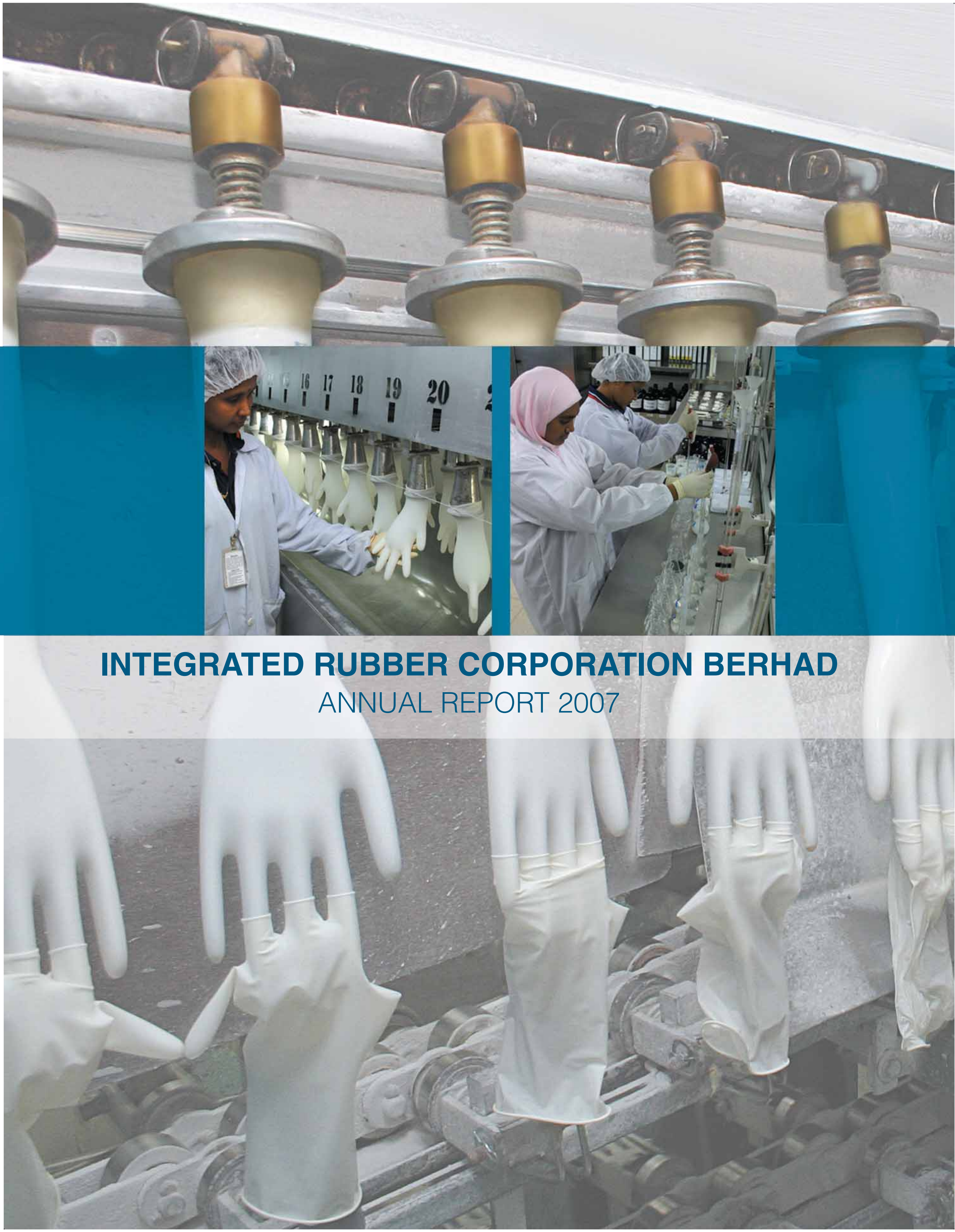


INTEGRATED RUBBER CORPORATION BERHAD

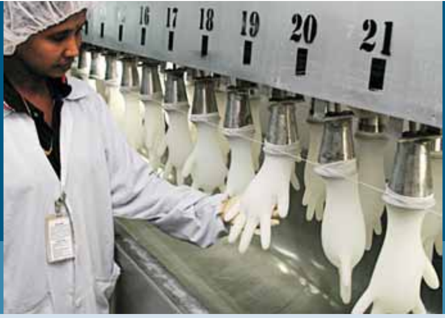
ANNUAL REPORT 2007

INTEGRATED RUBBER CORPORATION BERHAD
ANNUAL REPORT 2007

Contents

Chairman's Statement

Dato' Shahabudin bin Shafie



Over the course of last year we focused on staying competitive in an increasingly tough business environment caused by rising material prices and strengthening of Ringgit Malaysia. Our strategy now is to maintain our position as a major manufacturer of natural rubber latex (NRL) examination gloves and staying competitive through cost cutting and product diversification.

FINANCIAL PERFORMANCE

The high material prices (including latex, chemical and fuel) throughout the financial period of 2007 has caused the Group to record a pre-tax loss of RM7.49 million as compared to a profit of RM0.28 million, despite higher turnover of RM104.98 million as compared to RM91.31 million in the previous financial year.

OPERATIONS REVIEW

Moving forward, we will continue to increase our production capacity to achieve greater economies of scale. We have completed phase one of our expansion plan and added 6 production lines during the year, thus increasing the number of our production lines to 24 and our production capacity from 120 million gloves per month to 180 million gloves per month. In the new Kampung Dew Plant an additional 6 production lines is being modified to produce on line chlorinated and polymer gloves. The additional lines will allow us to have more product mix and meet the requirements of different export markets.

The Board will continue with its present effort to expand current core business by improving our product mix that will allow us to further penetrate into existing and high end markets, and to establish new markets for our products.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to record our sincere appreciation to our shareholders, customers, business association, bankers and relevant authorities for their invaluable trust and support.

Last but not least, due recognition must also be given to management and our staff at all levels for their commitment and dedication.

I look forward for the continued support of all shareholders of IRCB Group in the coming years.

Thank you.

Dato' Shahabudin bin Shafie
Chairman

Corporate Information

DIRECTORS
Dato' Shahabudin bin Shafie
(Chairman)
Tan Keng Beng
(Managing Director)
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad
(Senior Independent Non-Executive Director)
Tan Koon Poon @ Tan Koon Pun
(Non-Independent Non-Executive Director)
Datuk Alias Bin Ali
(Non-Independent Non-Executive Director)
Dato' Daniel Tay Kwan Hui
(Independent Non-Executive Director)
Tan Loon Guan
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad *(Chairman)*
Tan Keng Beng
Dato' Daniel Tay Kwan Hui

NOMINATION COMMITTEE
Dato' Shahabudin bin Shafie *(Chairman)*
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad
Dato' Daniel Tay Kwan Hui

REMUNERATION COMMITTEE
Dato' Shahabudin bin Shafie *(Chairman)*
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad
Dato' Daniel Tay Kwan Hui

OPERATIONAL OFFICE
Comfort Rubber Gloves Industries Sdn Bhd
Lot 821, Jalan Matang,
34750 Matang
Taiping, Perak

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose,
Capital Square,
No. 8, Jalan Munshi Abdullah,
50100 Kuala Lumpur
Tel No : 03 2721 2222
Facsimile No : 03 2721 2530

REGISTERED OFFICE
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Tel No : 05 5474833
Facsimile No : 05 5474363

SECRETARIES
Chan Yoke Yin (Ms)
Ching Siew Yoong (Ms)

AUDITORS
KPMG
Chartered Accountants

PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad
AmBank Berhad

STOCK EXCHANGE LISTING
The Main Board
Bursa Malaysia Securities Berhad

DATO' SHAHABUDIN BIN SHAFIE

Dato' Shahabudin bin Shafie, a Malaysian, aged 65, was appointed as a Non-Independent Non-Executive Director cum Chairman of the Board on 15 August 2006. He was also appointed as Chairman of the Nomination and Remuneration Committees on even date.

He started his career as a RISDA Field Officer in 1965 and retired as the Director General in 1997. At present, he is a Council Member of the Malaysian Estate Owners' Association (MEOA), and a Board Member of the Malaysian Rubber Board and the Rubber Industry Smallholders Development Authority (RISDA). He is a Director of Oriental Food Industries Holdings Berhad and several non-listed companies.

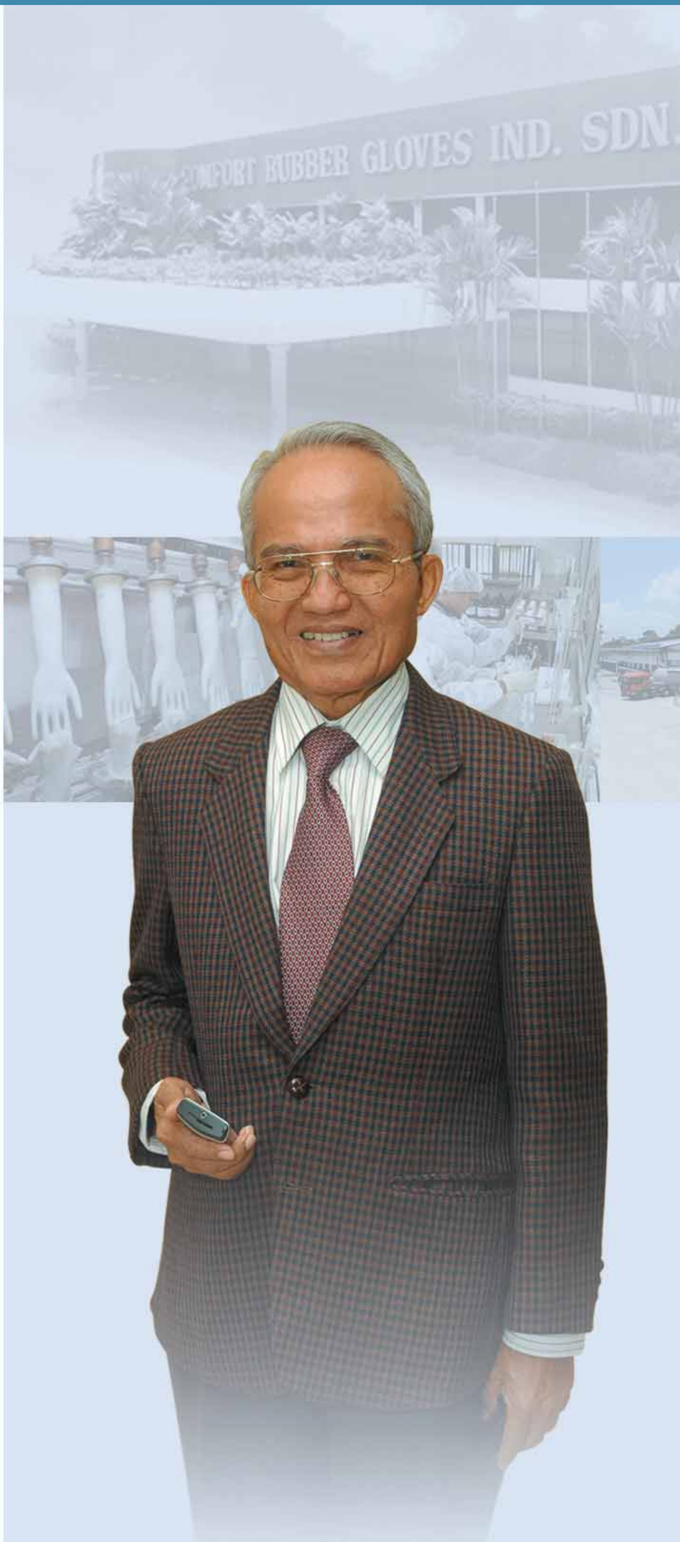
Dato' Shahabudin bin Shafie graduated with a Diploma in Agriculture from the College of Agriculture in 1965. He also holds a B.Sc and M.Sc. Degree in Horticulture from the University of Hawaii. He was also a Hubert Humphrey Fellow at Cornell University, USA. In 1990 he attended the Advance Management Program at Harvard University.

