005	CLS and CRG	Purchase of latex from CLS for the months of March to December 2005	500,000 kg per month (PMA local latex bulk with discount RM0.04/kg wet	As per disclosure in the "Conflict of Interest" above

DATE	PARTIES	GENERAL NATURE OF CONTRACT	CONSIDERATION	RELATIONSHIP
24.02.2005	CLS and CRG	Purchase of latex from CLS for the months of March to December 2005	500,000 kg per month (PMA noon SMR 20 Average plus premium RM0.80/kg dry	As per disclosure in the “Conflict of Interest” above
25.02.2005	CLS and CRG	Purchase of latex from CLS for the month of February 2005	300,000 kg at RM3.30/kg	As per disclosure in the “Conflict of Interest” above
25.03.2005	CLS and CRG	Purchase of latex from CLS for the month of March 2005	300,000 kg at RM3.30/kg	As per disclosure in the “Conflict of Interest” above
10.06.2003	Gas Malaysia Sdn Bhd (“GMSB”) and CRG	Purchase of natural gas for 5 years commencing May 2003	RM0.49/Sm3 (Total cost is based on actual consumption)	MMC is a major shareholder of IRCB and GMSB
12.04.2005	GMSB and CRG	Purchase of natural gas (Pre-supply of natural gas)	RM0.49/Sm3 (Total cost is based on actual consumption)	MMC is a major shareholder of IRCB and GMSB

Contracts relating to loan

There were no contracts relating to loans by the Group except as disclosed above.

Revaluation of landed properties

The Group does not have a revaluation policy on landed properties.

statement on internal control

THE MALAYSIAN CODE ON CORPORATE GOVERNANCE REQUIRES THE BOARD OF DIRECTORS OF PUBLIC LISTED COMPANIES TO MAINTAIN A SOUND SYSTEM OF INTERNAL CONTROL TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE GROUP'S ASSETS. PARAGRAPH 15.27(B) OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS REQUIRES THE BOARD OF DIRECTORS OF PUBLIC LISTED COMPANIES TO INCLUDE IN ITS ANNUAL REPORTS THE STATEMENT ABOUT THE STATE OF THEIR INTERNAL CONTROL.

THE BOARD IS COMMITTED TO MAINTAINING A SOUND SYSTEM OF INTERNAL CONTROL IN THE GROUP AND IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT, WHICH OUTLINES THE NATURE AND SCOPE OF INTERNAL CONTROL OF THE GROUP DURING THE PERIOD UNDER REVIEW.

Board Responsibility

The Board of Directors recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility for the Group's system of internal controls and risk management, which includes the review of the adequacy and integrity of this system. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control currently covers financial, organisational and compliance controls but the Board will in the future incorporate risk management procedures into the system of internal control.

Enterprise Risk Management Framework

The Group had successfully completed its restructuring scheme on 22nd July 2004. Immediately after the completion of its restructuring scheme, a new Board of Directors and Audit Committee were formed.

On 12th January 2005, the Board appointed an external advisor, Messrs KPMG, to carry out a review on the enterprise risk management. The Board, with the assistance of the external advisor will undertake to identify and evaluate the principal risks of the Company and its major subsidiary by assessing the likelihood of any significant exposure and identifying the measures to be taken to manage these risks. From this initial step, the Board will then work towards establishing and implementing a structured risk management framework within this forthcoming financial year.

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

Internal Audit Function

As part of the establishment of the appropriate control environment, the Group has also outsourced its Internal Audit function to a professional services firm, Messrs Deloitte Touche Tohmatsu, which provides the Board with the reasonable assurance it requires regarding the adequacy and integrity of the system of internal control.

The Internal Audit will cover the review of the internal controls in the key activities of the Group's businesses and this would be expected to commence within the coming financial year.

Other risks and control processes

Apart from risk management and internal audit to be undertaken by the Group, the current key elements of the Group's internal control system are as follows:

- The operating centres within the major subsidiary will prepare budgets for every financial year which are approved at Board level.

- Quarterly financial management reports, which include key financial indicators are provided to the Audit Committee for deliberation and thereafter recommended to the Board for its approval.

- Major capital expenditures are subject to appropriate approval process.

- The active subsidiary of the Group has ISO 9001:2000 accreditations for its operational processes. There is a Quality Management System as documented in the Standard Operating Procedures to define clearly the delegated authority and responsibility of individual positions as well as the guidelines of quality control processes to ensure the quality of gloves produced is in accordance with those required by ISO9001: 2000.

Weaknesses in internal controls that result in material losses

There were no material losses incurred during the current financial period as a result of weaknesses in internal control. The Board acknowledges that the development of the internal control system is an ongoing process and continues to take measures to strengthen the control environment.

Approved by the Board of Directors in accordance with a resolution dated 19 May 2005.

audit committee report

1. Membership and Meetings

The members are as follows:

- Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad, Chairman (Independent)
- Dato' Daniel Tay Kwan Hui (Independent)
- Tan Keng Beng (Managing Director)

The term of office of each member is subject to review every three years.

Frequency of Meeting

At least four times a year, and as and when required. At least once a year, the Audit Committee shall meet the External Auditors without Management being present.

During the financial period ended 31 January 2005, the Audit Committee held a total of three meetings as the financial period covers only nine months. The details of attendance of the Audit Committee members are as follows:

NAME OF DIRECTOR	ATTENDANCE
Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad	3/3
Dato' Daniel Tay Kwan Hui (appointed on 22.07.2004)	2/2
Tan Keng Beng (appointed on 22.07.2004)	2/2
Dato' Mohd Hanafiah bin Omar (resigned on 22.07.2004)	1/1
Ahmad Kamal bin Abdullah Al-Yafii (resigned on 22.07.2004)	1/1

2. Terms of reference of the Audit Committee

2.1 Membership

The members of the Audit Committee shall be appointed by the Board amongst the Directors and shall consist of not less than three members, the majority of whom shall be independent Directors. The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent Director.

At least one member of the Audit Committee is a member of the Malaysian Institute of Accountants, as prescribed by the Code.

2.2 Meetings and minutes

Meetings shall be held not less than four times a year, and will normally be attended by the Senior Internal Auditor and upon invitation, representatives of the External Auditor. Other Board members may attend meetings upon the invitation by the Audit Committee. At least once a year the Audit Committee shall meet with the External Auditors without Management being present. Minutes of each meeting shall be distributed to each member of the Committee. The Chairman of the Audit Committee shall report on each meeting to the Board.

2.3 Quorum

Two independent directors.

2.4 Secretary

The Secretary of the Audit Committee shall be one of the Company Secretaries as decided by the Chairman of the Audit Committee.

2.5 Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- Have authority to investigate any matters within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full, free and unrestricted access to any information, records, properties and personnel of the Group;
- Have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- The ability to obtain independent professional or any other advice, and
- The ability to convene meetings with the External and Internal Auditors.

2.6 Duties

(i) Consider the appointment of the External and Internal Auditors, the audit fee and any questions of resignation or dismissal, and inquire into staffing and competence of the External and Internal Auditors in performing their work.

(ii) Discuss the nature and scope of the audit in general terms and any significant problems that may be foreseen by the External and Internal Auditors before the audit commences and ensure that adequate tests to verify the accounts and procedures of the Group are performed.

(iii) Discuss the impact of any proposed changes in accounting principles on future financial statements.

(iv) Review the results and findings of the audit and monitor the implementation of any recommendations made therein.

(v) Review the quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on:

- Any changes in accounting policies and practices;
- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going concern assumptions;
- Compliance with accounting standards; and
- Compliance with regulatory requirements.

(vi) Discuss problems and reservations arising from the interim and final audits, and any other matters the Auditors may wish to discuss (in the absence of Management where necessary).

(vii) Ensure that the Internal Audit is adequately resourced and has appropriate standing within the Group.

(viii) Review the Internal Audit programme, consider the major findings of Internal Audit investigations and Management's response and ensure co-ordination between the Internal and External Auditors.

(ix) Keep under review the effectiveness of internal control systems and, in particular, review the External Auditor's management letter and Management's response, if applicable.

(x) Consider any related party transactions that may arise within the Group.

(xi) Carry out such other assignments as defined by the Board.

(xii) Review all prospective financial information provided to the regulators and/or the public.

(xiii) Report promptly to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by Bursa Securities to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Revamped Listing Requirements.

(xiv) Review arrangements established by Management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group.

