



integrated
rubber

2008

INTEGRATED
RUBBER
CORPORATION
BERHAD

Annual Report

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Chairman's Statement

On behalf of the Board of Directors, I present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 January 2008.

FINANCIAL PERFORMANCE

Over the course of last financial year we have faced with a lot of challenges with the strengthening of the Malaysian Ringgit against the US Dollar and the increase in the price of raw latex and fuel cost. We focused on staying competitive in an increasingly tough business environment with effective cost cutting measures and product diversification.

The high material prices (including latex, chemical and fuel) throughout the financial period of 2008 has caused the Group to record a pre-tax loss of RM20.20 million compared to a pre-tax loss of RM7.49 million, despite a lower turnover of RM101.39 million compare to RM104.98 million in the previous financial year.

OPERATIONS REVIEW

We are still driven by expansion in the production capacity to cater for the strong demand for our gloves to better achieve economies of scale. I am happy to share with you that we are able to produce consistent quality gloves at very efficient cost with better technology. 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 are 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 and gratitude to our shareholders, customers, business associates, 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.

Thank you.

Dato' Shahabudin bin Shafie
Chairman

Corporate Information

DIRECTORS

Dato' Shahabudin bin Shafie
(Chairman)
 Tan Keng Beng
(Managing Director)
 Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii
(Independent Non-Executive Director)
 Tan Koon Poon @ Tan Koon Pun
(Non-Independent Non-Executive Director)
 Yoong Nim Chee
(Non-Independent Non-Executive Director)
 Dato' Daniel Tay Kwan Hui
(Senior Independent Non-Executive Director)
 Tan Loon Guan
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii *(Chairman)*
 Tan Keng Beng
 Dato' Daniel Tay Kwan Hui

NOMINATION COMMITTEE

Dato' Shahabudin bin Shafie *(Chairman)*
 Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii
 Dato' Daniel Tay Kwan Hui

REMUNERATION COMMITTEE

Dato' Shahabudin bin Shafie *(Chairman)*
 Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii
 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
 55 Medan Ipoh 1A
 Medan Ipoh Bistari
 31400 Ipoh, Perak
 Tel No : 05 5474 833
 Facsimile No : 05 5474 363

REGISTERED OFFICE

55 Medan Ipoh 1A
 Medan Ipoh Bistari
 31400 Ipoh, Perak
 Tel No : 05 5474833
 Facsimile No : 05 5474363

SECRETARIES

Chan Yoke Yin (Ms)
 Lai Mei Mei (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

Profile of Directors

DATO' SHAHABUDIN BIN SHAFIE

Dato' Shahabudin bin Shafie, a Malaysian, aged 66, 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 46, was appointed as the Managing Director and an Audit Committee member on 22 July 2004.

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

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

Profile of Directors (cont'd)

TUAN HAJI AHMAD KAMAL BIN ABDULLAH AL-YAFII

Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii, a Malaysian, aged 70, was appointed to the Board as an Independent Non-Executive Director on 16 July 2007. He is also the Chairman of the Audit Committee.

Tuan Haji Ahmad Kamal is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. From 1966 to 1967 he was the Chief Accountant of the Federal Agricultural Marketing Authority. He then served as Financial Controller of Malayawata Steel Berhad from 1968 to 1970 before becoming a partner at Hanafiah Raslan & Mohamad where he served at various branches of the firm and the Head Office in Kuala Lumpur until his retirement in 1999. While pursuing his profession, Tuan Haji Ahmad Kamal also contributed his experience to many organizations, among others, for many years he was Malaysia's representative on the Asean Federation of Accountants and from 1970 to 2002 was a council member of the Malaysian Institute of Certified Public Accountants. He was also an Adjunct Professor at University Utara Malaysia.

Tuan Haji Ahmad Kamal also sits on the boards of Chase Perdana Berhad, Kramat Tin Dredging Berhad and Sit Tatt Berhad.

YOONG NIM CHEE

Mr. Yoong Nim Chee, a Malaysian, aged 49, was appointed as a Non-Independent Non-Executive Director on 26 December 2007.

Mr. Yoong Nim Chee holds a Bachelor of Economics in Business Administration degree from University Malaya. He has extensive experience in corporate finance and has worked in senior positions for several merchant banks. He is currently Director of Corporate Affairs at MMC Corporation Berhad.