TAN KENG BENG

Mr. Tan Keng Beng, a Malaysian, aged 45, 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 Practicing Accountants.



DATO' (DR.) MEGAT ABDUL RAHMAN BIN MEGAT AHMAD

Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad, a Malaysian, aged 68, 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 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 Zelan Berhad (formerly known as Tronoh Consolidated Malaysia Berhad), Press Metal Berhad, UAC Berhad, IJM Berhad and Boustead Holdings Berhad.

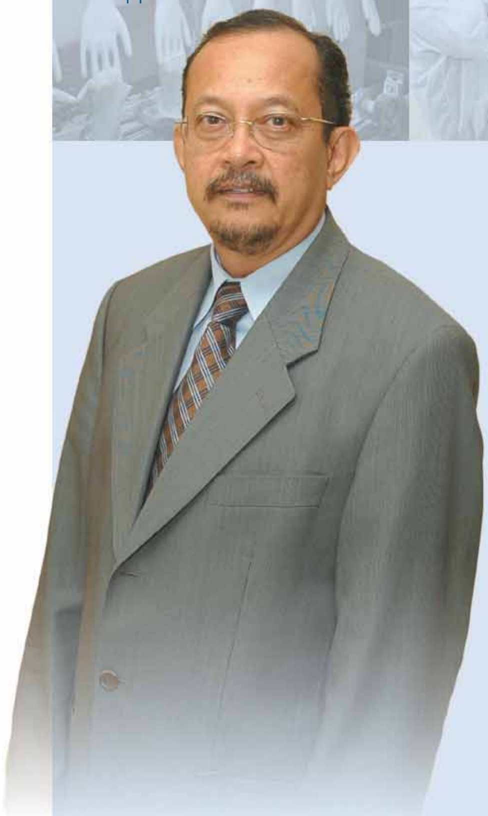
Dato' (Dr.) Megat Abdul Rahman holds a Bachelor of Commerce Degree from the University of Melbourne, Australia. He is a member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in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

DATUK ALIAS BIN ALI

Datuk Alias bin Ali, a Malaysian, aged 59, 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 1970 and worked in various Departments in the Government. In 2000, he was appointed as Secretary General of the Ministry of Health until his retirement in March 2004. He is currently a Board member of FIMA Corporation Berhad, Mentakab Rubber Company (Malaysia) Berhad, CCM Duopharma Biotech Berhad, AirAsia Berhad and Melati Ehsan Holdings Berhad.

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



TAN KOON POON @ TAN KOON PUN

Mr. Tan Koon Poon @ Tan Koon Pun, a Malaysian, aged 81, was appointed as a Non-Independent Non-Executive Director on 22 July 2004.

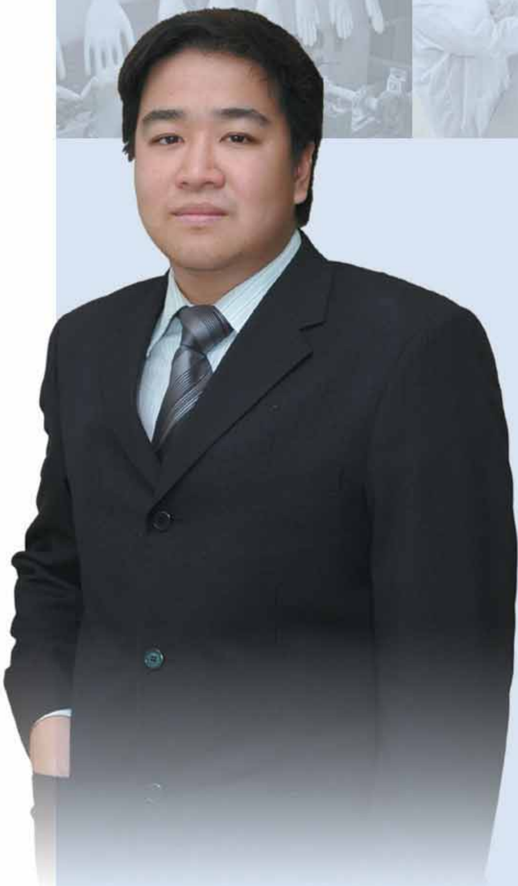
He is the founder of Chip Lam Seng Berhad and is well respected in the rubber community with an estimated 49 years of accumulated experience in this industry.

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.

TAN LOON GUAN

Mr. Tan Loon Guan, a Malaysian, aged 29, was appointed as a Non-Independent Non-Executive Director on 22 July 2004. Besides joining Comfort Rubber Gloves Industries Sdn. Bhd. as a Marketing Manager in 2002, he is also the Marketing Manager in Chip Lam Seng Berhad, specializing 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 Hertforshire, United Kingdom.

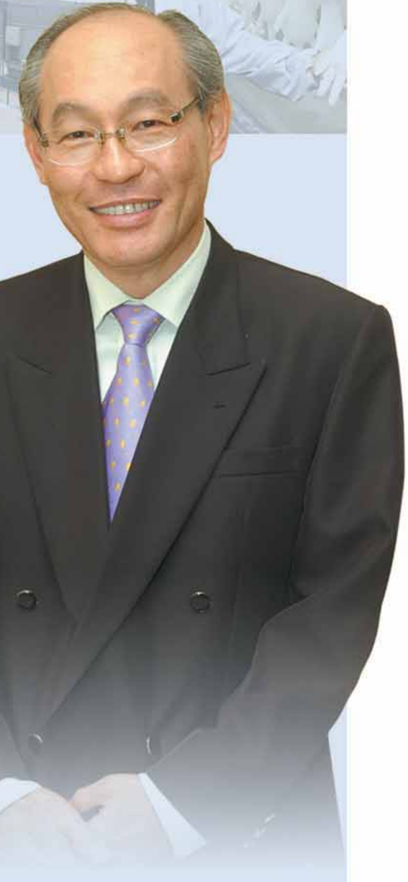


DATO' DANIEL TAY KWAN HUI

Dato' Daniel Tay, a Malaysian, aged 52, was appointed as an Independent Non-Executive Director and a member of the Audit Committee on 22 July 2004. He was appointed as a member of the Nomination and Remuneration Committees on 12 October 2004.

Dato' Daniel Tay served as a committee member of Perak Bar and sits as Chairman/member of few disciplinary committees. He is a Councilor of Majlis Bandaraya Ipoh, and also the 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 YMCA Malaysia. He served as the President of the Perak Lawn Tennis Association and continues to serve as its Vice-President. Dato' Daniel Tay remains 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. He is currently a consultant to a legal firm.



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 SHAREHOLDERS' 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 BOTH PRIOR TO AND SINCE THE ISSUANCE OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (CODE) 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 PARTS 1 AND 2 OF THE CODE RESPECTIVELY.

It is based on these premises that the Board has emphasized the importance of maintaining an effective corporate governance framework within the Group. A narrative statement on how the Company has applied the Principles and Best Practices of the Malaysian Code on Corporate Governance 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 year ended 31 January 2007, a total of six board meetings were held.

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.

Board Balance

The Board comprises of a Managing Director and six Non-Executive Directors, two of whom are Independent. This composition allows for the applying of independent judgement on issues of strategy, performance, resource utilization 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.

The Non-Executive Directors monitors 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 matter reserved specifically for its decision. It meets at least five times a year and as 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 finalized 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 recommendation made by the Nomination Committee. Towards this, the Board has established a Nomination Committee, 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 in an ongoing basis.

Re-election

All Directors are required to submit themselves for re-election by shareholders at least once in every three years in accordance with 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 at every general meeting and shall be eligible for re-appointment to hold office until the next annual general meeting.

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme and most of the Directors have attended various other accredited Continuing Education Programmes conducted by various course leaders. All Directors receives updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges.

Following the repeal of the Listing Requirement pertaining to Continuing Education Programme, the Board will evaluate and determine the training needs of Directors on a continuous basis.

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 level of remunerations for the Executive Directors including the Managing Director. This is to ensure that they are remunerated sufficiently to attract and retain them 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 categorized into appropriate component for the financial year ended 31 January 2007 is as follows:

	Fee (RM)	Salary (RM)	Allowances (RM)	Benefits in Kind (RM)
Executive Director	-	617,240	9,450	27,663
Non Executive Director	188,000	-	38,100	7,083

The number of Directors of the Company whose total remuneration falls within the following band for the financial year ended 31 January 2007 is as follows:

	No. of Directors	
Range of Remuneration	**Executive**	**Non Executive**
0 - RM50,000	-	5
RM50,001 – RM100,000	-	1
RM650,001 – RM700,000	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. **Communications**
   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.

Annual General Meeting

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst Shareholders, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to shareholders. The Board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operations 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 year ended 31 January 2007, 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 defect 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 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 19 to 20 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 exist between the Audit Committee and the external auditors.

Board Meeting

During the financial year, the Board met 6 times and the attendance record for each Director is as follows:

No	Name	Total Meetings Attended
1.	Dato' Wira Syed Abdul Jabbar bin Syed Hassan *(resigned on 15 August 2006)*	3/3
2.	Dato' Shahabudin bin Shafie *(appointed on 15 August 2006)*	3/3
3.	Tan Keng Beng	6/6
4.	Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad	6/6
5.	Datuk Alias bin Ali	4/6
6.	Dato' Daniel Tay Kwan Hui	6/6
7.	Tan Koon Poon @ Tan Koon Pun	6/6
8.	Tan Loon Guan	6/6

BOARD COMMITTEES

Audit Committee ("AC")

The Audit Committee comprises two Independent Non-Executive Directors and the Managing Director and is chaired by 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, completed terms of reference and the activities of the Audit Committee during the financial year are set out under the Audit Committee Report on pages 21 to 24.

Nomination Committee ("NC")

The members of the Nomination Committee during the year, composed wholly of non-executive Directors, a majority of whom are independent, were as follows:

Name of member
Dato' Shahabudin bin Shafie – *Non-Independent Non-Executive Director (Chairman)*
Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad – *Independent Non-Executive Director*
Dato' Daniel Tay Kwan Hui – *Independent Non-Executive Director*

The terms of reference of the Nomination Committee include the following:

- Consider suitable persons for appointment as Board Members;
- Review the performance of Board members;
- Consider and recommend a policy regarding the period of service of Executive and Non-Executive Directors;
- Consider and recommend any other measures to upgrade the effectiveness of the Board;
- Consider and recommend solutions on issues of conflict of interest affecting directors;
- Recommend the appointment of nominees of the Company to the Boards of subsidiaries; and
- Carry out such other assignments as may be delegated by the Group.