3. Summary of Activities

During the financial period, the Audit Committee carried out its duties as set out in the terms of reference. The main activities performed by the Audit Committee during the financial period ended 31 January 2005 were as follows:

- Reviewed the External Auditors' audit strategy and scope for the statutory audit of the Company's financial period ended 31 January 2005.
- Reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Group and recommending the same for approval by the Board.
- Reviewed the findings of the External Auditors and follow-up on the recommendations.
- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

Other main issues discussed by the Audit Committee were as follows:

- Internal Control Statement and Audit Committee Report for inclusion in the Annual Report;
- The proposed appointment of Messrs KPMG as the Auditors of the Group;
- The disclosure requirements in accordance with the Bursa Securities' Revamped Listing Requirements;
- The proposed outsourcing of the Group's Internal Audit Function to Messrs Deloitte Touche Tohmatsu; and
- The proposed outsourcing of Enterprise Risk Management to Messrs KPMG.

4. Internal Audit Functions and Activities

The Internal Audit function has been outsourced to Messrs Deloitte Touche Tohmatsu. The outsourcing of the Internal Audit function was discussed by the Audit Committee on 15 December 2004 and approved by the Board on the same day.

5. Employees Share Option Scheme

The Company does not have Employees Share Option Scheme.

Shareholdings Statistics as at 24 May 2005

Class of securities	:	Ordinary shares of RM0.50 each
Authorised share capital	:	RM200,000,000
Issued and paid-up capital	:	RM118,405,240
Voting rights	:	1 vote for every Ordinary Share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Less than 100	205	2.87	7,516	-
100 to 1,000	4,205	58.79	2,164,783	0.91
1,001 to 10,000	2,406	33.63	7,002,146	2.96
10,001 to 100,000	288	4.02	8,139,881	3.44
100,001 to less than 5% of issued shares	47	0.66	45,395,108	19.17
5% and above of issued shares	2	0.03	174,101,046	73.52
TOTAL	**7,153**	**100.00**	**236,810,480**	**100.00**

shareholders' information

Substantial Shareholders as at 24 May 2005

	NO. OF SHARES HELD			
NAME	**DIRECT**	**%**	**DEEM INTERESTED**	**%**
Chip Lam Seng Berhad ("CLS")	130,101,046	54.94	-	-
Chip Lam Seng Enterprise Berhad ("CLSE")	-	-	(1) 130,101,046	54.94
Tan Koon Poon @ Tan Koon Pun	-	-	(2) 130,101,046	54.94
Tan Keng Beng	-	-	(2) 130,101,046	54.94
The Estate of Tan Keng Boon	-	-	(2) 130,101,046	54.94
Tan Loon Guan	-	-	(3) 130,101,046	54.94
MMC Corporation Berhad ("MMC")	44,000,000	18.58	(4) 3,497,154	1.48
Amanah Raya Nominees (Tempatan) Sdn Bhd (Skim Amanah Saham Bumiputra)	-	-	(5) 47,497,154	20.06
Seaport Terminal (Johor) Sdn Bhd ("Seaport")	-	-	(5) 47,497,154	20.06
Indra Cita Sdn Bhd ("Indra Cita")	-	-	(6) 47,497,154	20.06
Tan Sri Dato' Syed Mokhtar Shah bin Syed Nor	-	-	(7) 47,497,154	20.06

Notes:

(1) Deemed interested by virtue of its interest in CLS pursuant to Section 6A of the Companies Act, 1965 ("Act")

(2) Deemed interested by virtue of his interest in CLS via CLSE, which holds 100% interest in CLS pursuant to Section 6A of the Act. Mr Tan Koon Poon @ Tan Koon Pun is the father and Madam Tham Yoke Cheong is the mother to Mr Tan Keng Beng and the late Tan Keng Boon

(3) Deemed interested by virtue of him being a beneficiary to the Estate of the late Tan Keng Boon. Mr Tan Loon Guan is the son of the late Tan Keng Boon

(4) Anglo-Oriental (Malaya) Sdn Bhd, a wholly-owned subsidiary of MMC holds 3,497,154 IRCB shares (1.48%)

(5) Deemed interested through MMC pursuant to Section 6A of the Act

(6) Deemed interested by virtue of its major shareholdings in Seaport pursuant to Section 6A of the Act

(7) Deemed interested by virtue of his major shareholdings in Indra Cita pursuant to Section 6A of the Act

Thirty Largest Shareholders as at 24 May 2005

	NAME	NO OF SHARES HELD	% OF ISSUED CAPITAL
1.	Chip Lam Seng Berhad	130,101,046	54.94
2.	MMC Corporation Berhad	44,000,000	18.58
3.	Impian Semarak Sdn Bhd	8,000,000	3.38
4.	Angkasuwan Mrs Sunee	6,849,000	2.89
5.	Sokongan Sistematik Sdn Bhd	4,231,700	1.79
6.	Ng Lai Chiek	4,000,000	1.69
7.	Anglo-Oriental (Malaya) Sdn Bhd	3,497,154	1.48
8.	Rampai Dedikasi Sdn Bhd	2,700,000	1.14
9.	Abd. Gani bin Yusof	1,944,900	0.82
10.	Lee Chee Ming	800,000	0.34
11.	Gulamoydeen bin Mohamed Haniffa	746,000	0.32
12.	Goh Lam Sing	639,954	0.27
13.	Lee Eng Kwen	610,000	0.26
14.	Lim Ho Peng	572,600	0.24
15.	Goh Lam Sing	562,200	0.24
16.	Chai Sing Kee	500,000	0.21
17.	Ching Ping Wah	500,000	0.21
18.	Ooi Siew Suan	500,000	0.21
19.	Lee Sim Hak	500,000	0.21
20.	Ong Lock Hoo	500,000	0.21
21.	Universal Fisheries (M) Holdings Sdn Berhad	500,000	0.21
22.	Koh Chong Wan	500,000	0.21
23.	RC Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Ng Siyu Lian (IPH)	500,000	0.21
24.	Moo Sing Hoe	489,300	0.21
25.	Koay Theng Kooi	426,000	0.18
26.	Ng Chee Keong	400,000	0.17
27.	Chew Sock Hoon	355,700	0.15
28.	Chong Thee Thiang	320,000	0.14
29.	Yong Chin Kong	320,000	0.14
30.	Ng Choo Hock @ Ng Choo Huat	310,000	0.13
	TOTAL	**215,875,554**	**91.16**

list of properties

as at 31 January 2005

LOCATION	TENURE	AREA (HECTARES)	YEAR OF EXPIRY	DESCRIPTION/ EXISTING USE	NET BOOK VALUE (RM)	AGE OF BUILDING (YEARS)	YEAR OF ACQUISITION
Selangor Darul Ehsan							
PT 823, Ulu Tinggi Kuala Selangor	Leasehold	36.42	2004	Mining land	1	-	2001
Lot Nos. 514 and 682 Batang Berjuntai Kuala Selangor	Freehold	13.86	-	Camp site	234,946	23-37	1957 & 1960
Lot No. 4162 Batu Caves, Gombak	Freehold	0.47	-	Laboratory	84,318	23-30	1970
Perak Darul Ridzuan							
G.M.530 Lot No. 821 Mukim Jebong District Larut & Matang Perak	Freehold	2.26	-	Single storey factory building with an adjacent double-storey office / Factory building currently used for production of powdered NRL gloves	4,778,130	11	1993
H.S.(M) 629 / P.T.No. 2330 Mukim Jebong District Larut & Matang Perak	Freehold	2.46	-	Single storey factory building with an adjacent double-storey office/ Factory building currently used for production of powder-free NRL gloves	4,360,920	11	1999
(Held under master title) H.S.(D) KN4809 Mukim Gunung Semanggol, Daerah Kerian, Perak	Leasehold for 99 years	-	2099	Three-bedroom apartment on the ground floor of a four-storey apartment complex / Apartment for CRG's employees' vocational purposes	174,571	8	2000

financial statements

directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the 9-month period ended 31 January 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial period except as disclosed in Note 3 to the financial statements.

CHANGE OF ACCOUNTING YEAR END

During the financial period, the Company has changed its accounting year end from 30 April to 31 January to be co-terminous with the accounting year end of the holding company.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the period	6,129,868	3,542,120

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the period except as disclosed in the financial statements.

DIVIDEND

No dividend was paid during the period. The Directors recommended a final dividend of 1.5 sen tax exempt per share totalling RM3,552,157 for the period ended 31 January 2005.