Mr. Yoong Nim Chee is also a board member of Zelan Berhad, Malakoff Corporation Berhad and Kramat Tin Dredging Berhad.

TAN KOON POON @ TAN KOON PUN

Mr. Tan Koon Poon @ Tan Koon Pun, a Malaysian, aged 82, 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.

Profile of Directors (cont'd)

TAN LOON GUAN

Mr. Tan Loon Guan, a Malaysian, aged 30, 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 Hertfordshire, United Kingdom.

DATO' DANIEL TAY KWAN HUI

Dato' Daniel Tay, a Malaysian, aged 53, 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 and Senior Independent Non-Executive Director on 28 May 2008.

Dato' Daniel Tay is currently the President of the YMCA of Ipoh and the Vice-President of the National Council of YMCAs, Malaysia at the national level. He sits on the Board of three schools in Ipoh namely Sekolah Kebangsaan Methodist (ACS), the Methodist High School and SMK Methodist (ACS).

He has served as the President of the Perak Lawn Tennis Association and continues to serve as its Vice-President. He has been the Secretary of the Council of Justices of the Peace, Perak and continues to serve as its committee member. He has also served as a councilor of Majlis Bandaraya Ipoh, Majlis Perbandaran Manjung and a member of the Perak Bar.

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. He was appointed a Magistrate at Ipoh in 1980 and resumed legal practice in 1982. He is currently a consultant to a legal firm. He remains a legal adviser to several public companies.

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 discuss new policies and strategies. During the year ended 31st January 2008, a total of five board meetings were held. Each Director, during their term of office, has attended at least 50% of these meetings to ensure compliance with the Listing Rules.

Clear demarcation of duties and authority are being practiced by the Board. 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 judgment 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 monitor the Group and the Management. The Board plays a significant role in the development of the Group policy. There is an adequate degree of independence and practice in place to allow Directors to meet and actively exchange views to ensure that the Board can effectively assess the direction of the Group and the performance of its management.

Statement on Corporate Governance (cont'd)

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 and when necessary for any matters arising between regular Board meetings. The Board is supplied with information in a timely fashion and appropriate quality to enable them to discharge their duties. Therefore, agendas of the meeting and board papers are 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 comprises mainly independent Directors. 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 from 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 of 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, through the Remuneration Committee ("RC"), reviews and assesses the remuneration packages of the MD and the Board in all forms 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.

Statement on Corporate Governance (cont'd)

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 31st January 2008 is as follows:

	Fee (RM)	Salary (RM)	Allowances (RM)	Benefits-in-Kind (RM)
Executive Director	-	596,000	9,450	27,663
Non-Executive Director	207,000	-	43,800	31,150

The number of Directors of the Company whose total remuneration falls within the following band for the financial year ended 31st January 2008 is as follows:

Range of Remuneration	No. of Directors	
	Executive	Non Executive
0 - RM50,000	-	5
RM50,001 – RM100,000	-	1
RM600,001 – RM650,000	1	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 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.

Statement on Corporate Governance (cont'd)

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 Shareholder, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

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 Group and the Company for the financial year ended 31st January 2008, the foreseeable future, 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 Group 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 Group and the Company and to prevent and detect fraud and other irregularities.

Internal Control

The Board is responsible for maintaining a sound system of internal controls 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 15 to 16 of the Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the auditors' professional requirements. 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.

Statement on Corporate Governance (cont'd)

Board Meeting

During the financial year, the Board met six (6) times and the attendance record for each Director is as follow:

No	Name	Total Meetings Attended
1.	Dato' Shahabudin bin Shafie	6/6
2.	Tan Keng Beng	6/6
3.	Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad (<i>Retired on 16 July 2007</i>)	3/3
4.	Datuk Alias bin Ali (<i>Resigned on 26 December 2007</i>)	5/5
5.	Dato' Daniel Tay Kwan Hui	6/6
6.	Tan Koon Pon @ Tan Koon Pun	6/6
7.	Tan Loon Guan	6/6
8.	Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii (<i>Appointed on 16 July 2007</i>)	3/3
9.	Yoong Nim Chee (<i>Appointed on 26 December 2007</i>)	1/1

BOARD COMMITTEES

The Audit Committee ("AC")

The Audit Committee comprises of two Independent, Non-Executive Directors and the Managing Director and is chaired by Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii. 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 17 to 20.