Remuneration Committee ("RC")

The members of the Remuneration Committee during the year, composed wholly of non-executive Directors, a majority of whom are independent, were as follows:

Name of member
Dato' Shahabudin bin Shafie – *Non-Independent Non-Executive Director (Chairman)*
Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad – *Independent Non-Executive Director*
Dato' Daniel Tay Kwan Hui – *Independent Non-Executive Director*

The terms of reference of the Nomination Committee include the following:

- Review and recommend the general remuneration policy of the Group;
- Plan for succession to the position of Chairman of the Board and Managing Director as well as certain other senior management position in the Group;
- Review the performance of the Managing Director and Executive Directors within the Group;
- Recommend the appointment and promotion of top executives (General Manager and above) within the Group, determine their salaries and recommend salary revisions and improvements as are considered necessary together with fringe benefits, perquisites and bonus programmes;
- Review annually the compensation of Directors;
- Recommend suitable short and long-term incentive plans including the setting of appropriate performance targets as well as a programme for management development; and
- Carry out such other assignments as may be delegated by the Board.

Additional Compliance Statement

CONFLICT OF INTEREST

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 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 related to subsidiaries and associates of the CLS group of companies.

Other than as disclosed above, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company or have any conflict of interest with the Company.

CONVICTIONS FOR OFFENCES

None of the Directors has been convicted for offences within the past ten (10) 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 year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year, 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 RM55,972.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimates, forecasts or projections for the financial year.

PROFIT GUARANTEE

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

VARIATION IN RESULTS

There was no material variance between the audited results for the financial year ended 31 January 2007 and unaudited results previously released for the financial quarter ended 31 January 2007.

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 (RM)	Relationship
1/1/2007	CLS and CRG	Purchase of latex from CLS for the months from January to December 2007	30,000,000	As per disclosure in the "Conflict of Interest" above
1/1/2007	CLS and CRG	Purchase of latex from CLS for the months from February to December 2007	30,000,000	As per disclosure in the "Conflict of Interest" above
25/1/2006	CLS and CRG	Purchase of latex from CLS for the months from January 2006 to January 2007	5,653,620	As per disclosure in the "Conflict of Interest" above
25/1/2006	CLS and CRG	Purchase of latex from CLS for the months from January 2006 to January 2007	16,960,860	As per disclosure in the "Conflict of Interest" above
13/2/2006	CLS and CRG	Purchase of latex from CLS for the month February 2006	2,650,000	As per disclosure in the "Conflict of Interest" above
10/3/2006	CLS and CRG	Purchase of latex from CLS for the month March 2006	2,715,000	As per disclosure in the "Conflict of Interest" above
14/3/2006	CLS and CRG	Purchase of latex from CLS for the months from March to April 2006	3,228,000	As per disclosure in the "Conflict of Interest" above
26/4/2006	CLS and CRG	Purchase of latex from CLS for the month May 2006	3,207,000	As per disclosure in the "Conflict of Interest" above

MATERIAL CONTRACTS (cont'd)

Date	Parties	General Nature of Contract	Consideration (RM)	Relationship
17/7/2006	CLS and CRG	Purchase of latex from CLS for the months from July to August 2006	1,809,000	As per disclosure in the "Conflict of Interest" above
31/7/2006	CLS and CRG	Purchase of latex from CLS for the month August 2006	1,530,000	As per disclosure in the "Conflict of Interest" above
29/8/2006	CLS and CRG	Purchase of latex from CLS for the month August 2006	1,350,000	As per disclosure in the "Conflict of Interest" above
16/10/2006	CLS and CRG	Purchase of latex from CLS for the months from December 2006 to January 2007	1,800,000	As per disclosure in the "Conflict of Interest" above
4/12/2006	CLS and CRG	Purchase of latex from CLS for the month of January 2007	726,000	As per disclosure in the "Conflict of Interest" above
10/06/2003	GMSB and CRG	Purchase of natural gas for 5 years commencing May 2003	8,256,168 Feb '06 to Jan '07	MMC is a major shareholder of the Company and GMSB
12/04/2005	GMSB and CRG	Purchase of natural gas for 5 years commencing July 2003	2,398,612 Feb '06 to May '07	MMC is a major shareholder of the Company and GMSB

Abbreviations:-

CLS – Chip Lam Seng Berhad
CRG – Comfort Rubber Gloves Industries Sdn. Bhd.
GMSB – Gas Malaysia Sdn. Bhd.

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

INTRODUCTION

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 report a 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 year 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 only provide reasonable but not absolute assurance against material misstatements or loss. The system of internal control currently covers financial, organisational and compliance control.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

With the initial Enterprise Risk Management review performed in the financial year ended 31 January 2006, the management has monitored the Group's control processes after taking into consideration the significant risk. The Group key risk profile will continue to be regularly reviewed by the Board and will be used in the on going process of identifying, evaluating and managing significant risks.

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

Internal Audit Function

The Group's internal audit function is currently outsourced to a professional services firm, Messrs Deloitte Touche Tohmatsu who report on the system of financial accounting and operational controls. The internal auditor had carried out two internal audit visits over the financial year in accordance with the Internal Audit Plan approved by the Audit Committee. Results of internal audit review and recommendations for improvement were presented to the Audit Committee on a half yearly basis. Follow up visits were performed subsequently by the internal auditor to determine the extent to which the recommendations have been implemented.

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 major subsidiary will prepare budgets for every financial year, which are approved at Board level.
- Quarterly financial management report, which includes 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 accreditation 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 ISO 9001:2000.

Weaknesses In Internal Controls That Result In Material Losses

There were no materials losses incurred during the current financial year 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 16 May 2007.

Audit Committee Report

1. MEMBERSHIP AND MEETINGS

1.1 Membership

The Audit Committee comprises the following members:

- Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad, Chairman
  (Senior Independent Non-Executive Director)

- Dato' Daniel Tay Kwan Hui
  (Independent Non-Executive Director)

- Tan Keng Beng
  (Managing Director)

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

1.2 Meetings

The Audit Committee convened a total of five (5) meetings during the financial year ended 31 January 2007. All members attended the five meetings. Representatives of the external and internal auditors were present by invitation in the meetings.

Audit Committee Members	Number of Meetings Attended
Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad	5 of 5
Tan Keng Beng	5 of 5
Dato' Daniel Tay Kwan Hui	5 of 5

2. TERMS OF REFERENCE

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 Meeting and Minutes

Meetings are scheduled at least four times a year, and will normally be attended by the Senior Internal Auditor and upon invitation, the External or Internal Audit Consultants. 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 Board member. The Chairman of the Audit Committee shall report key matters discussed at each meeting to the Board.

2.3 Quorum

A quorum shall consist of a minimum of two (2) members, both of whom must be independent non-executive 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 Audit consultants.

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. To review all prospective financial information provided to the regulators and/or the public.

xiii. To report promptly to Bursa Malaysia Securites 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 Listing Requirements.

xiv. To 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 year, 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 year ended 31 January 2007 were as follows:

- Reviewed the External Auditors' audit strategy and scope for the statutory audit of the Company's financial year ended 31 January 2007.
- Reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Group and recommended the same for approval by the Board.
- Reviewed the findings of the External and Internal Auditors and followed up on the recommendations.
- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.
- Reviewed the RRPT Circular to Shareholders and recommended the same for approval by the Board.
- Reviewed the Internal Audit Planning Memorandum and the timeline required for the exercise.

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

- Internal Control Statement and Audit Committee Report for inclusion in the Annual Report; and
- The disclosure requirements in accordance with the Bursa Securities' Listing Requirements.

4. INTERNAL AUDIT FUNCTIONS AND ACTIVITIES

The Internal Audit function has been outsourced to Messrs Deloitte Touch Tohmatsu ("Deloitte"). During the year, the Committee reviewed Deloitte's Internal Audit Review Report, its findings and emphasized on follow-up audits to ensure that appropriate corrective actions are taken and that the audit recommendations are implemented.

5. EMPLOYEES' SHARE OPTION SCHEME

There is no employee share scheme for the Audit Committee to review and verify.

Shareholders' Information

Authorised Share Capital : RM200,000,000.00
Issued & Paid-up Capital : RM118,405,240.00
Class of Shares : Ordinary Shares of RM0.50 each fully paid
Voting Rights : 1 vote per share (on a poll)
1 vote per shareholder (on show of hands)

The Company has 5,923 shareholders as at 30 May 2007

ANALYSIS OF SHAREHOLDINGS AS AT 30 MAY 2007

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	237	4.00	8,917	0.00
100 to 1,000	3,423	57.79	1,773,791	0.75
1,001 to 10,000	1,980	33.43	5,690,917	2.40
10,001 to 100,000	242	4.09	6,876,795	2.90
100,001 to 2,630,999 (*)	39	0.66	48,359,014	20.42
2,631,000 to above (**)	2	0.03	174,101,046	73.53
Total	**5,923**	**100.00**	**236,810,480**	**100.00**

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) AS AT 30 MAY 2007

Name of Substantial Shareholders	Direct		Deemed	
	No of shares	%	No of shares	%
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) 130,430,046	55.08
MMC Corportion 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 Moktar 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 the late Tan Keng Boon and Mr. Tan Keng Beng.
(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 to the late Tan Keng Boon.
(4) Anglo-Oriental (Malaya) Sdn Bhd, a wholly-owned subsidiary of MMC which 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 this Act.
(7) Deemed interested by virtue of his major shareholdings in Indra Cita pursuant to Section 6A of the Act.

DIRECTORS' INTERESTS AS AT 30 MAY 2007

INTEGRATED RUBBER CORPORATION BERHAD

Name of Directors	Ordinary Shares of RM1.00 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Dato' Shahabudin Bin Shafie	-	-	-	-
Tan Keng Beng	-	-	130,101,046	54.94
Dato' (Dr.) Megat Abdul Rahman Bin Megat Ahmad	-	-	-	-
Dato' Daniel Tay Kwan Hui	-	-	-	-
Datuk Alias Bin Ali	-	-	-	-
Tan Koon Poon @ Tan Koon Pun	-	-	130,101,046	54.94
Tan Loon Guan	-	-	130,430,046	55.08

Holding Company
CHIP LAM SENG BERHAD

Name of Directors	Ordinary Shares of RM1.00 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Tan Keng Beng	-	-	16,000,000	100.00
Tan Koon Poon @ Tan Koon Pun	-	-	16,000,000	100.00

Ultimate Holding Company
CHIP LAM SENG ENTERPRISE BERHAD

Name of Directors	Ordinary Shares of RM1.00 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Tan Keng Beng	1,600,000	10.00	-	-
Tan Koon Poon @ Tan Koon Pun	7,179,520	44.87	-	-

By virtue of their interest in the ultimate holding company, Tan Keng Beng, Tan Koon Poon @ Tan Koon Pun and Tan Loon Guan are also deemed to have interests in the shares of all the subsidiaries to the extent that the Company has an interest.