DIRECTORS OF THE COMPANY

The Directors who served since the date of the last report are:

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Tan Keng Beng
Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad
Tan Koon Poon @ Tan Koon Pun
Tan Loon Guan
Dato' Daniel Tay Kwan Hui
Dato' Alias bin Ali (appointed on 7.9.2004)
Dato' Mohd Hanafiah bin Omar (resigned on 7.9.2004)

DIRECTORS' INTEREST

The holdings and deemed holdings in the ordinary shares of the Company and of its holding companies of those who were Directors at period end as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
THE COMPANY	BALANCE AT 1.5.2004/ THE DATE OF APPOINTMENT*	BOUGHT	SOLD	BALANCE AT 31.1.2005
INDIRECT INTEREST				
Tan Keng Beng*	180,600,000	-	(50,498,954)	130,101,046
Tan Koon Poon @ Tan Koon Pun*	180,600,000	-	(50,498,954)	130,101,046
Tan Loon Guan*	180,600,000	-	(50,498,954)	130,101,046
Dato' Wira Syed Abdul Jabbar bin Syed Hassan (held by his son)	4,000	-	-	2,400 @
The Holding Company Chip Lam Seng Berhad				
INDIRECT INTEREST				
Tan Keng Beng*	16,000,000	-	-	16,000,000
Tan Koon Poon @ Tan Koon Pun*	16,000,000	-	-	16,000,000
The Ultimate Holding Company Chip Lam Seng Enterprise Berhad				
DIRECT				
Tan Keng Beng*	1,600,000	-	-	1,600,000
Tan Koon Poon @ Tan Koon Pun*	7,179,520	-	-	7,179,520

* The above Directors were appointed on 22 July 2004.

@ The shareholdings represent the holdings as at 31 January 2005 as a result of the Corporate Restructuring exercise undertaken by the Company.

Tan Keng Beng, Tan Koon Poon @ Tan Koon Pun and Tan Loon Guan are also deemed interested in the shares of the subsidiaries during the financial period to the extent that the Company has an interest and also the related corporations to the extent the holding company has an interest.

None of the other Directors holding office at 31 January 2005 had any interest in the ordinary shares of the Company or its related corporations during the financial period. There were no changes notified by the Directors in any of their interest in the ordinary shares of the Company between 31 January 2005 to 19 May 2005.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than those disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial period which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

ISSUE OF SHARES

During the financial period, pursuant to the Extraordinary General Meeting held on 5 March 2004, the authorised share capital of the Company was increased from 35,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares at RM0.50 each.

In addition, the Company:

(i) entered into a capital reconstruction exercise to reduce the issued and paid-up share capital of the Company from RM30,526,200 comprising ordinary shares of RM1.00 each to RM6,105,240 comprising 30,526,200 ordinary shares of RM0.20 each by cancelling RM0.80 of the par value of each ordinary share of RM1.00 and thereafter consolidation of 30,526,200 ordinary shares of RM0.20 each on the basis of two and a half ordinary shares of RM0.20 each into one consolidated share of RM0.50. The amount of RM24,420,960 arising from the above capital reduction, had been credited to accumulated losses;

(ii) converted RM22,000,000 debts owed by the Company to a substantial shareholder, MMC Corporation Berhad ("MMC"), into 44,000,000 new ordinary shares of the Company at RM0.50 per share; and

(iii) issued 180,600,000 new ordinary shares of RM0.50 to settle the purchase consideration of RM90,300,000 for the acquisition of the entire issued and paid-up share capital of Comfort Rubber Gloves Industries Sdn Bhd.

The resulting issued and paid-up share capital subsequent to the above is RM118,405,240.

Other than as disclosed above, there were no other changes in the issued and paid-up capital of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the period.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) there are no bad debts to be written off and no provision need to be made for doubtful debts, and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or
(ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than disclosed in Note 28 to the financial statements, the results of the operations of the Group and of the Company for the financial period ended 31 January 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Director

Tan Keng Beng
Director

Kuala Lumpur
Date: 19 May 2005

statement by directors

pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 68, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2005 and of the results of their operations and cash flows for the period ended on that date.

Signed in accordance with a resolution of the Directors:

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Director

Tan Keng Beng
Director

Kuala Lumpur
Date: 19 May 2005

statutory declaration

pursuant to Section 169 (16) of the Companies Act, 1965

I, TAN KENG BENG, the Director primarily responsible for the financial management of INTEGRATED RUBBER CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 38 to 68 are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed TAN KENG BENG in Kuala Lumpur this 19 May 2005.

BEFORE ME:
Abas bin Hasan (W392)
1st Floor, Putra Flatlet
101, Jalan Putra
50350 Kuala Lumpur

report of the auditors to the members

We have audited the financial statements set out on pages 38 to 68. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and Company as at 30 April 2004 were audited by another auditor whose report dated 4 August 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the state of affairs of the Group and of the Company at 31 January 2005 and the results of their operations and cash flows for the period ended on that date; and

(ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

KPMG
Firm Number: AF – 0758
Chartered Accountants

Peter Ho Kok Wai
Partner
Approval Number: 1745/12/05 (J)

Ipoh
Date: 19 May 2005

consolidated balance sheet

at 31 January 2005

	NOTE	31.1.2005 RM	30.4.2004 RM
PROPERTY, PLANT AND EQUIPMENT	2	**41,687,710**	408,582
INVESTMENT IN ASSOCIATE	4	**49**	49
OTHER INVESTMENTS	5	**1,245,000**	1,245,000
GOODWILL ON CONSOLIDATION	6	**44,393,070**	-
CURRENT ASSETS			
Inventories	7	**8,199,830**	-
Trade receivables		**21,709,428**	-
Other receivables, deposits and prepayments		**851,181**	234,636
Amount due from holding company	8	**417,665**	-
Amount due from a related company	9	**1,536,668**	-
Tax recoverable		**728,971**	11,760
Fixed deposits with a licensed bank	10	**70,924**	170,697
Cash and bank balances		**3,689,678**	159,209
		37,204,345	576,302
CURRENT LIABILITIES			
Trade payables	11	**3,743,131**	-
Other payables and accruals	12	**7,313,510**	23,836,825
Amount due to holding company	8	**80,677**	-
Short term borrowings (unsecured)	13	**12,080,000**	-
Provision for taxation		**4,880**	-
		23,222,198	23,836,825
Net current assets/(liabilities)		**13,982,147**	(23,260,523)
DEFERRED TAXATION	14	**(4,485,000)**	-
		96,822,976	(21,606,892)
Financed by:-			
SHARE CAPITAL	15	**118,405,240**	30,526,200
CAPITAL RESERVE	16	**120,000**	120,000
ACCUMULATED LOSSES		**(21,702,264)**	(52,253,092)
		96,822,976	(21,606,892)

The financial statements were approved and authorised for issue by the Board of Directors on 19 May 2005.

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

consolidated income statement

for the 9-month period ended 31 January 2005

	NOTE	9-MONTH PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
REVENUE	17	**53,344,998**	28,000
OPERATING PROFIT/(LOSS)	17	**7,311,553**	(1,432,479)
Financing costs	18	**(232,625)**	(90,117)
Interest income on deposits		**49,637**	7,409
PROFIT/(LOSS) BEFORE TAXATION		**7,128,565**	(1,515,187)
Taxation	19	**(998,697)**	-
NET PROFIT/(LOSS) FOR THE PERIOD/YEAR		**6,129,868**	(1,515,187)
Basic earnings/(loss) per ordinary share (sen)	20	**3.6**	(12.4)
Dividend per ordinary share (net)	21	**1.5**	-

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

balance sheet

at 31 January 2005

	NOTE	31.1.2005 RM	30.4.2004 RM
PROPERTY, PLANT AND EQUIPMENT	2	**386,637**	408,582
INVESTMENT IN SUBSIDIARIES	3	**90,300,001**	1
INVESTMENT IN ASSOCIATE	4	**49**	49
OTHER INVESTMENTS	5	**1,245,000**	1,245,000
CURRENT ASSETS			
Other receivables		**267,913**	234,636
Tax recoverable		**-**	11,760
Amount due from a subsidiary	3	**4,238,000**	-
Fixed deposits with a licensed bank	10	**70,924**	170,697
Cash and bank balances		**44,035**	159,209
		4,620,872	576,302
CURRENT LIABILITIES			
Other payables and accruals	12	**650,178**	23,835,125
Amount due to a subsidiary	3	**1,660,572**	-
Provision for taxation		**4,880**	-
		2,315,630	23,835,125
Net current assets/(liabilities)		**2,305,242**	(23,258,823)
		94,236,929	(21,605,191)
Financed by:-			
SHARE CAPITAL	15	**118,405,240**	30,526,200
CAPITAL RESERVE	16	**120,000**	120,000
ACCUMULATED LOSSES		**(24,288,311)**	(52,251,391)
		94,236,929	(21,605,191)