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*)

Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii – Independent Non-Executive Director

Dato' Daniel Tay Kwan Hui – Senior 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.

Statement on Corporate Governance (cont'd)

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*)

Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii – Independent Non-Executive Director

Dato' Daniel Tay Kwan Hui – Senior 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.

CORPORATE SOCIAL RESPONSIBILITY

Looking after the community where we operate is a key area for us. Our aim is to integrate ourselves into the local communities and contribute to their development. In order to do so, we have made contributions to the "Jabatan Alam Sekitar" and Rukun Tetangga Taiping.

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.

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 RM36,300.

PROFIT ESTIMATE, FORECAST OR PROJECTION

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

Additional Compliance Statement (cont'd)

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 2008 and unaudited results previously released for the financial quarter ended 31 January 2008.

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
1/2/2007	CLS and CRG	Purchase of latex from CLS for the months from January 2007 to December 2007	30,025,050	As per disclosure in the "Conflict of Interest" above
5/12/2007	CLS and CRG	Purchase of latex from CLS for the month of January 2008	7,890,750	As per disclosure in the "Conflict of Interest" above
12/4/2005	GMSB and CRG	Purchase of natural gas for 5 years commencing July 2003	8,925,881 Feb '07 to Jan '08	MMC is a major shareholder of IRCB 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.

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 reports 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 acknowledges its responsibility of the importance of sound internal controls and risk management practices to good corporate governance and safeguarding shareholders' investments and assets. 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 identify and 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 ongoing 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 KassimChan Management Consultants Services Sdn. Bhd. who report on the system of financial accounting and operational controls to provide reasonable assurance that the internal control system is satisfactory. 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.

Statement on Internal Control (cont'd)

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 reports, 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 28 May 2008.

Audit Committee Report

1. MEMBERSHIP AND MEETINGS

1.1 Membership

The Audit Committee comprises the following members:

- Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii, Chairman
(Independent Non-Executive Director)
- Dato' Daniel Tay Kwan Hui
(Senior 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 2008. 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
Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii <i>(Appointed on 16 July 2007)</i>	2 of 2
Dato' Daniel Tay Kwan Hui	5 of 5
Tan Keng Beng	5 of 5
Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad <i>(Retired on 16 July 2007)</i>	3 of 3

2. TERMS OF REFERENCE

2.1 Membership

The Board shall elect and appoint members of the Audit Committee 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 (1) 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 (4) 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.

Audit Committee Report (cont'd)

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:

- To investigate any matters within its terms of reference;
- To have the resources which are required to perform its duties;
- To have full and unrestricted access to any information, records, properties and personnel of the Group;
- To have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- To be able to obtain independent professional or any other advice, and
- To be able 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. To ensure the independence of the External and Internal Auditors, the integrity of management and the adequacy of disclosures to shareholders.
- iii. To review the quality and effectiveness of the entire accounting and internal country system of the Company.
- iv. Discuss the impact of any proposed changes in accounting principles on future financial statements.
- v. Review the results and findings of the audit and monitor the implementation of any recommendations made therein.

Audit Committee Report (cont'd)

- vi. 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.
- vii. 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).
- viii. Ensure that the Internal Audit is adequately resourced and has appropriate standing within the Group.
- ix. 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.
- x. 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.
- xi. Consider any related party transactions that may arise within the Group.
- xii. Carry out such other assignments as defined by the Board.
- xiii. To review promptly to Bursa Malaysia Securities Berhad ("Bursa Securities") on any matter reported by Bursa Securities to the Board of Directors, which has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia' Revamped Listing Requirements.
- xiv. To review arrangement 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 31st January 2008 were as follows:

- Reviewed the External Auditors' audit strategy and scope for the statutory audit of the Company's financial year ended 31st January 2008.
- Reviewed the un-audited quarterly financial statements and the annual audited financial statements of the Group and recommended the same for approval by the Board.

Audit Committee Report (cont'd)

- 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 KassimChan Management Consultants Services Sdn Bhd ("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. The costs incurred for the Internal Audit function for the financial year ended 31 January 2008 were RM54,000.