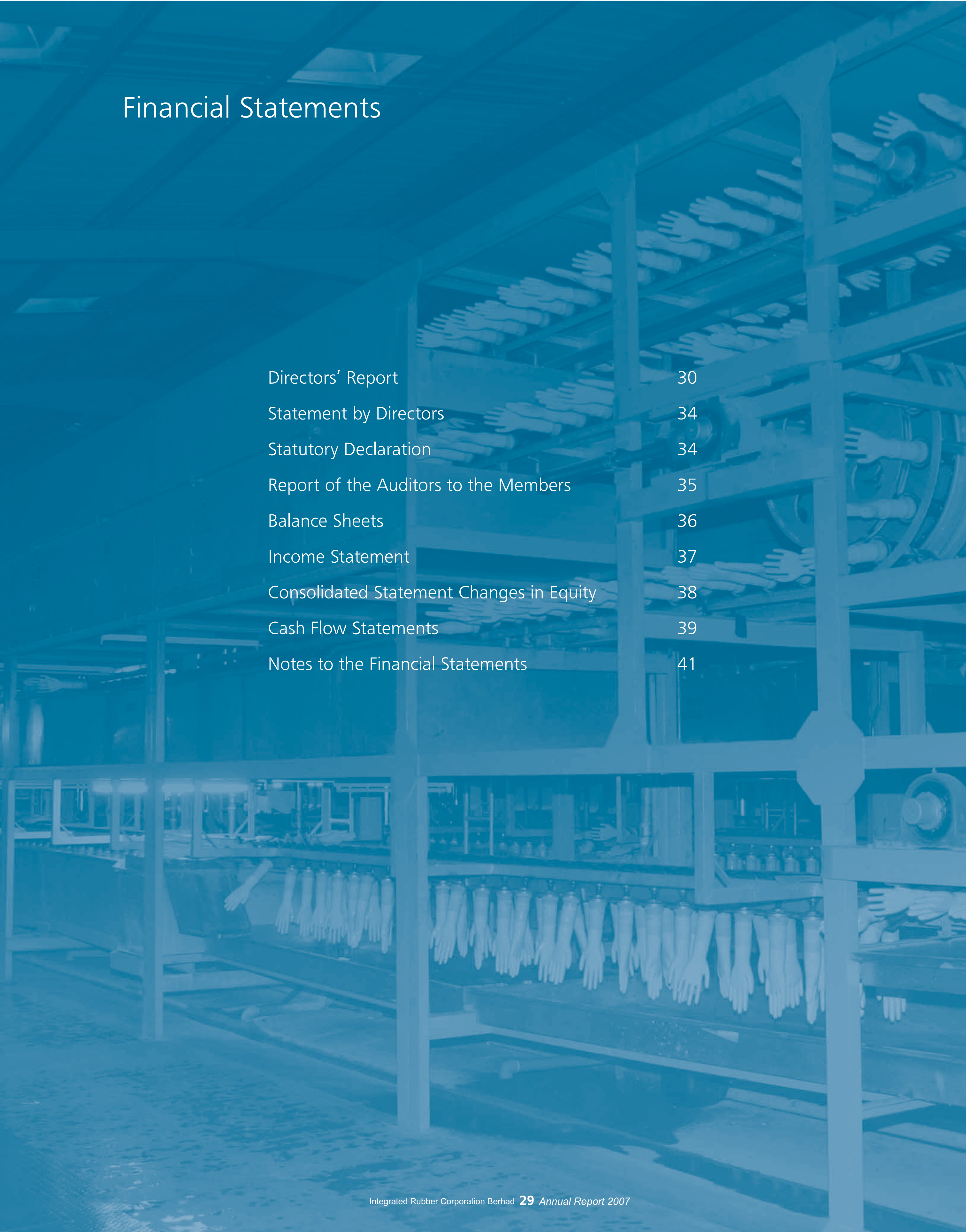
Other than as disclosed above, none of the other Directors have any direct or deemed interest in the shares of the related companies.

30 LARGEST SHAREHOLDERS as at 30 MAY 2007

No.	Name	No. of Shares	%
1	Chip Lam Seng Berhad	130,101,046	54.94
2	MMC Corporation Berhad	44,000,000	18.58
3	Warisan Diprima Sdn Bhd	10,000,000	4.22
4	Melati Angsana Sdn Bhd	10,000,000	4.22
5	Panduan Jitu Sdn Bhd	6,250,000	2.64
6	Impian Semarak Sdn Bhd	3,500,000	1.48
7	Anglo-Oriental (Malaya) Sdn Berhad	3,497,154	1.48
8	Rampai Dedikasi Sdn Bhd	2,700,000	1.14
9	Tan Loon Hean	1,222,500	0.52
10	Lee Eng Kwen	620,000	0.26
11	Tan Keng Boon & Sons Sdn Bhd	580,000	0.24
12	Lim Ho Peng	572,600	0.24
13	Gulamoydeen Bin Mohamed Haniffa	547,300	0.23
14	Chai Sing Kee	500,000	0.21
15	Tham Yoke Cheong	500,000	0.21
16	Ooi Siew Suan	500,000	0.21
17	Lee Sim Hak	500,000	0.21
18	Ong Lock Hoo	500,000	0.21
19	Universal Fisheries (M) Holdings Sdn Berhad	500,000	0.21
20	Angkasuwan Mrs Sunee	500,000	0.21
21	Ng Siyu Lian	500,000	0.21
22	Koh Chong Wan	500,000	0.21
23	Moo Sing Hoe	489,300	0.21
24	Ko Yaw Nan	387,000	0.16
25	Lee Chee Ming	365,100	0.15
26	Ng Lai Chiek	334,000	0.14
27	Tan Bee Yong	310,000	0.13
28	Tan Loon Synn	292,500	0.12
29	Ching Ping Wah	245,400	0.10
30	Lee Bee Seng	200,000	0.08
	TOTAL	**220,713,900**	**93.20**

List of Properties Held as at 31 January 2007

Location	Tenure	Area (Hectares)	Year Of Expiry	Description/ Existing use	Net Book Value (RM)	Age Building (Years)	Year of Acquisition
SELANGOR DARUL EHSAN							
PT 823 Ulu Tinggi Kuala Selangor	Leasehold	36.42	2004 (Under application for renewal)	Mining Land	1	-	2001
Lot Nos. 514 and 682 Batang Berjuntai Kuala Selangor	Freehold	13.86	-	Camp site	234,946	25 - 39	1957 & 1960
Lot No. 4162 Batu Caves Gombak	Freehold	0.47	-	Laboratory	84,318	25 - 32	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	4,171,927	13	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	4,278,106	13	1999
(Held under master title) H.S.(D) KN4809 Mukim Gunung Semanggol Daerah Kerian Negeri Perak Darul Ridzuan	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	151,746	10	2000



Financial Statements

Directors' Report for the year ended 31 January 2007

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 January 2007.

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 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Loss for the year	(5,631,060)	(553,823)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDEND

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

DIRECTORS OF THE COMPANY

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

Dato' Shahabudin bin Shafie (appointed w.e.f. 15.08.2006)
Tan Keng Beng, PMP
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
Dato' Wira Syed Abdul Jabbar bin Syed Hassan (resigned w.e.f. 15.08.2006)

DIRECTORS' INTERESTS

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

	<---- Number of ordinary shares of RM0.50 each ---->			
	Balance at 1.2.2006	**Bought**	**Sold**	**Balance at 31.1.2007**
The Company				
Indirect interest				
Tan Keng Beng	130,101,046	-	-	130,101,046
Tan Koon Poon @ Tan Koon Pun	130,101,046	-	-	130,101,046
Tan Loon Guan	130,101,046	200,000	-	130,301,046

	<---- Number of ordinary shares of RM1.00 each ---->			
	Balance at 1.2.2006	**Bought**	**Sold**	**Balance at 31.1.2007**
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

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 year 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 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year. There were no changes notified by the Directors in any of their interest in the ordinary shares of the Company between 31 January 2007 to 16 May 2007.

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 disclosed in Note 22 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling 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

There were no changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

(i) all known bad debts have been written off and adequate provision 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 the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, 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 year 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 year.

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 year 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, the results of the operations of the Group and of the Company for the financial year ended 31 January 2007 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 year and the date of this report.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

DATO' SHAHABUDIN BIN SHAFIE

TAN KENG BENG, PMP

IPOH
Date: 16 May 2007

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 36 to 75 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by Malaysian Accounting Standard Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

DATO' SHAHABUDIN BIN SHAFIE

TAN KENG BENG, PMP

IPOH
Date: 16 May 2007

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

I, TAN KENG BENG, PMP, 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 36 to 75 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)
above named TAN KENG BENG, PMP at)
Ipoh in the State of Perak Darul Ridzuan)
on 16 May 2007)

BEFORE ME:

S JAGJIT SINGH, PJK
No: A023

Report of the Auditors to the Members

We have audited the financial statements set out on pages 36 to 75. 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.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 for entities other than private entities issued by Malaysian Accounting Standards Board 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 2007 and the results of their operations and cash flows for the year 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

LEE KEAN TEONG
Partner
Approval Number: 1857/02/08 (J)

IPOH
Date: 16 May 2007

Balance Sheets at 31 January 2007

	Note	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
ASSETS					
Property, plant and equipment	3	68,961,515	66,081,440	347,900	364,648
Goodwill on consolidation	4	42,727,693	42,727,693	-	-
Investment in subsidiaries	5	-	-	90,300,001	90,300,001
Other investments	6	1,245,000	1,245,000	1,245,000	1,245,000
Total non-current assets		112,934,208	110,054,133	91,892,901	91,909,649
Inventories	7	25,040,306	15,288,842	-	-
Receivables, deposits and prepayments	8	17,837,127	20,216,680	88,611	184,251
Income tax receivables		3,362,161	2,181,489	14,558	6,880
Short-term deposits, cash and bank balances	9	6,416,612	1,246,064	388,726	750,034
Total current assets		52,656,206	38,933,075	491,895	941,165
TOTAL ASSETS		165,590,414	148,987,208	92,384,796	92,850,814
EQUITY					
Share capital	10	118,405,240	118,405,240	118,405,240	118,405,240
Capital reserves	11	120,000	120,000	120,000	120,000
Accumulated losses		(30,745,180)	(25,114,120)	(28,955,151)	(28,401,328)
Total equity attributable to shareholders of the Company		87,780,060	93,411,120	89,570,089	90,123,912
LIABILITIES					
Loans and borrowings	12	19,077,177	9,499,352	-	-
Deferred tax liabilities	13	3,307,256	5,158,789	-	-
Total non-current liabilities		22,384,433	14,658,141	-	-
Payables and accruals	14	14,490,976	10,298,795	2,814,707	2,726,902
Loans and borrowings	12	40,934,945	30,619,152	-	-
Total current liabilities		55,425,921	40,917,947	2,814,707	2,726,902
TOTAL LIABILITIES		77,810,354	55,576,088	2,814,707	2,726,902
TOTAL EQUITY AND LIABILITIES		165,590,414	148,987,208	92,384,796	92,850,814

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements for the year ended 31 January 2007