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

income statement

for the 9-month period ended 31 January 2005

	NOTE	9-MONTH PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
REVENUE	17	**4,273,000**	28,000
OPERATING PROFIT/(LOSS)	17	**3,559,760**	(1,424,942)
Financing costs	18	**-**	(90,117)
PROFIT/(LOSS) BEFORE TAXATION		**3,559,760**	(1,515,059)
Taxation	19	**(17,640)**	-
NET PROFIT/(LOSS) FOR THE PERIOD/YEAR		**3,542,120**	(1,515,059)

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

statements of changes in equity

for the 9-month period ended 31 January 2005

	SHARE CAPITAL RM	CAPITAL RESERVE RM	ACCUMULATED LOSSES RM	TOTAL RM
GROUP				
At 1 May 2003	30,526,200	120,000	(50,737,905)	(20,091,705)
Net loss for the year	-	-	(1,515,187)	(1,515,187)
At 30 April 2004	30,526,200	120,000	(52,253,092)	(21,606,892)
Reduction in share capital	(24,420,960)	-	24,420,960	-
Issuance of new ordinary shares	112,300,000	-	-	112,300,000
Net profit for the period	-	-	6,129,868	6,129,868
At 31 January 2005	**118,405,240**	**120,000**	**(21,702,264)**	**96,822,976**
	Note 15	Note 16		
COMPANY				
At 1 May 2003	30,526,200	120,000	(50,736,332)	(20,090,132)
Net loss for the year	-	-	(1,515,059)	(1,515,059)
At 30 April 2004	30,526,200	120,000	(52,251,391)	(21,605,191)
Reduction in share capital	(24,420,960)	-	24,420,960	-
Issuance of new ordinary shares	112,300,000	-	-	112,300,000
Net profit for the period	-	-	3,542,120	3,542,120
At 31 January 2005	**118,405,240**	**120,000**	**(24,288,311)**	**94,236,929**
	Note 15	Note 16		

consolidated cash flow statement

for the 9-month period ended 31 January 2005

	9-MONTH PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Cash flows from operating activities		
Profit/(Loss) before taxation	**7,128,565**	(1,515,187)
Adjustments for:-		
Depreciation	**2,272,860**	27,643
Loss on disposal of motor vehicle	**19,805**	-
Formers written off	**190,365**	-
Write back of allowance for doubtful debts	**-**	(2,620)
Financing costs	**232,625**	90,117
Interest income	**(49,637)**	(7,409)
Gain on disposal of equipment	**(6,400)**	(5,000)
Dividend income	**(35,000)**	(28,000)
	2,624,618	74,731
Operating profit/(loss) before working capital changes	**9,753,183**	(1,440,456)
Increase in inventories	**(1,884,742)**	-
Decrease in amount due from holding company	**3,186,446**	-
Increase in amount due from related company	**(1,536,668)**	-
Increase in trade receivables and other receivables	**(2,819,698)**	(62,118)
Increase in trade and other payables	**1,735,271**	1,374,597
Cash generated from/(used in) operations	**8,433,792**	(127,977)
Financing costs paid	**(232,625)**	-
Income tax paid	**(1,577,017)**	-
Dividend income received	**35,000**	28,000
Net cash generated from/(used in) operating activities	**6,659,150**	(99,977)
Cash flows from investing activities		
Interest income	**49,637**	7,409
Proceeds from disposal of equipment and motor vehicle	**11,400**	5,000
Acquisition of property, plant and equipment and motor vehicle	**(6,534,311)**	-
Acquisition of a subsidiary, net of cash acquired (Note 3)	**6,121,820**	-
Increase in fixed deposit pledged	**(1,234)**	(2,085)
Net cash (used in)/generated from investing activities	**(352,688)**	10,324
Balance carried down	**6,306,462**	(89,653)

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

consolidated cash flow statement

for the 9-month period ended 31 January 2005

	9-MONTH PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Balance brought down	**6,306,462**	(89,653)
Cash flows from financing activities		
Repayment of bankers' acceptance	**(2,877,000)**	-
Net increase/(decrease) in cash and cash equivalents	**3,429,462**	(89,653)
Cash and cash equivalents at beginning of period/year	**260,216**	349,869
Cash and cash equivalents at end of period/year	**3,689,678**	260,216

	31.1.2005 RM	30.4.2004 RM
Analysis of cash and cash equivalents:		
Cash and bank balances	**3,689,678**	159,209
Fixed deposits with a licensed bank (excluding pledged deposits)	**-**	101,007
	3,689,678	260,216

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

cash flow statement

for the 9-month period ended 31 January 2005

	9-MONTH PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Cash flows from operating activities		
Profit/(Loss) before taxation	**3,559,760**	(1,515,059)
Adjustments for:-		
Depreciation	**21,945**	27,643
Dividend income	**(4,273,000)**	(28,000)
Financing costs	**-**	90,117
Interest income	**(2,782)**	(7,409)
Gain on disposal of equipment	**(6,400)**	(5,000)
Allowance for doubtful debts for amount due from subsidiary company	**-**	4,040
Write back of allowance for doubtful debts	**-**	(2,620)
	(4,260,237)	78,771
Operating loss before working capital changes	**(700,477)**	(1,436,288)
Increase in amount due to a subsidiary	**1,660,572**	-
Increase in other receivables	**(33,277)**	(66,158)
(Decrease)/Increase in other payables and accruals	**(1,184,947)**	1,374,469
Cash used in operations	**(258,129)**	(127,977)
Income tax paid	**(1,000)**	-
Dividend income received	**35,000**	28,000
Net cash used in operating activities	**(224,129)**	(99,977)
Cash flows from investing activities		
Interest income	**2,782**	7,409
Proceeds from disposal of equipment	**6,400**	5,000
Increase in fixed deposit pledged	**(1,234)**	(2,085)
Net cash generated from investing activities	**7,948**	10,324
Net decrease in cash and cash equivalents	**(216,181)**	(89,653)
Cash and cash equivalents at beginning of period/year	**260,216**	349,869
Cash and cash equivalents at end of period/year	**44,035**	260,216

	31.1.2005 RM	30.4.2004 RM
Analysis of cash and cash equivalents:		
Cash and bank balances	**44,035**	159,209
Fixed deposits with a licensed bank (excluding pledged deposit)	**-**	101,007
	44,035	260,216

The notes set out on pages 46 to 68 form an integral part of, and should be read in conjunction with, these financial statements

notes to the financial statements
- 31 January 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

1.1 Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

1.2 Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of the acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intra group transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

1.3 Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired at the date of acquisition.

1.4 Property, plant and equipment

Property, plant and equipment except for freehold land and formers are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

1.5 Depreciation

Depreciation is provided on a straight line basis so as to write off the property, plant and equipment over their estimated useful lives.

The principal annual rates of depreciation are as follows:

Factory and office buildings	5% - 10%
Furniture and fittings	8%
Plant and machinery	10%
Office equipment	10% - 15%
Motor vehicles	16% - 25%

Freehold land is stated at cost and is not amortised. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. No depreciation is provided for formers but they are written off at cost as and when damaged.

1.6 Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

1.7 Liabilities

Borrowings, trade and other payables are stated at cost.

1.8 Goodwill on consolidation

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less impairment loss, where applicable.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates, if any.

1.9 Investments

Long term investments, other than in subsidiaries and associates, are stated at Directors' valuation.

Any surplus arising from the revaluation is dealt with in the revaluation reserve. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase of the same investment. In all other cases, a decrease in the carrying amount is charged to the income statement. On the sale of a revalued investment, the portion of the revaluation surplus pertaining to the investment will be realised and transferred to revenue reserve.

Long term investments in subsidiaries and associates are stated at cost in the Company, less impairment loss where applicable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

For work-in-progress and finished goods, cost consists of raw materials, direct labour and an appropriate proportion of manufacturing overheads. For raw materials, packing material and treatment plant chemicals, cost consists of original purchase price plus cost of bringing these inventories to their present condition and location.

1.11 Impairment

The carrying amounts of the assets, other than inventories (refer Note 1.10) and deferred tax assets (refer Note 1.13) and financial assets (other than investments in subsidiaries and associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset is carried at a revalued amount in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement unless it reverses on impairment loss on a revalued asset, in which case it is taken to equity.

1.12 Employee benefits

(i) Defined contribution plan

Obligations for statutory employer's contribution for employees are recognised as an expense in the income statement as incurred.