5. EMPLOYEES' SHARE OPTION SCHEME

There is no employees' share option scheme for the Audit Committee to review and verify.

Shareholders' Information (cont'd)

DIRECTORS' INTERESTS AS AT 2 JUNE 2008
INTEGRATED RUBBER CORPORATION BERHAD

Name of Directors	Ordinary Shares of RM0.50 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Dato' Shahabudin bin Shafie	-	-	-	-
Tan Keng Beng	-	-	130,101,046	54.94
Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Dato' Daniel Tay Kwan Hui	-	-	-	-
Yoong Nim Chee	-	-	-	-
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.

Shareholders' Information (cont'd)

30 LARGEST SHAREHOLDERS as at 2 JUNE 2008

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	9,641,200	4.07
6	Anglo-Oriental (Malaya) Sdn Berhad	3,497,154	1.48
7	Rampai Dedikasi Sdn Bhd	2,700,000	1.14
8	Impian Semarak Sdn Bhd	2,159,000	0.91
9	Tan Loon Hean	1,122,500	0.47
10	Gulamoydeen Bin Mohamed Haniffa	612,300	0.26
11	Tan Keng Boon & Sons Sdn Bhd	580,000	0.24
12	Lim Ho Peng	572,600	0.24
13	Lee Eng Kwen	548,700	0.23
14	Chai Sing Kee	500,000	0.21
15	Tham Yoke Cheong	500,000	0.21
16	RHB Capital Nominees (Tempatan) Sdn Bhd Peldged Securities Account for Sandana Dass	500,000	0.21
17	Ooi Siew Suan	500,000	0.21
18	Lee Sim Hak	500,000	0.21
19	Ong Lock Hoo	500,000	0.21
20	Universal Fisheries (M) Holdings Sdn Berhad	500,000	0.21
21	Angkasuwan Mrs Sunee	500,000	0.21
22	Ng Siyu Lian	500,000	0.21
23	Koh Chong Wan	500,000	0.21
24	Moo Sing Hoe	489,300	0.21
25	Ng Lai Chiek	334,000	0.14
26	Tan Bee Yong	310,000	0.13
27	Lee Chee Ming	307,700	0.13
28	Tan Loon Synn	292,500	0.12
29	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Cheng Kuai	218,600	0.09
30	Lee Bee Seng	200,000	0.08
	TOTAL	222,686,600	94.04

List of Properties Held as at 31st January 2008

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 Berjantai Kuala Selangor	Freehold	13.86	-	Camp site	234,946	23 - 38	1957 & 1960
Lot No. 4162 Batu Caves Gombak	Freehold	0.47	-	Laboratory	84,318	24 - 31	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	3,852,270	12	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	4,183,493	12	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	140,334	9	2000

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Directors' Report for the year ended 31 January 2008

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 January 2008.

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	17,460,599	17,478,809

RESERVES AND PROVISIONS

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

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
 Tan Keng Beng, PMP
 Tan Koon Poon @ Tan Koon Pun
 Tan Loon Guan
 Dato' Daniel Tay Kwan Hui
 Ahmad Kamal bin Abdullah Al-Yafii (appointed on 16.7.2007)
 Yoong Nim Chee (appointed on 26.12.2007)
 Dato' (Dr) Megat Abdul Rahman bin Megat Ahmad (retired on 16.7.2007)
 Dato' Alias bin Ali (resigned on 26.12.2007)

Directors' Report for the year ended 31 January 2008 (cont'd)

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 1.2.2007	Bought	Sold	Balance at 31.1.2008
The Company				
<i>Indirect interest</i>				
Tan Keng Beng	130,101,046	-	-	130,101,046
Tan Koon Poon @ Tan Koon Pun	130,101,046	-	-	130,101,046
Tan Loon Guan	130,301,046	-	-	130,301,046

	← Number of ordinary shares of RM1.00 each →			
	Balance at 1.2.2007	Bought	Sold	Balance at 31.1.2008
The Holding Company				
Chip Lam Seng Berhad				
<i>Indirect interest</i>				
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 2008 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 2008 to 28 May 2008.