	Note	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Revenue	15	104,975,807	91,304,680	42,000	42,000
Cost of sales		(101,961,234)	(82,663,857)	-	-
Gross profit		3,014,573	8,640,823	42,000	42,000
Other income		394,529	769,813	394,529	616,964
Selling expenses		(1,318,461)	(1,888,421)	-	-
Administrative expenses		(5,998,831)	(6,356,781)	(998,382)	(1,285,792)
Other expenses		(1,359,393)	(113,954)	-	-
Results from operating activities	16	(5,267,583)	1,051,480	(561,853)	(626,828)
Interest income		83,927	34,035	8,030	9,169
Finance costs	17	(2,304,809)	(808,594)	-	-
(Loss)/Profit before tax		(7,488,465)	276,921	(553,823)	(617,659)
Tax income/(expense)	18	1,857,405	(136,620)	-	56,799
(LOSS)/PROFIT FOR THE YEAR		(5,631,060)	140,301	(553,823)	(560,860)
(Loss)/Profit for the year attributable to shareholders of the Company		(5,631,060)	140,301	(553,823)	(560,860)
Basic (loss)/earnings per ordinary share (sen)	19	(2.38)	0.06		

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement Changes in Equity

for the year ended 31 January 2007

GROUP	<------- Attributable to shareholders of the Company ------->			
	<----- Non-distributable ----->		Distributable	
	Share capital	Capital reserve	Accumulated losses	Total equity
	RM	RM	RM	RM
At 1 February 2005	118,405,240	120,000	(21,702,264)	96,822,976
2005 final dividend				
- 1.5 sen tax exempt per share	-	-	(3,552,157)	(3,552,157)
Profit for the year	-	-	140,301	140,301
At 31 January 2006	118,405,240	120,000	(25,114,120)	93,411,120
Loss for the year	-	-	(5,631,060)	(5,631,060)
At 31 January 2007	118,405,240	120,000	(30,745,180)	87,780,060

COMPANY	<----- Non-distributable ----->		Distributable	
	Share capital	Capital reserve	Accumulated losses	Total equity
	RM	RM	RM	RM
At 1 February 2005	118,405,240	120,000	(24,288,311)	94,236,929
2005 final dividend				
- 1.5 sen tax exempt per share	-	-	(3,552,157)	(3,552,157)
Loss for the year	-	-	(560,860)	(560,860)
At 31 January 2006	118,405,240	120,000	(28,401,328)	90,123,912
Loss for the year	-	-	(553,823)	(553,823)
At 31 January 2007	118,405,240	120,000	(28,955,151)	89,570,089
	Note 10	Note 11		

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements for the year ended 31 January 2007

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash flows from operating activities				
(Loss)/Profit before tax	(7,488,465)	276,921	(553,823)	(617,659)
Adjustments for:				
Depreciation of property, plant and equipment	5,561,411	5,389,570	7,449	18,754
Dividend income	(42,000)	(42,000)	(42,000)	(42,000)
Finance costs	2,304,809	808,594	-	-
Gain on disposal of investment in associate	-	(4,851)	-	(4,851)
(Gain)/loss on disposal of property, plant and equipment	(69,812)	(84,581)	(69,812)	3,235
Property, plant and equipment written off	499,587	274,294	-	-
Interest income	(83,927)	(34,035)	(8,030)	(9,169)
Operating profit/(loss) before changes in working capital	681,603	6,583,912	(666,216)	(651,690)
Change in inventories	(9,751,464)	(7,089,012)	-	-
Change in receivables, deposits and prepayments	2,347,375	4,249,763	95,640	315,597
Change in payables and accruals	4,224,359	(790,024)	87,805	184,217
Cash (used in)/generated from operations	(2,498,127)	2,954,639	(482,771)	(151,876)
Income tax paid	(1,174,800)	(1,567,879)	(7,678)	45,039
Financing cost paid	(1,463,452)	(758,185)	-	-
Dividend income received	42,000	42,000	42,000	4,280,000
Net cash (used in)/from operating activities	(5,094,379)	670,575	(448,449)	4,173,163
Cash flows from investing activities				
Acquisition of property, plant and equipment	(8,950,372)	(26,361,110)	-	-
Proceeds from disposal of property, plant and equipment	79,111	305,124	79,111	-
Proceeds from disposal of investment in associate	-	4,900	-	4,900
Interest income	83,927	34,035	8,030	9,169
Increased in fixed deposit pledged	(2,407)	(2,524)	(2,407)	(2,524)
Net cash (used in)/from investing activities	(8,789,741)	(26,019,575)	84,734	11,545
Balance carried down	(13,884,120)	(25,349,000)	(363,715)	4,184,708

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	RM	RM	RM
Cash flows from financing activities				
Balance brought down	(13,884,120)	(25,349,000)	(363,715)	4,184,708
Proceeds from short-term borrowings	9,177,000	17,996,000	-	-
Repayment to hire purchase creditor	(229,152)	(201,496)	-	-
Proceed from term loans	10,945,770	8,640,000	-	-
Interest paid on term loan	(800,773)	(14,723)	-	-
Interest paid on hire purchase	(40,584)	(35,686)	-	-
Dividend paid	-	(3,552,157)	-	(3,552,157)
Net cash from/(used in) financing activities	19,052,261	22,831,938	-	(3,552,157)
Net increase/(decrease) in cash and cash equivalents	5,168,141	(2,517,062)	(363,715)	632,551
Cash and cash equivalents at beginning of year	1,172,616	3,689,678	676,586	44,035
Cash and cash equivalents at end of year	6,340,757	1,172,616	312,871	676,586

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	RM	RM	RM
Short-term deposits with licensed banks (excluding pledged deposit)	5,660,748	583,946	-	583,946
Cash and bank balances	680,009	588,670	312,871	92,640
	6,340,757	1,172,616	312,871	676,586
	Note 9		Note 9	

ii) *Acquisition of property, plant and equipment*

During the year the Group acquired property, plant and equipment with an aggregate cost of RM8,950,372 (2006: RM27,965,110) of which RM NIL (2006: RM1,604,000) were acquired by means of hire purchases.

The notes set out on pages 41 to 75 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

Integrated Rubber Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business are as follows:-

Registered office

55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan

Principal place of business

Lot 821 Mk Jebong
Jalan Matang
34750 Ara Matang
Perak Darul Ridzuan

The consolidated financial statements as at and for the year ended 31 January 2007 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 January 2007 do not include other entities.

The Company is principally engaged in investment holding activities while the other group entities are primarily involved in the manufacturing and trading of latex gloves.

The ultimate holding company during the financial year is Chip Lam Seng Enterprise Sdn Bhd and the holding company is Chip Lam Seng Berhad. Both companies are incorporated in Malaysia.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

1. BASIS OF PREPARATION (cont'd)

1.1 Statement of compliance (cont'd)

The MASB has issued the following Financial Reporting Standards ("FRSs") and Interpretations that are effective for annual periods beginning after 1 January 2006 and that have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date
FRS 117, Leases	1 October 2006
FRS 124, Related Party Disclosures	1 October 2006
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
Amendment to FRS 119_{2004}, Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129_{2004}, Financial Reporting in Hyperinflationary Economics	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply FRS 117 and FRS 124 initially for the annual period beginning 1 February 2007 and the Amendment to FRS 121 initially for the annual period beginning 1 July 2007.

The impact of applying FRS 117, FRS 124 and FRS 139 on the financial statements upon first adoption of these standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

There is no financial impact on applying the Amendment to FRS 121 on the financial statements upon first adoption of this standard.

FRS 6, the Amendment to FRS 119_{2004} and the Interpretations listed above are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The financial statements were approved by the Board of Directors on 16 May 2007.

1. BASIS OF PREPARATION (cont'd)

1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

As at 31 January 2007, the current liabilities of the Group and of the Company have exceeded its current assets by RM2,769,715 and RM2,322,812 respectively. In the opinion of the Directors, the Group and the Company would be able to generate sufficient funds from operating cash flows in the near future to meet its debts as and when they fall due. In view of the above together with assumptions that the continuing financial support from their bankers and creditors are obtained and the Group's ability to achieve continuing profitable operations, the financial statements for the year ended 31 January 2007 are prepared on a going concern basis.

1.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

1.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the Note 4 - measurement of the recoverable amounts of cash-generating units.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgement is guided by the past experiences, judgement is made about the future recovery of debts.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

2.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.2 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in arm's length transaction after making proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of such an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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

The estimated useful lives for the current and comparative periods 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%

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

2.3 Goodwill

Goodwill arises on the acquisition of subsidiaries.

For acquisition prior to 1 January 2006, goodwill represents the excess of cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate it might be impaired.

Before adoption of FRS 3, goodwill was measured at cost less accumulated impairment losses where applicable. This is subject to periodic review at the end of each financial year.

Following the adoption of FRS 3, goodwill is measured at cost and being tested for impairment at least annually or more frequently when there is objective evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Investment in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an aggregate investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the entity, and

(b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

2.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes raw materials and an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.6 Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Receivables are not held for the purposes of trading.

2.7 Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Impairment

The carrying amount of assets except for financial assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the assets' recoverable amount is estimated. For goodwill that has indefinite useful lives, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 risk specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

2.9 Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

2.10 Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

2.11 Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Employee benefits (cont'd)

(i) Short term employee benefits (cont'd)

The Group's contributions to the Employees' Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefit basis. Full provision has been made for benefits payable to all eligible employees based on the last drawn salaries at the year end and the length of service rendered. The present value of the defined benefit obligations as required by FRS 119_{2004}, *Employee Benefits* has not been used in arriving at the provision, as the amount involved is insignificant to the Group and the Company. Accordingly no further disclosure as required by the standard is made.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2.13 Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Revenue recognition (cont'd)

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(iii) Dividend income

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

2.14 Borrowing costs

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2.15 Tax expense

Tax expense comprises current and deferred tax. Tax expense 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 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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

The closing rate used in translation is USD1.00: RM3.50 (2006: USD1.00: RM3.75).

2.17 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.

2.18 Hire purchase agreements

Property, plant and equipment acquired under hire purchase agreements are capitalised at their purchase cost and depreciated in accordance with the policy set out in Note 2.2 to the financial statements. The finance charges are charged to the income statement over the period of the agreements. The total amount payable less undue interests under hire purchase agreements are included under hire purchase creditor.