(ii) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statement in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

1.13 Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1.14 Foreign currency

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rate used in translation is USD1.00: RM3.80 (30.4.2004: USD1.00: RM3.80).

1.15 Revenue

(i) Sales of goods

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards or ownership have been transferred to the buyer.

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

{iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.16 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1.17 Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

1.18 Derivative financial instruments

The Group uses derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments (used for hedging purposes) are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions upon realisation.

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	LAND AND BUILDINGS (NOTE 2.1) RM	PLANT, MACHINERY, FORMERS AND CAPITAL WORK-IN-PROGRESS RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	TOTAL RM
At Cost					
At 30 April 2004	2,875,812	534,706	138,847	218,092	3,767,457
Additions	642,595	5,801,447	-	90,269	6,534,311
Acquisition of subsidiaries	11,160,628	41,465,340	2,009,610	1,099,061	55,734,639
Disposals	-	-	(82,551)	-	(82,551)
Write off	-	(190,365)	-	-	(190,365)
At 31 January 2005	14,679,035	47,611,128	2,065,906	1,407,422	65,763,491
Accumulated Depreciation					
At 30 April 2004	2,556,548	493,116	117,736	191,475	3,358,875
Charge for the period	202,200	1,908,385	100,023	62,252	2,272,860
Acquisition of subsidiaries	2,287,400	14,318,508	1,362,966	532,918	18,501,792
Disposals	-	-	(57,746)	-	(57,746)
At 31 January 2005	5,046,148	16,720,009	1,522,979	786,645	24,075,781
Net Book Value					
At 31 January 2005	9,632,887	30,891,119	542,927	620,777	41,687,710
At 30 April 2004	319,264	41,590	21,111	26,617	408,582
Depreciation charge for the year ended 30 April 2004	-	360	8,172	19,111	27,643

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	LAND AND BUILDINGS (NOTE 2.1) RM	PLANT, MACHINERY, FORMERS AND CAPITAL WORK-IN-PROGRESS RM	MOTOR VEHICLES RM	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM	TOTAL RM
At Cost					
At 30 April 2004 and 31 January 2005	2,875,812	534,706	138,847	218,092	3,767,457
Accumulated Depreciation					
At 30 April 2004	2,556,548	493,116	117,736	191,475	3,358,875
Charge for the period	-	360	8,172	13,413	21,945
At 31 January 2005	2,556,548	493,476	125,908	204,888	3,380,820
Net Book Value					
At 31 January 2005	319,264	41,230	12,939	13,204	386,637
At 30 April 2004	319,264	41,590	21,111	26,617	408,582
Depreciation charge for the year ended 30 April 2004	-	360	8,172	19,111	27,643

2.1 Land and buildings

GROUP	FREEHOLD LAND RM	SHORT TERM LEASEHOLD LAND RM	BUILDINGS RM	TOTAL RM
At Cost				
At 30 April 2004	121,941	167,669	2,586,202	2,875,812
Additions	-	-	642,595	642,595
Acquisition of subsidiaries	3,500,000	-	7,660,628	11,160,628
At 31 January 2005	3,621,941	167,669	10,889,425	14,679,035
Accumulated Depreciation				
At 30 April 2004	-	167,669	2,388,879	2,556,548
Charge for the period	-	-	202,200	202,200
Acquisition of subsidiaries	-	-	2,287,400	2,287,400
At 31 January 2005	-	167,669	4,878,479	5,046,148

2.1 Land and buildings

GROUP	FREEHOLD LAND RM	SHORT-TERM LEASEHOLD LAND RM	BUILDINGS RM	TOTAL RM
Net Book Value				
At 31 January 2005	3,621,941	-	6,010,946	9,632,887
At 30 April 2004	121,941	-	197,323	319,264
Depreciation charge for the year ended 30 April 2004	-	-	-	-
COMPANY				
At Cost				
At 30 April 2004 and 31 January 2005	121,941	167,669	2,586,202	2,875,812
Accumulated Depreciation				
At 30 April 2004 and 31 January 2005	-	167,669	2,388,879	2,556,548
Net Book Value				
At 31 January 2005	121,941	-	197,323	319,264
At 30 April 2004	121,941	-	197,323	319,264
Depreciation charge for the year ended 30 April 2004	-	-	-	-

The above freehold land of the Company had been charged as security to MMC for a loan as disclosed in Note 12(i) to the financial statements. The security is in the process of being discharged.

The titles of properties of a subsidiary with net book value of RM174,571 and RM2,750,000 respectively are still in the process of being transferred to the name of the subsidiary company.

3. INVESTMENT IN SUBSIDIARIES

	COMPANY 31.1.2005 RM	COMPANY 30.4.2004 RM
Unquoted shares at cost	**90,300,001**	1

The subsidiary companies are incorporated in Malaysia and are as follows:

NAME OF COMPANY	EFFECTIVE OWNERSHIP INTEREST 31.1.2005	EFFECTIVE OWNERSHIP INTEREST 30.4.2004	PRINCIPAL ACTIVITIES
Comfort Rubber Gloves Industries Sdn Bhd ("CRG")	100%	-	Manufacturing and trading of latex gloves
Quality Gallant Sdn Bhd ("QG") (wholly-owned subsidiary of CRG)	100%	-	Dormant
PBT Sdn Bhd ("PBT")	100%	100%	Dormant

Amount due from a subsidiary

The amount due from a subsidiary arises from dividends receivable from CRG.

Amount due to a subsidiary

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

Acquisition of subsidiaries during the period

On 22 July 2004, the Group acquired the entire issued and paid-up capital of CRG for a consideration of RM90,300,000 wholly satisfied by the issuance of 180,600,000 new ordinary shares of RM0.50 each of the Company.

The acquisition was accounted for using the acquisition method of accounting for the six-month period ended 31 January 2005. CRG and its subsidiary QG, contributed a net profit and net loss of RM6,927,779 and RM102,022 respectively to the consolidated net profit for the current financial period.

The properties of CRG at the date of acquisition have been measured at their provisional fair values. These net assets are based on net book values as stated in CRG's financial statements as at 31 July 2004. The Directors are in the process of ascertaining the fair value of these assets of CRG following the completion of the acquisition. Any adjustments to the values of these assets of CRG will have a corresponding effect on the premium on acquisition and net tangible assets.

3. INVESTMENT IN SUBSIDIARIES (cont'd)

Effects of acquisition

The fair values of assets and liabilities assumed in the acquisition of CRG and its subsidiary QG and the cash flow effects are as follows:

	RM
Property, plant and equipment	37,232,847
Current assets	35,533,053
Current liabilities	(22,442,385)
Long-term liabilities	(4,416,585)
Share of net assets acquired	45,906,930
Goodwill	44,393,070
	90,300,000
Consideration satisfied by issuance of ordinary shares of the Company	(90,300,000)
Cash and cash equivalents acquired	6,121,820
Net cash inflow	6,121,820

4. INVESTMENT IN ASSOCIATE

NAME OF COMPANY	EFFECTIVE OWNERSHIP INTEREST 31.1.2005	EFFECTIVE OWNERSHIP INTEREST 30.4.2004	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY
Wangsa Struktur Sdn Bhd *	**49%**	49%	Malaysia	Dormant

The company is dormant since the date of incorporation and the results of this Company have not been equity accounted for during the financial period. On 21 February 2005, the Company had effectively disposed its interest in this associate for a total cash consideration of RM4,900.

* Not audited by KPMG

5. OTHER INVESTMENTS

	GROUP/COMPANY 31.1.2005 RM	GROUP/COMPANY 30.4.2004 RM
At Directors' valuation:		
Quoted shares in Malaysia	**1,245,000**	1,245,000

The market value of the quoted investments is shown in Note 27.

6. GOODWILL ON CONSOLIDATION

The goodwill on consolidation arose on the acquisition of CRG and its subsidiary during the financial period ended 31 January 2005.

7. INVENTORIES

	GROUP 31.1.2005 RM	30.4.2004 RM
At cost:		
Finished goods	**1,618,317**	-
Work-in-progress	**4,805,122**	-
Raw materials	**1,484,612**	-
Packing materials	**285,952**	-
Treatment plant chemicals	**5,827**	-
	8,199,830	-

8. AMOUNT DUE FROM/(TO) HOLDING COMPANY

The holding company is Chip Lam Seng Berhad ("CLS"), a company incorporated in Malaysia. The amount due from/(to) CLS arises from trade and non-trade transactions in the normal course of business. For the non-trade balance of RM80,677, it is unsecured, interest-free and has no fixed terms of repayment.

9. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company arises from trade and non-trade transactions in the normal course of business. For the non-trade balance of RM1,461,119, the company is charged an interest rate of 8% per annum but the amount is unsecured and has no fixed terms of repayment.

10. FIXED DEPOSITS WITH A LICENSED BANK

Group/Company

Included in the balance is a fixed deposit amounting to RM70,924 (30.4.2004: RM69,690) placed with a licensed bank as security for bank guarantee facilities granted to the Company.

11. TRADE PAYABLES

Included in the Group's trade payables is an amount arising from trade in the normal course of business of RM1,861,873 due to a company which is a sub-subsidiary of a substantial corporate shareholder of the Company.

12. OTHER PAYABLES AND ACCRUALS

(i) Included in other payables for the Company as at 30 April 2004 was an amount of RM22,908,555 advanced from MMC, a substantial shareholder which carried an interest rate of 7.9% per annum. The amount outstanding was fully settled during the period, substantially through the issuance of 44,000,000 new ordinary shares of RM0.50 each of the Company amounting to RM22,000,000, upon the completion of the Company's restructuring exercise referred to in Note 28 and the remaining balance settled via cash. The debenture created as security for this said advance has been subsequently discharged upon settlement.

(ii) Included in other payables and accruals for the Group as at 31 January 2005, is a provision for retrenchment benefits of the Company of RM150,000 and a provision for retirement benefits of a subsidiary of RM76,000.

13. SHORT-TERM BORROWINGS (unsecured)

	GROUP 31.1.2005 RM	GROUP 30.4.2004 RM
Bankers' acceptance	**12,080,000**	-

The bankers' acceptance forms part of banking facilities which are supported as follows:

(a) Joint and several guarantee of Tan Koon Poon @ Tan Koon Pun and Tan Keng Beng for RM15.5 million.

(b) Corporate guarantee by the Company for RM21.0 million.

The interest rates charged range between 2.57% - 3.15% per annum.

14. DEFERRED TAXATION

	GROUP 31.1.2005 RM	GROUP 30.4.2004 RM
(i) Balance at 1 May	**-**	-
Acquisition of a subsidiary	**4,416,585**	-
Origination and reversal of temporary differences (Note 19)	**68,415**	-
Balance at 31 January/30 April	**4,485,000**	-

The recognised deferred tax liabilities are as follows:

	GROUP 31.1.2005 RM	GROUP 30.4.2004 RM
Capital allowances on property, plant and equipment	**4,506,000**	-
Other deductible temporary differences	**(21,000)**	-
Deferred tax liabilities	**4,485,000**	-

(ii) Deferred tax assets have not been recognised in respect of the following items:

	GROUP/COMPANY 31.1.2005 RM	GROUP/COMPANY 30.4.2004 RM
Unutilised tax losses	**12,047,000**	12,001,000

The unutilised tax losses as disclosed above does not expire under the current legislation and is subject to agreement by the Inland Revenue Board. The deferred tax asset has not been recognised in respect to the unutilised tax losses because it is not probable that future taxable profits will be available against which the Group and Company can utilise the benefits.

15. SHARE CAPITAL

	GROUP/COMPANY			
	31.1.2005	30.4.2004	31.1.2005	30.4.2004
	NUMBER OF SHARES		RM	
Authorised:				
Ordinary shares				
Balance at 1 May at RM1.00 each	**35,000,000**	35,000,000	**35,000,000**	35,000,000
Created during the period	**365,000,000**	-	**165,000,000**	-
Balance at 31 January 2005 at RM0.50 each / 30 April 2004 at RM1.00 each	**400,000,000**	35,000,000	**200,000,000**	35,000,000
Issued and fully paid:				
Ordinary shares				
Balance at 1 May at RM1.00 each	**30,526,200**	30,526,200	**30,526,200**	30,526,200
Capital reduction and consolidation	**(18,315,720)**	-	**(24,420,960)**	-
Allotted during the period	**224,600,000**	-	**112,300,000**	-
Balance at 31 January 2005 at RM0.50 each / 30 April 2004 at RM1.00 each	**236,810,480**	30,526,200	**118,405,240**	30,526,200

Authorised share capital

During the financial period, pursuant to the Extraordinary General Meeting held on 5 March 2004, the authorised share capital of the Company was increased from 35,000,000 ordinary shares of RM1.00 each to 400,000,000 ordinary shares of RM0.50 each.

Issued and paid-up share capital

The Company had during the period implemented the capital reconstruction exercise to reduce its issued and paid-up share capital of 30,526,200 ordinary share capital of RM1.00 each by the cancellation of RM0.80 of the par value to RM0.20 per ordinary share. Thereafter, two and a half ordinary shares of RM0.20 each was consolidated into one ordinary share of RM0.50 each. Resulting from this capital reconstruction, the authorised and issued and fully paid-up ordinary shares of the Company will be at RM0.50 each.

In addition, the Company had also:

(i) converted RM22,000,000 debts owed by the Company to a shareholder, MMC as disclosed in Note 12 to the financial statements into 44,000,000 new ordinary shares of the Company at RM0.50 per share (Note 12).

(ii) issued 180,600,000 new ordinary shares of RM0.50 to settle the purchase consideration of RM90,300,000 for the acquisition of CRG (Note 3).

16. CAPITAL RESERVE

Capital reserve relates to a revaluation carried out in 1993 of the Group's quoted investments based on the prevailing market value.

17. OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Revenue - sales of latex gloves *	**53,309,998**	-	**-**	-
- dividend income	**35,000**	28,000	**4,273,000**	28,000
	53,344,998	28,000	**4,273,000**	28,000
Cost of sales	**(42,395,703)**	-	**-**	-
Gross profit	**10,949,295**	28,000	**4,273,000**	28,000
Administrative expenses	**(3,314,824)**	(1,759,890)	**(1,212,056)**	(1,759,762)
Selling expenses	**(882,656)**	-	**-**	-
Other operating expenses	**(19,805)**	(274,680)	**-**	(274,680)
Other operating income	**579,543**	574,091	**498,816**	581,500
Operating profit/(loss)	**7,311,553**	(1,432,479)	**3,559,760**	(1,424,942)
Operating profit is arrived after charging/(crediting):				
Auditors' remuneration				
- current period/year	**32,990**	17,500	**25,000**	17,500
- non-audit work	**-**	85,675	**-**	85,675
Allowance for doubtful debts for amount due from subsidiary company	**-**	-	**-**	4,040
Depreciation of property, plant and equipment	**2,272,860**	27,643	**21,945**	27,643
Directors' emoluments				
- remuneration	**220,400**	-	**80,000**	-
- fees	**140,382**	36,835	**80,382**	36,835
- allowances	**27,750**	-	**27,750**	-
Director's fee payable to a previous Director of the Company	**2,696**	-	**2,696**	-
Loss on disposal of motor vehicle	**19,805**	-	**-**	-
Formers written off	**190,365**	-	**-**	-
Gain on disposal of equipment	**(6,400)**	(5,000)	**(6,400)**	(5,000)
Rental expense	**59,090**	24,320	**6,000**	24,320
Restructuring expenses	**373,474**	1,022,873	**373,474**	1,022,873

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Gain on foreign exchange (realised)	**(44,143)**	-	**-**	-
Weighing bridge rental	**3,069**	-	**-**	-
Rental income	**(70,840)**	(97,410)	**(70,840)**	(97,410)
Written back of allowance for doubtful debts	**-**	(2,620)	**-**	(2,620)

* Revenue represents dividend income and sales of latex gloves at gross invoiced values net of discount and returns.

The estimated monetary values of benefits-in-kind received by the Directors of the Group is RM23,125 (year ended 30.4.2004: RM NIL).