Directors' Report for the year ended 31 January 2008 (cont'd)

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 as disclosed in Note 23 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 balance sheets and income statements 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.

Directors' Report for the year ended 31 January 2008 (cont'd)

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, except as disclosed in Notes 4, 5 and 16, the results of the operations of the Group and of the Company for the financial year ended 31 January 2008 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: 28 May 2008

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 32 to 72 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards 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 2008 and of the results of their operations and cash flows for the year ended on that date.

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: 28 May 2008

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 32 to 72 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 at Ipoh in the State of Perak Darul Ridzuan on 28 May 2008.

TAN KENG BENG, PMP

Before me:

S. JAGJIT SINGH, PJK
Commission for Oaths

Report of the Auditors to the Members

We have audited the financial statements set out on pages 32 to 72. 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 Financial Reporting Standards 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 2008 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: 1857/02/10 (J)

Ipoh

Date: 28 May 2008

Balance Sheets at 31 January 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Property, plant and equipment	3	69,057,381	68,961,515	347,410	347,900
Goodwill on consolidation	4	33,727,693	42,727,693	-	-
Investment in subsidiaries	5	-	-	70,300,001	90,300,001
Other investments	6	177,857	1,245,000	177,857	1,245,000
Total non-current assets		102,962,931	112,934,208	70,825,268	91,892,901
Inventories	7	25,939,465	25,040,306	-	-
Receivables, deposits and prepayments	8	15,462,713	17,837,127	913,812	88,611
Income tax recoverable		2,669,804	3,362,161	2,440	14,558
Short-term deposits, cash and bank balances	9	3,045,342	6,416,612	580,415	388,726
Total current assets		47,117,324	52,656,206	1,496,667	491,895
TOTAL ASSETS		150,080,255	165,590,414	72,321,935	92,384,796
EQUITY					
Share capital	10	118,405,240	118,405,240	118,405,240	118,405,240
Capital reserve	11	17,143	120,000	17,143	120,000
Accumulated losses		(48,205,779)	(30,745,180)	(46,433,960)	(28,955,151)
Total equity attributable to shareholders of the Company		70,216,604	87,780,060	71,988,423	89,570,089
LIABILITIES					
Loans and borrowings	12	22,831,896	19,077,177	-	-
Deferred tax liabilities	13	572,136	3,307,256	-	-
Total non-current liabilities		23,404,032	22,384,433	-	-
Payables and accruals	14	9,800,598	14,490,976	333,512	2,814,707
Loans and borrowings	12	46,659,021	40,934,945	-	-
Total current liabilities		56,459,619	55,425,921	333,512	2,814,707
TOTAL LIABILITIES		79,863,651	77,810,354	333,512	2,814,707
TOTAL EQUITY AND LIABILITIES		150,080,255	165,590,414	72,321,935	92,384,796

The notes on pages 37 to 72 are an integral part of these financial statements.

Income Statements for the year ended 31 January 2008

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	15	101,393,036	104,975,807	3,472,554	42,000
Cost of sales		(100,143,397)	(101,961,234)	-	-
Gross profit		1,249,639	3,014,573	3,472,554	42,000
Other income		1,532,491	394,529	52,152	394,529
Selling expenses		(2,536,992)	(1,318,461)	-	-
Administrative expenses		(15,861,477)	(5,998,831)	(21,002,532)	(998,382)
Other expenses		(1,471,552)	(1,359,393)	-	-
Results from operating activities	16	(17,087,891)	(5,267,583)	(17,477,826)	(561,853)
Interest income		21,952	83,927	3,337	8,030
Finance costs	18	(3,131,149)	(2,304,809)	-	-
Loss before tax		(20,197,088)	(7,488,465)	(17,474,489)	(553,823)
Taxation	19	2,736,489	1,857,405	(4,320)	-
Loss for the year		(17,460,599)	(5,631,060)	(17,478,809)	(553,823)
Loss for the year attributable to shareholders of the Company		(17,460,599)	(5,631,060)	(17,478,809)	(553,823)
Basic loss per ordinary share (sen)	20	(7.37)	(2.38)		

The notes on pages 37 to 72 are an integral part of these financial statements.