2.19 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings (Note 3.1)	Plant, machinery, formers and capital work-in-progress (Note 3.2)	Motor vehicles	Office equipment, furniture and fittings	Total
At Cost	RM	RM	RM	RM	RM
At 1 February 2005	14,679,035	47,611,128	2,065,906	1,407,422	65,763,491
Additions	110,953	25,862,849	1,808,343	182,965	27,965,110
Fair value adjustment (Note 5)	2,313,024	-	-	-	2,313,024
Disposals	-	(110,861)	(1,029,933)	-	(1,140,794)
Write off	-	(274,294)	-	-	(274,294)
At 31 January 2006/ 1 February 2006	17,103,012	73,088,822	2,844,316	1,590,387	94,626,537
Additions	16,750	8,819,137	35,000	79,485	8,950,372
Disposals	-	(121,878)	-	-	(121,878)
Write off	-	(499,587)	-	-	(499,587)
At 31 January 2007	17,119,762	81,286,494	2,879,316	1,669,872	102,955,444
Accumulated Depreciation					
At 1 February 2005	5,046,148	16,720,009	1,522,979	786,642	24,075,778
Charge for the year	729,596	4,167,931	372,568	119,475	5,389,570
Disposals	-	(82,502)	(837,749)	-	(920,251)
At 31 January 2006/ 1 February 2006	5,775,744	20,805,438	1,057,798	906,117	28,545,097
Charge for the year	628,181	4,493,459	316,485	123,286	5,561,411
Disposals	-	(112,579)	-	-	(112,579)
At 31 January 2007	6,403,925	25,186,318	1,374,283	1,029,403	33,993,929
Carrying amount					
At 1 February 2005	9,632,887	30,891,119	542,927	620,780	41,687,713
At 31 January 2006/ 1 February 2006	11,327,268	52,283,384	1,786,518	684,270	66,081,440
At 31 January 2007	10,715,837	56,100,176	1,505,033	640,469	68,961,515

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

COMPANY

	Land and buildings (Note 3.1)	Plant and machinery	Motor vehicles	Office equipment, furniture and fittings	Total
At Cost	RM	RM	RM	RM	RM
At 1 February 2005	2,875,812	534,706	138,847	218,092	3,767,457
Disposals	-	(42,393)	-	-	(42,393)
At 31 January 2006/ 1 February 2006	2,875,812	492,313	138,847	218,092	3,725,064
Disposals	-	(121,878)	-	-	(121,878)
At 31 January 2007	2,875,812	370,435	138,847	218,092	3,603,186
Accumulated Depreciation					
At 1 February 2005	2,556,548	493,476	125,908	204,888	3,380,820
Charge for the year	-	360	8,172	10,222	18,754
Disposal	-	(39,158)	-	-	(39,158)
At 31 January 2006/ 1 February 2006	2,556,548	454,678	134,080	215,110	3,360,416
Charge for the year	-	208	4,766	2,475	7,449
Disposal	-	(112,579)	-	-	(112,579)
At 31 January 2007	2,556,548	342,307	138,846	217,585	3,255,286
Carrying amount					
At 1 February 2005	319,264	41,230	12,939	13,204	386,637
At 31 January 2006/ 1 February 2006	319,264	37,635	4,767	2,982	364,648
At 31 January 2007	319,264	28,128	1	507	347,900

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

3.1 Land and buildings

GROUP	Freehold land	Short term leasehold land	Buildings	Total
At Cost	RM	RM	RM	RM
At 1 February 2005	3,621,941	167,669	10,889,425	14,679,035
Additions	-	-	110,953	110,953
Fair value adjustment (Note 5)	(900,000)	-	3,213,024	2,313,024
At 31 January 2006/1 February 2006	2,721,941	167,669	14,213,402	17,103,012
Additions	-	-	16,750	16,750
At 31 January 2007	2,721,941	167,669	14,230,152	17,119,762
Accumulated Depreciation				
At 1 February 2006	-	167,669	4,878,479	5,046,148
Charge for the year	-	-	729,596	729,596
At 31 January 2007/ 1 February 2006	-	167,669	5,608,075	5,775,744
Charge for the year	-	-	628,181	628,181
At 31 January 2007	-	167,669	6,236,256	6,403,925
Carrying amount				
At 1 February 2005	3,621,941	-	6,010,946	9,632,887
At 31 January 2006/1 February 2006	2,721,941	-	8,605,327	11,327,268
At 31 January 2007	2,721,941	-	7,993,896	10,715,837

COMPANY	Freehold land	Short term leasehold land	Buildings	Total
At Cost				
At 1 February 2005/31 January 2006/ 1 February 2006/31 January 2007	121,941	167,669	2,586,202	2,875,812
Accumulated Depreciation				
At 1 February 2005/31 January 2006/ 1 February 2006/31 January 2007	-	167,669	2,388,879	2,556,548
Carrying amount				
At 1 February 2005	121,941	-	197,323	319,264
At 31 January 2006/1 February 2006	121,941	-	197,323	319,264
At 31 January 2007	121,941	-	197,323	319,264

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

3.2 Plant, machinery, formers and capital work-in-progress

GROUP	**Plant, machinery and formers**	**Capital work-in progress**	**Total**
At Cost	RM	RM	RM
At 1 February 2005	47,494,128	117,000	47,611,128
Additions	2,903,014	22,959,835	25,862,849
Disposal	(110,861)	-	(110,861)
Write off	(274,294)	-	(274,294)
At 31 January 2006/1 February 2006	50,011,987	23,076,835	73,088,822
Additions	1,945,260	6,873,877	8,819,137
Transfer	10,800,000	(10,800,000)	-
Disposal	(121,878)	-	(121,878)
Write off	(499,587)	-	(499,587)
At 31 January 2007	62,135,782	19,150,712	81,286,494
Accumulated Depreciation			
At 1 February 2005	16,720,009	-	16,720,009
Charge for the year	4,167,931	-	4,167,931
Disposal	(82,502)	-	(82,502)
At 31 January 2006/1 February 2006	20,805,438	-	20,805,438
Charge for the year	4,493,459	-	4,493,459
Disposal	(112,579)	-	(112,579)
At 31 January 2007	25,186,318	-	25,186,318
Carrying amount			
At 1 February 2005	30,774,119	117,000	30,891,119
At 31 January 2006/1 February 2006	29,206,549	23,076,835	52,283,384
At 31 January 2007	36,949,464	19,150,712	56,100,176

The net book value of motor vehicles of a subsidiary acquired under hire purchase arrangement is RM1,290,179 (2006: RM1,537,047).

The titles of properties of a subsidiary with net book value of RM151,746 (2006: RM163,159) and RM2,750,000 (2006: RM2,750,000) respectively are still in the process of being transferred to the name of the subsidiary company.

4. GOODWILL ON CONSOLIDATION

	GROUP 2007 RM	GROUP 2006 RM
Balance at 1 February	42,727,693	44,393,070
Fair value adjustment (Note 5)	-	(1,665,377)
	42,727,693	42,727,693

Impairment testing for cash generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the subsidiaries acquired ("the Unit") at which the goodwill is monitored for internal management purposes.

The goodwill impairment test was based on value in use and was determined by the management.

Value in use was determined by discounting the future cash flows generated from the continuing use of the Unit and was based on the following key assumptions:

- Cash flow was projected based on actual operating results and the 5-year business plan.
- Revenue was projected by Management at about RM152 million in the first year of the Business Plan in year 2008. Revenue is anticipated to be increased to RM176 million from the second to the fifth year which is for the years ending 2009 to 2012.
- A pre-tax discount rate of 6% was applied in determining the recoverable amount of the Unit. The discount rate was estimated based on the Unit's weighted average borrowing rate.

The values assigned to the key assumptions represent management's assessment of future trends in the Unit's principal activities and are based on internal sources (historical data).

5. INVESTMENT IN SUBSIDIARIES

	COMPANY 2007 RM	COMPANY 2006 RM
Unquoted shares at cost	90,300,001	90,300,001

5. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of company	Effective ownership interest 2007	Effective ownership interest 2006	Principal activities
Comfort Rubber Gloves Industries Sdn Bhd ("CRG")	100%	100%	Manufacturing and trading of latex gloves
Quality Gallant Sdn Bhd ("QG") *(wholly owned subsidiary of CRG)*	100%	100%	Trading of latex gloves
PBT Sdn Bhd ("PBT")	100%	100%	Dormant

Revision of fair value adjustment on acquisition

In the financial year ended 31 January 2006, the Group received a valuation report on the major landed properties of CRG acquired in its acquisition of CRG completed on 22 July 2004. The report was not complete at the time of publishing the 2005 financial statements. As a result of the valuation, the value attributed to property, plant and equipment has been increased by RM2,313,024 (refer Note 3). A corresponding adjustment has been made to reduce goodwill by RM1,665,377 (refer Note 4) and increasing deferred taxation by RM647,647 (refer Note 13).

The adjustments have been made effective at the date of acquisition, and the consequent amendments to depreciation and deferred taxation have been recognised in the previous year.

6. OTHER INVESTMENTS

	GROUP/COMPANY 2007 RM	GROUP/COMPANY 2006 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 25.

7. INVENTORIES

	GROUP 2007 RM	GROUP 2006 RM
At cost:-		
Finished goods	1,622,450	1,189,017
Work-in-progress	21,118,854	11,845,521
Raw materials	2,036,420	1,917,254
Packing materials	253,774	319,949
Treatment plant chemicals	8,808	17,101
	25,040,306	15,288,842

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Trade					
Trade receivables	a	16,915,358	18,212,126	-	-
Allowance for doubtful debts		(1,387,979)	(500,000)	-	-
		15,527,379	17,712,126	-	-
Trade receivables owing by:					
Holding company	b	639,430	-	-	-
Related company	b	-	178,935	-	-
		16,166,809	17,891,061	-	-
Non-trade					
Amount owing by:-					
Holding company	c	-	74,548	-	-
Related company	d	870,628	1,265,131	-	-
Amount owing by:-					
Subsidiary		-	-	1,353,158	1,351,687
Less: Provision for doubtful debt		-	-	(1,345,823)	(1,345,823)
		-	-	7,335	5,864
Other receivables		69,436	252,216	62,406	152,217
Deposits		257,866	175,386	18,870	26,170
Prepaid expenses		472,388	558,338	-	-
		1,670,318	2,325,619	88,611	184,251
		17,837,127	20,216,680	88,611	184,251

Note a

Trade receivables

Trade receivables denominated in currencies other than the functional currency comprise RM11,674,692 (2006: RM12,837,876) of trade receivables denominated in US Dollar.

Note b

Trade receivables due from holding and related companies

The trade receivables due from holding and related companies are subject to normal trade terms.

Note c

Amounts owing by holding company

The non-trade amounts owing by holding company comprise non-interest bearing unsecured advances with no fixed terms of repayment.

8. RECEIVABLES DEPOSITS AND PREPAYMENTS (cont'd)

Note d

Amount owing by related company

The non-trade amount owing by a related company is charged interest at NIL% (2006: 8% per annum). The amount is unsecured with no fixed terms of repayment. These amounts have been outstanding for more than one year. However, the Directors are of the opinion that these debts are recoverable.

9. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Short-term deposits with:				
- Licensed bank	5,736,603	73,448	75,855	73,448
- Finance company	-	583,946	-	583,946
Cash and bank balances	680,009	588,670	312,871	92,640
	6,416,612	1,246,064	388,726	750,034

Included in the fixed deposits is RM75,855 (2006: RM73,448) pledged for bank guarantee facilities granted to the Company.

10. SHARE CAPITAL

	GROUP/COMPANY	
	2007	2006
	RM	RM
Authorised:-		
400,000,000 ordinary shares of RM0.50 each	200,000,000	200,000,000
Issued and fully paid:-		
236,810,480 ordinary shares of RM0.50 each	118,405,240	118,405,240

11. CAPITAL RESERVE

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

12. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and currency risk, see note 25.

	GROUP	
	2007	**2006**
	RM	RM
Non-current		
Secured term loan	18,132,977	8,326,000
Hire purchase	944,200	1,173,352
	19,077,177	9,499,352
Current		
Secured term loan	1,452,793	314,000
Unsecured other short-term bank borrowings	39,253,000	30,076,000
Hire purchase	229,152	229,152
	40,934,945	30,619,152
Total	60,012,122	40,118,504

Unsecured short-term borrowings

Unsecured short-term bank borrowings mentioned in the foregoing consist mainly of bankers' acceptances and revolving credits.