18. FINANCING COSTS

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Interest charges:				
- bankers' acceptance	**223,262**	-	**-**	-
- bank overdraft	**14**	-	**-**	-
- letter of credit	**9,349**	-	**-**	-
- loans from a substantial shareholder	**-**	90,117	**-**	90,117
	232,625	90,117	**-**	90,117

19. TAXATION

(i) The taxation charge comprises:

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Current taxation	**942,549**	-	**5,880**	-
Deferred taxation:				
- Originating and reversal of temporary difference (Note 14)	**68,415**	-	**-**	-
	1,010,964	-	**5,880**	-
(Over)/Under provision of taxation in previous year	**(12,267)**	-	**11,760**	-
	998,697	-	**17,640**	-

19. TAXATION (cont'd)

(ii) A numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate, is as follows:

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Profit/(Loss) before taxation	**7,128,565**	(1,515,187)	**3,559,760**	(1,515,059)
Income tax using Malaysian tax rates	**1,996,000**	(424,252)	**997,000**	(424,217)
Effect of lower tax rate	**8,000**	-	**-**	-
Effect of non-taxable dividend income	**-**	-	**(1,186,000)**	-
Tax effect on expenses that are not deductible in determining taxable profit	**213,000**	7,550	**139,000**	7,515
Deferred tax asset not recognised	**55,000**	416,702	**55,000**	416,702
Effect of tax incentive	**(1,092,000)**	-	**-**	-
Others	**(169,036)**	-	**880**	-
	1,010,964	-	**5,880**	-
(Over)/Under provision of taxation in previous year	**(12,267)**	-	**11,760**	-
	998,697	-	**17,640**	-

20. EARNINGS/(LOSS) PER ORDINARY SHARE - GROUP

Basic earnings/(loss) per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM6,129,868 (year ended 30.4.2004: net loss of RM1,515,187) and the weighted average number of ordinary shares outstanding during the period of 170,081,494 (year ended 30.4.2004: restated 12,210,480).

Weighted average number of ordinary shares

	31.1.2005	30.4.2004
Issued ordinary shares at beginning of the period/year	**30,526,200**	30,526,200
Capital reduction and consolidation of shares	**(18,315,720)**	(18,315,720)
Restated issued ordinary shares	**12,210,480**	12,210,480
Effect of new ordinary shares issued	**157,871,014**	-
Weighted average number of ordinary shares	**170,081,494**	12,210,480

21. DIVIDEND

The proposed final dividend of 1.5 sen tax exempt per share totalling RM3,552,157 for the financial period ended 31 January 2005 has not been accounted for in the financial statements.

The net dividend per ordinary share as disclosed in the income statement takes into account the final proposed dividend for the financial period.

22. EMPLOYEE INFORMATION

(ii) A numerical reconciliation between the tax expense and the accounting profit multiplied by the applicable tax rate, is as follows:

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Staff costs	**5,414,144**	339,562	**339,995**	339,562

The average number of employees of the Group and of the Company (including directors) for the period was 820 (year ended 30.4.2004: 10) and 6 (year ended 30.4.2004: 10) respectively.

Included in staff cost for the period are the Group's and Company's contributions to the Employees Provident Fund of RM248,113 (year ended 30.4.2004: RM10,937) and RM8,865 (year ended 30.4.2004: RM10,937) respectively.

23. CAPITAL COMMITMENT

	GROUP		COMPANY	
	31.1.2005 RM	30.4.2004 RM	31.1.2005 RM	30.4.2004 RM
Consultancy fees and related expenses in respect of restructuring scheme	**-**	904,593	**-**	904,593
Approved but not contracted for				
Property, plant and equipment	**31,879,000**	-	**-**	-
Investments	**7,200,000**	-	**7,200,000**	-
	39,079,000	904,593	**7,200,000**	904,593

24. CONTINGENT LIABILITY (UNSECURED)

The Company has issued a corporate guarantee for the sum of RM21.0 million in favour of a bank for the banking facilities extended to a subsidiary company. The banking limit and amount of the banking facilities utilised as at 31 January 2005 is RM21,000,000 and RM8,636,750 respectively.

25. RELATED PARTIES

The Company has related party relationships with:

(i) the holding company as disclosed in Note 8 to the financial statements and its related companies; and
(ii) the substantial shareholder of the Company and certain of its subsidiaries.

25.1 Significant inter-company transaction of the Company is as follows:

	COMPANY	
	31.1.2005 RM	30.4.2004 RM
Ordinary dividend receivable from Comfort Rubber Gloves Industries Sdn Bhd	**4,238,000**	-

25.2 Significant non-trade related party balances:

Outstanding significant non-trade related party balances at period/year end are as follows:

	GROUP		COMPANY	
	31.1.2005 RM	30.4.2004 RM	31.1.2005 RM	30.4.2004 RM
Amount owing to a subsidiary				
Comfort Rubber Gloves Industries Sdn Bhd	**-**	-	**1,660,572**	-
Amount owing to subsidiaries of MMC Corporation Berhad, a substantial corporate shareholder of the Company				
Gas Malaysia Sdn Bhd	**1,861,873**	-	**-**	-
MMC Engineering and Construction Sdn Bhd	**6,497**	41	**6,497**	41
Amount owing by/(to) related companies				
Chip Lam Seng Berhad (holding company)	**(80,677)**	-	**-**	-
PT Abbergummi Medical (related company)	**1,461,119**	-	**-**	-

The above amounts are interest-free, unsecured and have no fixed terms of repayment except for the non-trade amount owing by PT Abbergummi Medical which is charged interest at a rate of 8% per annum.

25.3 Significant related party transactions:

Significant related party transactions of the Group and of the Company are as follows:

	GROUP		COMPANY	
	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM	PERIOD ENDED 31.1.2005 RM	YEAR ENDED 30.4.2004 RM
Transactions with a substantial corporate shareholder				
MMC Corporation Berhad				
- Reimbursable expenses	**-**	734,374	**-**	734,374
- Interest charged on loan	**-**	90,117	**-**	90,117
Transactions with wholly-owned subsidiaries of a substantial corporate shareholder				
Pernas Charter Management Sdn Bhd				
- Professional services	**15,000**	60,000	**15,000**	60,000
- Reimbursable expenses	**71,644**	104,449	**71,644**	104,449
MMC Marketing Sdn Bhd				
- Rental	**6,000**	24,000	**6,000**	24,000
Transactions with a subsidiary of a substantial corporate shareholder				
Gas Malaysia Sdn Bhd				
- Purchases of gas	**4,149,421**	-	**-**	-
Transactions with related companies				
Chip Lam Seng Berhad (holding company)				
- Purchases of latex	**20,744,577**	-	**-**	-
PT Abbergummi Medical (related company)				
- Interest charged on outstanding amount	**30,665**	-	**-**	-
- Sales - non-trade	**117,820**	-	**-**	-

The Directors of the Group are of the opinion that the above transactions have been entered into in the normal course of business and have been established based on contracted rates that are agreed between the above parties and the Group.

26. SEGMENTAL INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue and interest bearing financial instruments and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Manufacturing	Manufacture and trading of latex gloves.
Investment holding	Investment of ordinary and quoted shares.

The activities of the Group are carried out solely in Malaysia. The United States of America, Canada, Japan and Europe are the major export markets for the manufacturing division while the major market for the other divisions is principally in Malaysia.

For the period ended 31 January 2005:

	MANUFACTURING RM	INVESTMENT HOLDING RM	OTHERS RM	ELIMINATIONS RM	CONSOLIDATED RM
Business segments					
Revenue from external customers	53,309,998	4,273,000	-	(4,238,000)	53,344,998
Segment results	8,094,126	3,556,977	(101,550)	(4,238,000)	7,311,553
Operating profit					7,311,553
Financing costs					(232,625)
Fixed deposit interest income					49,637
Profit before taxation					7,128,565
Taxation					(998,697)
Net profit for the period					6,129,868

	MANUFACTURING RM	INVESTMENT HOLDING RM	OTHERS RM	ELIMINATIONS RM	CONSOLIDATED RM
Segment assets	78,075,159	46,407,626	47,389	-	124,530,174
Segment liabilities	22,559,046	655,060	3,212	-	23,217,318
Unallocated liabilities					4,489,880
					27,707,198
Capital expenditure	6,534,311	-	-	-	6,534,311
Depreciation	2,193,035	21,945	134	-	2,215,114
Non cash items other than depreciation	210,170	(6,400)	-	-	203,770

Geographical segments

	REVENUE FROM EXTERNAL CUSTOMERS BY LOCATION OF CUSTOMERS RM	SEGMENT ASSETS BY LOCATION OF ASSETS RM	CAPITAL EXPENDITURE BY LOCATION OF ASSETS RM
Malaysia	25,382,788	124,530,174	6,534,311
United States of America and Canada	10,600,961	-	-
Asia	12,396,184	-	-
Europe	3,460,082	-	-
Others	1,504,983	-	-
Consolidated	53,344,998	124,530,174	6,534,311

There is no disclosure of segmental information for the financial year ended 30 April 2004 as the Group had only one business segment, which is investment holding.

27. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. The Group's normal practices for managing each of these risks are summarised below:

Credit risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Appropriate credit evaluation is performed on all major customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentration of credit risk except for amounts owing from 5 major customers of a subsidiary which made up 64% of total trade receivables, which are monitored closely by the Management. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Interest rate risk

In respect of interest bearing financial liabilities and interest earning financial assets, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprise or mature, whichever is earlier.