Consolidated Statements of Changes in Equity

for the year ended 31 January 2008

GROUP	<----- Attributable to shareholders of the Company ----->			
	<----- Non-distributable ----->			
	Share capital RM	Capital reserve RM	Accumulated losses RM	Total equity RM
At 1 February 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
Reversal of capital reserve	-	(102,857)	-	(102,857)
Loss for the year	-	-	(17,460,599)	(17,460,599)
At 31 January 2008	118,405,240	17,143	(48,205,779)	70,216,604

COMPANY	<----- Non-distributable ----->			
	Share capital RM	Capital reserve RM	Accumulated losses RM	Total equity RM
	At 1 February 2006	118,405,240	120,000	(28,401,328)
Loss for the year	-	-	(553,823)	(553,823)
At 31 January 2007	118,405,240	120,000	(28,955,151)	89,570,089
Reversal of capital reserve	-	(102,857)	-	(102,857)
Loss for the year	-	-	(17,478,809)	(17,478,809)
At 31 January 2008	118,405,240	17,143	(46,433,960)	71,988,423

Note 10

Note 11

The notes on pages 37 to 72 are an integral part of these financial statements.

Cash Flow Statements for the year ended 31 January 2008

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities				
Loss before tax	(20,197,088)	(7,488,465)	(17,474,489)	(553,823)
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	6,237,489	5,561,411	490	7,449
Dividend income	(18,000)	(42,000)	(18,000)	(42,000)
Finance costs	3,131,149	2,304,809	-	-
Gain on disposal of quoted investment	(3,454,554)	-	(3,454,554)	-
Gain on disposal of property, plant and equipment	-	(69,812)	-	(69,812)
Property, plant and equipment written off	368,051	499,587	-	-
Allowance for diminution in value of investment in subsidiaries	-	-	20,000,000	-
Impairment loss on goodwill	9,000,000	-	-	-
Interest income	(21,952)	(83,927)	(3,337)	(8,030)
Operating (loss)/profit before changes in working capital	(4,954,905)	681,603	(949,890)	(666,216)
Change in inventories	(899,159)	(9,751,464)	-	-
Change in receivables, deposits and prepayments	2,374,414	2,347,375	(825,201)	95,640
Change in payables and accruals	(4,690,378)	4,224,359	(2,481,195)	87,805
Cash used in operations	(8,170,028)	(2,498,127)	(4,256,286)	(482,771)
Income tax refund/(paid)	693,726	(1,174,800)	7,798	(7,678)
Finance costs paid	(1,753,888)	(1,463,452)	-	-
Dividend income received	18,000	42,000	18,000	42,000
Net cash used in operating activities	(9,212,190)	(5,094,379)	(4,230,488)	(448,449)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(6,701,406)	(8,950,372)	-	-
Proceeds from disposal of property, plant and equipment	-	79,111	-	79,111
Proceeds from disposal of quoted investment	4,418,840	-	4,418,840	-
Interest income	21,952	83,927	3,337	8,030
Increase in fixed deposit pledged	(2,425)	(2,407)	(2,425)	(2,407)
Net cash (used in)/from investing activities	(2,263,039)	(8,789,741)	4,419,752	84,734
Balance carried down	(11,475,229)	(13,884,120)	189,264	(363,715)

Cash Flow Statements for the year ended 31 January 2008 (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Balance brought down	(11,475,229)	(13,884,120)	189,264	(363,715)
Cash flows from financing activities				
Proceeds from short-term borrowings	4,428,000	9,177,000	-	-
Repayment to hire purchase liabilities	(229,152)	(229,152)	-	-
Proceed from term loans	5,279,947	10,945,770	-	-
Interest paid on term loans	(1,336,677)	(800,773)	-	-
Interest paid on hire purchase	(40,584)	(40,584)	-	-
Net cash from financing activities	8,101,534	19,052,261	-	-
Net (decrease)/increase in cash and cash equivalents	(3,373,695)	5,168,141	189,264	(363,715)
Cash and cash equivalents at beginning of year	6,340,757	1,172,616	312,871	676,586
Cash and cash equivalents at end of year	2,967,062	6,340,757	502,135	312,871

Cash and cash equivalents

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term deposits with licensed banks (excluding pledged deposits)	-	5,660,748	-	-
Cash and bank balances	2,967,062	680,009	502,135	312,871
	2,967,062	6,340,757	502,135	312,871

Note 9

Note 9

The notes on pages 37 to 72 are an integral part of 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 addresses 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 2008 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 2008 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 Berhad 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 Financial Reporting Standards ("FRS") 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.