The bankers' acceptance and short term revolving credit form part of banking facilities in a subsidiary which are supported by corporate guarantees by the Company of RM55.36 million (2006: RM46.86 million).

Secured term loan

The secured term loan was arranged at fixed interest rate. This forms part of the total term loan of RM26.4 million which is repayable over 84 equal monthly instalments commencing 1 January 2007.

The term loan is secured as follows:-

(i) Fresh Corporate Guarantee by the Company for RM26,400,000;

(ii) Fresh Negative Pledge; and

(iii) Fresh Debenture of RM26,400,000 over the assets purchased/financed.

There are no major loan covenants for the above term loan facility.

12. LOANS AND BORROWINGS (cont'd)

Hire purchase

Hire purchase liabilities are payable as follows:

	GROUP					
	Payments 2007 RM	Interest 2007 RM	Principal 2007 RM	Payments 2006 RM	Interest 2006 RM	Principal 2006 RM
Less than one year	269,736	40,584	229,152	269,736	40,584	229,152
Between one and five years	1,078,944	162,336	916,608	1,078,944	162,336	916,608
More than five years	32,470	4,878	27,592	302,206	45,462	256,744
	1,381,150	207,798	1,173,352	1,650,886	248,382	1,402,504

13. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP

	Assets		Liabilities		Net	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Property, plant and equipment	(2,269,446)	-	5,066,711	4,573,818	2,797,265	4,573,818
Provisions	(19,760)	-	-	-	(19,760)	-
Tax loss carry-forwards	(13,436)	-	-	-	(13,436)	-
Other items	-	-	543,187	584,971	543,187	584,971
Tax (assets)/liabilities	(2,302,642)	-	5,609,898	5,158,789	3,307,256	5,158,789
Set off to tax	2,302,642	-	(2,302,642)	-	-	-
Net tax (assets)/ liabilities	-	-	3,307,256	5,158,789	3,307,256	5,158,759

13. DEFERRED TAX LIABILITIES (cont'd)

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax loss carry-forwards	11,612,000	12,378,000	11,460,000	12,216,000

The tax loss carry-forward does not expire under the current tax legislation unless there is substantial change in shareholders (more than 50%). If there is substantial change in shareholders, unutilised tax loss carry-forwards amounting to RM44,663,000 (2006: RM44,208,000) will not be available to the Group. Deferred tax asset has not been recognised in respect of this item because it is not probable that future taxable profits will be available against which the Group can utilise the benefits there from.

Movement in recognised deferred tax liabilities during the year

GROUP	Property, plant and equipment RM	Other items RM	Total RM
As at 1 February 2005	4,485,000	-	4,485,000
Recognised in equity (Note 5)	-	647,647	647,647
Recognised in income statement	88,818	(62,676)	26,142
As at 31 January 2006/1 February 2006	4,573,818	584,971	5,158,789
Recognised in income statement	(1,776,553)	(74,980)	(1,851,533)
As at 31 January 2007	2,797,265	509,991	3,307,256

14. PAYABLES AND ACCRUALS

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Trade				
Trade payables	6,478,567	3,758,380	-	-
Trade payables owing to a subsidiary	-	32,178	-	-
	6,478,567	3,790,558	-	-
Non-trade				
Amount owing to a subsidiary	-	-	2,426,640	1,892,507
Amount owing to related companies	-	69,799	-	69,799
Other payables	5,966,596	4,948,796	388,067	764,596
Accrued expenses	2,045,813	1,489,642	-	-
	8,012,409	6,508,237	2,814,707	2,726,902
Total	14,490,976	10,298,795	2,814,707	2,726,902

Trade payables

Payables denominated in currencies other than the functional currency comprise RM103,896 (2006: RM105,952) of trade payables denominated in U.S. Dollar.

Included in the Group's trade payables is an amount arising from trade in the normal course of business of RM910,763 (2006: RM606,486) due to a company which is a sub-subsidiary of a substantial corporate shareholder of the Company.

Other payables

Included in other payables and accruals for the Group as at 31 January 2007, is a provision for retrenchment benefits of the Company of RM NIL (2006: RM150,000) and a provision for retirement benefits of a subsidiary of RM76,000 (2006: RM76,000).

15. REVENUE

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Revenue - sales of latex gloves	104,933,807	91,262,680	-	-
- dividend income	42,000	42,000	42,000	42,000
	104,975,807	91,304,680	42,000	42,000

16. RESULTS FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2007	**2006**	**2007**	**2006**
	RM	RM	RM	RM
Operating (loss)/profit is arrived after charging/(crediting):-				
Allowance for doubtful debts	887,979	500,000	-	-
Auditors' remuneration				
- audit services	37,500	37,500	25,000	25,000
- other services by auditors of the Company	55,972	57,500	55,972	57,500
Depreciation of property, plant and equipment	5,561,411	5,389,570	7,449	18,754
Company Directors' emoluments				
- remuneration				
- current year	617,240	672,104	325,420	338,304
- overprovision in prior year	-	(40,000)	-	(40,000)
- fees	188,000	188,000	128,000	147,000
- allowances	47,550	45,750	47,550	45,750
- others	47,660	-	-	-
Other directors' emoluments				
- fees	50,000	60,000	-	-
- others	32,983	12,800	-	-
Personnel expenses				
- contribution to Employee Provident Fund	312,037	491,869	8,200	11,134
- wages, salaries and others	10,492,171	9,664,234	121,259	144,341
(Gain)/Loss on disposal of equipment and motor vehicles	(69,812)	(84,581)	(69,812)	3,235
Formers written off	499,587	274,294	-	-
Gain on disposal of investment in associate	-	(4,851)	-	(4,851)
Rental expense	149,535	109,890	11,625	-
Restructuring expenses	-	56,434	-	56,434
Lease rental	600,000	650,000	-	-
Loss on foreign exchange (realised)	639,914	21,701	-	-
Loss on foreign exchange (unrealised)	719,479	92,253	-	-
Weighing bridge rental	7,124	6,636	-	-
Rental income	(98,300)	(89,060)	(98,300)	(89,060)
Interest income on amount due from related company	-	(58,364)	-	-
Bad debts recovered	(30,495)	-	(30,495)	-
Provision for retirement benefits written back	(84,934)	-	(84,934)	-

The estimated monetary values of benefits-in-kind received by the Directors of the Group is RM34,746 (period ended 31.1.2006: RM55,663).

17. FINANCE COSTS

	GROUP 2007 RM	GROUP 2006 RM
Interest charges:-		
- bankers' acceptance	954,268	567,365
- bank overdraft	13,008	15,899
- letter of credit	58,049	32,418
- hire purchase	40,584	35,686
- term loan	800,773	14,723
- short term revolving credit	438,127	142,503
	2,304,809	808,594

18. TAXATION

18.1 Major components of tax (income)/expense include:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense				
Malaysian tax - Current year	-	149,374	-	-
- Prior years	(5,872)	(38,896)	-	(56,799)
	(5,872)	110,478	-	(56,799)
Deferred tax expense				
Originating and reversal of temporary differences (Note 13)	(1,582,908)	26,142	-	-
Effect of change in tax rate	(268,625)	-	-	-
	(1,851,533)	26,142	-	-
	(1,857,405)	136,620	-	(56,799)

18. TAXATION (cont'd)

18.2 Reconciliation of effective tax (income)/expense

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
(Loss)/Profit before tax	(7,488,465)	276,921	(553,823)	(617,659)
Income tax using Malaysian tax rates	(2,021,886)	77,000	(150,000)	(173,000)
Effect of change in tax rate *	(268,625)	-	-	-
Effect of lower tax rate	3,500	700	-	-
Non-deductible expenses	317,113	221,700	33,000	16,000
Deferred tax asset not recognised	125,600	159,000	117,000	157,000
Effect of tax incentive	-	(332,000)	-	-
Others	(7,235)	49,116	-	-
	(1,851,533)	175,516	-	-
Over provision of taxation in previous year	(5,872)	(38,896)	-	(56,799)
	(1,857,405)	136,620	-	(56,799)

* In the Malaysian Budget 2007, it was announced that corporate tax rate will be reduced to 27% in Year of Assessment 2007 and 26% in Year of Assessment 2008. Consequently deferred tax assets and liabilities are measured using these tax rates.

19. EARNINGS PER ORDINARY SHARE - GROUP

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM5,631,060 (2006: net profit of RM140,301) and the number of ordinary shares of the Company in issue during the year of 236,810,480 (2006: 236,810,480).

20. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Approved but not contracted for				
Property, plant and equipment	15,000,000	14,550,000	-	-
Investments	-	7,200,000	-	7,200,000
Contracted but not provided for	-	3,360,000	-	-
	15,000,000	25,110,000	-	7,200,000

21. CONTINGENCIES (unsecured)

The Company has issued a corporate guarantee for the sum of RM81.76 million (2006: RM73.26 million) in favour of two banks for the banking facilities extended to a subsidiary company. The banking limit and amount of the banking facilities utilised as at 31 January 2007 is RM81,700,000 (2006: RM73,200,000) and RM58,838,770 (2006: RM41,907,500) respectively.

22. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party is subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with:-

(i) its holding company and its related companies as disclosed in Note 8 and Note 14 to the financial statements;

(ii) the substantial shareholder of the Company and certain of its subsidiaries; and

(iii) the Directors and key management personnel.

22.1 Significant non-trade related party balances:-

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

	COMPANY	
	2007	2006
	RM	RM
Amount owing to a subsidiary		
Comfort Rubber Gloves Industries Sdn Bhd	2,426,640	1,892,507

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Amount owing to a substantial corporate shareholder				
MMC Corporation Berhad	-	39,062	-	39,062
Amount owing to wholly-owned subsidiaries of a substantial corporate shareholder				
Pernas Charter Management Sdn Bhd	-	24,240	-	24,240
MMC Engineering and Construction Sdn Bhd	-	6,497	-	6,497

22. RELATED PARTIES (cont'd)

22.1 Significant non-trade related party balances (cont'd):-

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Amount owing by related companies				
Chip Lam Seng Berhad				
(holding company)	-	74,548	-	-
PT Abbergummi Medical				
(related company)	870,628	1,265,131	-	-

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 NIL% (2006: 8% per annum).

22.2 Significant related party transactions:-

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

	GROUP 2007 RM	GROUP 2006 RM	COMPANY 2007 RM	COMPANY 2006 RM
Transactions with a substantial corporate shareholder				
MMC Corporation Berhad				
- Reimbursable expenses	61,930	89,460	61,930	89,460
- Professional services	-	18,000	-	18,000
Transactions with wholly-owned subsidiaries of a substantial corporate shareholder				
Pernas Charter Management Sdn Bhd				
- Professional services	24,000	36,000	24,000	36,000
Transactions with a sub-subsidiary of a substantial corporate shareholder				
Gas Malaysia Sdn Bhd				
- Purchases of gas	10,654,780	8,960,183	-	-
Transactions with related companies				
Chip Lam Seng Berhad (holding company)				
- Purchases of latex	41,170,112	46,876,812	-	-
PT Abbergummi Medical (related company)				
- Interest charged on outstanding amount	-	58,364	-	-
- Sales - trade	-	178,935	-	-
- non-trade	-	3,685	-	-

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.