GROUP **31.1.2005**	EFFECTIVE INTEREST RATE %	TOTAL RM	WITHIN 1 YEAR RM
Financial liabilities			
Short term borrowings	2.57 - 3.15	12,080,000	12,080,000
Financial assets			
Fixed deposits with a licensed bank	3.00	70,924	70,924
30.4.2004			
Financial assets			
Fixed deposits with a licensed bank	3.00	170,697	170,697
COMPANY			
31.1.2005			
Financial assets			
Fixed deposits with a licensed bank	3.00	70,924	70,924
30.4.2004			
Financial assets			
Fixed deposits with a licensed bank	3.00	170,697	170,697

Liquidity risk

The Group manages its liquidity risk through its management of working capital to ensure that cash flows within the operating cycle are sustainable and financing needs are met with minimum funding costs.

Foreign currency risk

The Group's sales are significantly priced in US dollar. It is not the Group's policy to enter into foreign exchange contracts in managing currency risk resulting from cash flows from transactions denominated in foreign currency as the Group's sales are priced in US Dollar given the government's "Peg".

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case-by-case basis.

Fair values:

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables, inter-company balances and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The fair value of the quoted shares as disclosed in Note 5 to the financial statements is their market value price at the balance sheet date, which is RM1,479,000 (30.4.2004: RM1,470,000).

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount of financial instruments of a subsidiary, not recognised in the balance sheet as at 31 January 2005 is as follows:

	GROUP	
	31.1.2005 RM	30.4.2004 RM
Forward foreign exchange contracts	**4,951,937**	-

All the above forward foreign exchange contracts mature within 1 year.

In the opinion of the Directors, there is no significant difference between the fair values and the contracted amount of the forward foreign exchange contracts.

28. SIGNIFICANT EVENT

The restructuring exercise that encompasses a capital reduction of existing share capital, conversion of debts and acquisition of the entire issued and paid-up share capital of CRG as stated earlier in Notes 3 and 15 to the financial statements has been successfully implemented and completed on 22 July 2004.

29. CHANGE IN ACCOUNTING YEAR END

The Company changed its accounting year end from 30 April to 31 January to be co-terminous with its holding company. The comparatives for the Income Statement, Statement of Changes in Equity and Cash Flow Statement as well as the comparatives in the notes to the financial statements relating to the Income Statement for the previous twelve months ended 30 April 2004 are hence not comparable to that for the current nine months ended 31 January 2005.

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FOURTH ANNUAL GENERAL MEETING ("AGM") OF MEMBERS OF INTEGRATED RUBBER CORPORATION BERHAD WILL BE HELD AT THE IMPERIAL ROOM, CROWN PRINCESS KUALA LUMPUR, 10TH FLOOR, CITY-SQUARE CENTRE, 182, JALAN TUN RAZAK, 50400 KUALA LUMPUR, MALAYSIA ON TUESDAY, 26 JULY 2005 AT 10.00 A.M. FOR THE PURPOSE OF CONSIDERING AND, IF THOUGHT FIT, PASSING THE FOLLOWING AS ORDINARY RESOLUTIONS:

Ordinary Business

1. "THAT the Directors' Report and Financial Statements for the period ended 31 January 2005 and the Auditors Report thereon be and are hereby received and adopted."
2. "THAT the final dividend of 1.5 sen per share, tax exempt, for the period ended 31 January 2005 be and is hereby approved and declared payable on 18 August 2005 to the members of the Company registered at the close of business on 29 July 2005."
3. "That the following Directors, who retire in accordance with Article 77 of the Articles of Association, be and are hereby
   re-elected Directors of the Company:
   a) YBhg Dato' Wira Syed Abdul Jabbar bin Syed Hassan;
   b) Mr Tan Loon Guan
4. "THAT Mr Tan Koon Poon @ Tan Koon Pun, who retires pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed a director of the Company to hold office until the conclusion of the next AGM.
5. "THAT the Directors' fees for the period ended 31 January 2005 amounting to RM83,078 be and is hereby approved."
6. "THAT Messrs KPMG, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next AGM and that the remuneration to be paid to them be fixed by the Board."

Special Business

7. **Proposed Shareholders' Mandate for RRPT 1 as specified in Section 3 of the Circular to Shareholders of the Company dated 28 June 2005 ("Circular")**

   "THAT subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company's subsidiary company to enter into all arrangements and/or transactions under RRPT 1 as specified in Section 3 of the said Circular provided that such transactions are:
   (i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and are on terms that are not more favourable to the related parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders of the Company;

AND THAT this Proposed Shareholders' Mandate shall take effect from the date of the passing of this Ordinary Resolution proposed at the forthcoming AGM and continue in force until:
(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
(iii) revoked or varied by a resolution passed by the shareholders in a general meeting before the next AGM.

whichever is the earlier;

AND FURTHER THAT
(i) disclosure is made in the annual report of the aggregate value of all the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year in the manner required under the Listing Requirements of Bursa Securities; and
(ii) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the arrangements and/or transactions contemplated and/or authorised by this Ordinary Resolution."

8. Proposed Shareholders' Mandate for RRPT 2 as specified in Section 3 of the Circular to Shareholders of the Company dated 28 June 2005 ("Circular")

"THAT subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company's subsidiary company to enter into all arrangements and/or transactions under RRPT 2 as specified in Section 3 of the said Circular provided that such transactions are:
(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the day-to-day operations;
(iii) carried out in the ordinary course of business and are on terms that are not more favourable to the related parties than those generally available to the public; and
(iv) are not to the detriment of the minority shareholders of the Company;

AND THAT this Proposed Shareholders' Mandate shall take effect from the date of the passing of this Ordinary Resolution proposed at the forthcoming AGM and continue in force until:

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
(iii) revoked or varied by a resolution passed by the shareholders in a general meeting before the next AGM.

whichever is the earlier;

AND FURTHER THAT

(i) disclosure is made in the annual report of the aggregate value of all the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year in the manner required under the Listing Requirements of Bursa Securities; and
(ii) the Directors be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the arrangements and/or transactions contemplated and/or authorized by this Ordinary Resolution."

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN THAT shareholders who are registered in the Record of Depositors at the close of business on 29 July 2005 shall be entitled to the final dividend which will be paid on 18 August 2005. A depositor shall qualify for dividend entitlement only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 29 July 2005 in respect of ordinary transfers, and
(b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

Nanjappan a/l Vengedasalam
Chan Yoke Yin
Secretaries

Kuala Lumpur
4 July 2005

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A proxy form is enclosed and to be valid must reach the Registrar's Office at Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than forty-eight hours before the meeting.

Explanatory Notes to Special Business

3. RESOLUTION NOS. 7 AND 8 - PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

   The proposed Resolutions 7 and 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interested Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

appendix 8A

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

Day, Date, Time and Place of the Sixty-Fourth Annual General Meeting

DAY AND DATE	TIME	PLACE
Tuesday, 26 July 2005	10.00 a.m.	Imperial Room Crown Princess Kuala Lumpur 10th Floor, City-Square Centre 182, Jalan Tun Razak 50400 Kuala Lumpur

Directors seeking re-appointment pursuant to Article 77 of the Articles of Association (retirement by rotation)

- YBhg Dato' Wira Syed Abdul Jabbar bin Syed Hassan; and
- Mr Tan Loon Guan

Director seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965

- Mr Tan Koon Poon @ Tan Koon Pun

proxy form

I/We, ____ (block letter)

of ____

being a member/members of INTEGRATED RUBBER CORPORATION BERHAD hereby appoint ________________

____

of ____

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26 July 2005 and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

NO.	RESOLUTION	FOR	AGAINST
1.	Adoption of Report and Financial Statements		
2.	Declaration of Dividend		
3.	Re-election of Directors (a) YBhg Dato' Wira Syed Abdul Jabbar bin Syed Hassan		
	(b) Mr Tan Loon Guan		
4.	Re-appointment of Mr Tan Koon Poon @ Tan Koon Pun		
5.	Directors' Fees		
6.	Re-election of Auditors		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT 1)		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT 2)		

1. This proxy form must be deposited at the Registrar's office at Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight hours before meeting.
2. In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. A corporation may, by resolution of its directors or other governing body, if it is a member of the Company, authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.
4. In case of joint holders, the signature of any of them will suffice.
5. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

NUMBER OF SHARES HELD

DATED

SIGNATURE

FOLD HERE

STAMP

To

THE REGISTRAR
INTEGRATED RUBBER CORPORATION BERHAD (852-D)
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

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