23. SEGMENTAL INFORMATION

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 year 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.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

For the year ended 31 January 2007:-

	Manufacturing	**Investment holding**	**Others**	**Eliminations**	**Consolidated**
	RM	RM	RM	RM	RM
Business segments					
Revenue from external customers	104,876,551	42,000	3,701,393	(3,644,137)	104,975,807
Segment results	(4,661,247)	(561,853)	(44,483)	-	(5,267,583)
Operating profit					(5,267,583)
Financing costs					(2,304,809)
Fixed deposit interest income					83,927
Profit before taxation					(7,488,465)
Taxation					1,857,405
Profit for the year					(5,631,060)
Segment assets	120,774,029	44,805,153	11,232	-	165,590,414

23. SEGMENTAL INFORMATION (cont'd)

For the year ended 31 January 2007 (cont'd):-

	Manufacturing RM	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Segment liabilities	74,109,190	388,066	5,842	-	74,503,098
Unallocated liability					3,307,256
					77,810,354
Capital expenditure	8,950,372	-	-	-	8,950,372
Depreciation	5,553,166	7,449	796	-	5,561,411
Non cash items other than depreciation	777,478	(69,812)	-	-	707,666

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	17,349,279	165,590,414	8,950,372
United States of America and Canada	35,448,756	-	-
Asia	36,208,357	-	-
Europe	6,068,977	-	-
Others	9,900,438	-	-
Consolidated	104,975,807	165,590,414	8,950,372

23. SEGMENTAL INFORMATION (cont'd)

For the period ended 31 January 2006 (cont'd):-

	Manufacturing RM	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Business segments					
Revenue from external customers	91,245,019	42,000	602,861	(585,200)	91,304,680
Segment results	1,686,941	(626,828)	(8,633)	-	1,051,480
Operating profit					1,051,480
Financing costs					(808,594)
Fixed deposit interest income					34,035
Profit before taxation					276,921
Taxation					(136,620)
Profit for the year					140,301
Segment assets	103,657,692	45,272,641	56,875	-	148,987,208
Segment liabilities	49,575,254	834,395	7,650		50,417,299
Unallocated liabilities					5,158,789
					55,576,088
Capital expenditure	27,965,110	-	-	-	27,965,110
Depreciation	5,370,020	18,754	796	-	5,389,570
Non cash items other than depreciation	186,478	(1,616)	-	-	184,862

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	21,049,797	148,987,208	27,965,110
United States of America and Canada	34,078,029	-	-
Asia	24,380,567	-	-
Europe	10,348,767	-	-
Others	1,447,520	-	-
Consolidated	91,304,680	148,987,208	27,965,110

24. OPERATING LEASE

Lease as lessee

Total future minimum lease payments under a non cancellable operating lease are as follows:-

	GROUP	
	2007	**2006**
	RM	RM
Less than one year	600,000	600,000
Between one and five years	1,750,000	2,350,000
	2,350,000	2,950,000

A subsidiary company leases a piece of industrial land together with a factory premise under an operating lease. The lease run for an initial period of three years, with an option to renew the lease or purchase the asset after five years at the total consideration of RM7,000,000 which purchase is subject to the term and conditions that will be mutually agreed upon. The lease do not include contingent rentals.

25. 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 concentrations of credit risk except for amounts owing from 5 major customers of a subsidiary which made up 56% 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.

25. FINANCIAL INSTRUMENTS (cont'd)

2007

	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
GROUP									
Fixed rate instruments									
Fixed deposits	9	2.50 - 3.30	75,855	75,855	-	-	-	-	-
Fixed rate secured bank loans		5.89 - 7.07	(19,585,770)	(1,452,793)	(2,426,155)	(2,585,516)	(2,746,159)	(2,918,267)	(7,456,880)
Hire purchase liabilities		4.74	(1,173,352)	(229,152)	(229,152)	(229,152)	(229,152)	(229,152)	(27,592)
			(20,683,267)	(1,606,090)	(2,655,307)	(2,814,668)	(2,975,311)	(3,147,419)	(7,484,472)
Floating rate instrument									
Floating rate unsecured bank loans		2.98 - 4.95	(39,253,000)	(39,253,000)	-	-	-	-	-
COMPANY									
Fixed rate instruments									
Fixed deposits		2.50 - 3.30	75,855	75,855	-	-	-	-	-

25. FINANCIAL INSTRUMENTS (cont'd)

2006

	Note	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
GROUP									
Fixed rate instruments									
Fixed deposits		2.60 - 3.00	657,394	657,394	-	-	-	-	-
Fixed rate secured bank loans		6.22	(8,640,000)	(81,489)	(1,022,426)	(1,086,505)	(1,157,406)	(1,231,484)	(4,060,690)
Hire purchase liabilities		4.74	(1,402,504)	(229,152)	(229,152)	(229,152)	(229,152)	(229,152)	(256,744)
			(9,385,110)	346,753	(1,251,578)	(1,315,657)	(1,386,558)	(1,460,636)	(4,317,434)
Floating rate instrument									
Floating rate unsecured bank loans		2.57 - 4.60	(30,076,000)	(30,076,000)	-	-	-	-	-
COMPANY									
Fixed rate instruments									
Fixed deposits		2.60 - 3.00	657,394	657,394	-	-	-	-	-

25. FINANCIAL INSTRUMENTS (cont'd)

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 priced in US dollar. 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 fixed rate term loan is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the balance sheet date. Since the current interest rates do not differ significantly from the intrinsic rate of this financial instrument, the fair value of this financial instrument therefore, closely approximates its carrying value as at the balance sheet date.

The fair value of the quoted shares as disclosed in Note 6 to the financial statements is their market value price at the balance sheet date, which is RM3,955,000 (31.1.2006: RM1,505,000).

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

It is not practicable to estimate the fair value of the Company's investments in subsidiaries amounting to RM90,300,001 (2006: RM90,300,001) at balance sheet due to the lack of comparable quoted market prices and the inability to estimate fair values without incurring excessive costs. However, the Directors believe that the carrying amounts recorded at balance sheet date approximate the corresponding fair values.

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 and fair value of financial instruments of a subsidiary, not recognised in the balance sheet as at 31 January is as follows:

	GROUP	
	2007	**2006**
	RM	RM
Forward foreign exchange contracts		
- contractual value	3,424,708	8,380,431
- unrecognised unrealised gain	6,762	18,449
Fair value	3,431,470	8,398,880

25. FINANCIAL INSTRUMENTS (cont'd)

Unrecognised financial instruments (cont'd)

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

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation requirement of FRS 101.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Sixth Annual General Meeting (AGM) of the Company will be held at the Legend Inn Taiping, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak on Monday, 16 July 2007 at 10.00 a.m.

AGENDA	**RESOLUTION NO.**
1. To receive the Audited Financial Statements for the year ended 31 January 2007, together with the Directors' and Auditors' Reports thereon.	
2. To approve payment of Directors' fee.	**1**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-	
Dato' Shahabudin bin Shafie – Article 84	**2**
Datuk Alias bin Ali – Article 77	**3**
4. To consider and, if thought fit, to pass the following Resolution pursuant to Section 129(6) of the Companies Act, 1965: "That Mr. Tan Koon Poon @ Tan Koon Pun who retires in accordance with 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."	**4**
5. To appoint Auditors and authorise the Directors to fix their remuneration.	**5**
6. To transact any other business appropriate to an Annual General Meeting.	
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:-	
ORDINARY RESOLUTION NO. 1 – AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965	**6**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad, the Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company."

RESOLUTION NO.

ORDINARY RESOLUTION NO. 2 – **7**
PROPOSED SHAREHOLDERS' MANDATE FOR RRPT 1 AS SPECIFIED IN SECTION 3 OF PART A OF THE CIRCULAR TO SHAREHOLDERS OF THE COMPANY DATED 21 JUNE 2007

"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 Part A 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 general meeting before the next AGM.

whichever is 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."

RESOLUTION NO.

ORDINARY RESOLUTION NO. 3 – **8**
PROPOSED SHAREHOLDERS' MANDATE FOR RRPT 2 AS SPECIFIED IN SECTION 3 OF PART A OF THE CIRCULAR TO SHAREHOLDERS OF THE COMPANY DATED 21 JUNE 2007

"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 2 as specified in Section 3 of Part A 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 general meeting before the next AGM.

whichever is 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."

	RESOLUTION NO.
SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION	9

"That the deletions, alterations, modifications and additions to the Company's Articles of Association as set out in Appendix I of the Circular to Shareholders dated 21 June 2007 be approved".

By Order of the Board
CHAN YOKE YIN
CHING SIEW YOONG
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
21 June 2007

NOTE:- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

(a) **RE-ELECTION OF DIRECTOR**

Dato' (Dr.) Megat Abdul Rahman bin Megat Ahmad is also due for retirement at the forthcoming Sixty-Sixth Annual General Meeting. However, he has advised that he will not be seeking re-election at the forthcoming Sixty-Sixth Annual General Meeting.

(b) **ORDINARY RESOLUTION NO. 1**

Pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company may, subject to the approval of the Shareholders of the Company, exercise any power to allot and issue shares in general from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit and that such authority shall continue in force until the conclusion of the next Annual General Meeting. As such, the Directors seek the Shareholders' approval to allot and issue shares in general.

(c) **ORDINARY RESOLUTION NO. 2**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2007 Annual Report.

(d) **ORDINARY RESOLUTION NO. 3**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company, which is sent out together with the Company's 2007 Annual Report.

(e) **SPECIAL RESOLUTION**

The proposed amendments allow the Articles to be in line with the amendments to the Bursa Malaysia Securities Berhad Listing Requirements.

Statement Accompanying Notice of the Sixty-Sixth Annual General Meeting
of Integrated Rubber Corporation Berhad

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Further details of individuals standing for re-election as Directors are set out in the Profile of Directors and Analysis of Shareholdings on page 5 and 25 respectively in the Company's 2007 Annual Report.

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INTEGRATED RUBBER CORPORATION BERHAD (852-D)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ...
(BLOCK LETTERS)

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 Sixty-Sixth Annual General Meeting of the Company to be held on 16 July 2007 and at any adjournments thereof, on the following resolutions referred to in the notice of the Sixty-Sixth Annual General Meeting:

Resolutions relating to:-		Resolution No.	For	Against
Payment of Directors' fee		1		
Re-election of Directors:	Dato' Shahabudin bin Shafie – Article 84	2		
	Datuk Alias bin Ali – Article 77	3		
Re-appointment of the following Director under Section 129(6) Mr. Tan Koon Poon @ Tan Koon Pun		4		
Appointment of Auditors and their remuneration		5		
Ordinary Resolution No. 1 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965		6		
Ordinary Resolution No. 2 – Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT 1)		7		
Ordinary Resolution No. 3 – Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT 2)		8		
Special Resolution – Proposed Amendments to the Company's Articles of Association		9		

Please indicate with (✓) how you wish your vote to be cast

No. of shares held	
CDS A/C No.	

Date: ....
Signature of Shareholder

NOTES

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the Meeting.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorized officer.

fold

Stamp

The Company Secretary
INTEGRATED RUBBER CORPORATION BERHAD
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh.

fold

INTEGRATED RUBBER CORPORATION BERHAD (852-D)
Lot 821, Jalan Matang, 34750 Taiping, Perak Darul Ridzuan.