The MASB had issued two revised FRSs that are effective for annual period beginning on or after 1 October 2006, which were FRS 117, Leases and FRS 124, Related Party Disclosures. These FRSs are applicable to the Group and Company and adopted in the current financial year.

Notes to the Financial Statements (cont'd)

1. Basis of preparation (cont'd)

1.1 Statement of compliance (cont'd)

The MASB has also issued the following new and revised FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007, and that have not been applied in preparing these financial statements:

FRSs/Interpretations	Effective Date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
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, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

FRS 111, FRS 120, the Amendment to FRS 121 and the Interpretations listed above are not applicable to the Group and to the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 139 on the financial statements upon first adoption of these standards 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 FRS 139.103AB.

The Group and the Company plan to apply the rest of the abovementioned FRSs for the annual period beginning 1 February 2008.

The initial application of the revised FRS 107, FRS 112, FRS 118, FRS 134 and FRS 137 is not expected to have any material impact on the financial statements of the Group and of the Company.

The financial statements were approved by the Board of Directors on 28 May 2008.

Notes to the Financial Statements (cont'd)

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 2008, the current liabilities of the Group and the Company have exceeded its current assets by RM9,342,295 (2007: RM2,769,715) and NIL (2007: 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 2008 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – measurement of the recoverable amounts of cash-generating units.
- Note 22 – contingencies.

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 the 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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 transactions, 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 any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and 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. The cost of self-constructed assets includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. 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 between a willing buyer and a willing seller in arm's length transaction after 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

Notes to the Financial Statements (cont'd)

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 depreciation rates 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 balance sheet date.

2.3 Leased assets

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.4 Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 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 net identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

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

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Investment in equity securities

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

Subsequent to initial recognition:

- (a) investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value, and
- (b) all current investments are carried at the lower of cost and market value, determined on an aggregate portfolio 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.

2.6 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 the estimated costs necessary to make the sale.

2.7 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.

2.8 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Impairment

The carrying amounts 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.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. 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.

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.

2.10 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.

2.11 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.

2.12 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.

The Group's contributions to the statutory pension funds 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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Employee benefits (cont'd)

(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, *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.

2.13 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.

2.14 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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 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.

2.16 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 substantively 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.

2.17 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: RM3.24 (2007: USD1.00: RM3.50).

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.18 Derivative financial instruments**

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

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

2.19 Hire purchase

Property, plant and equipment acquired under hire purchase arrangements are capitalised at their purchase costs and depreciated in accordance with the policy set out in Note 2.2. 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 arrangements are included under hire purchase liabilities.

2.20 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.

2.21 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.

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENT
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 2006	16,935,343	73,088,822	2,844,316	1,590,387	94,458,868
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/ 1 February 2007	16,952,093	81,286,494	2,879,316	1,669,872	102,787,775
Additions	-	6,515,207	126,000	60,199	6,701,406
Write off	-	(362,773)	-	(24,184)	(386,957)
At 31 January 2008	16,952,093	87,438,928	3,005,316	1,705,887	109,102,224
Accumulated depreciation					
At 1 February 2006	5,608,075	20,805,438	1,057,798	906,117	28,377,428
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/ 1 February 2007	6,236,256	25,186,318	1,374,283	1,029,403	33,826,260
Charge for the year	621,562	5,192,574	306,430	116,923	6,237,489
Write off	-	-	-	(18,906)	(18,906)
At 31 January 2008	6,857,818	30,378,892	1,680,713	1,127,420	40,044,843
Carrying amounts					
At 1 February 2006	11,327,268	52,283,384	1,786,518	684,270	66,081,440
At 31 January 2007/ 1 February 2007	10,715,837	56,100,176	1,505,033	640,469	68,961,515
At 31 January 2008	10,094,275	57,060,036	1,324,603	578,467	69,057,381

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENT (cont'd)
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 2006	2,708,143	492,313	138,847	218,092	3,557,395
Disposals	-	(121,878)	-	-	(121,878)
At 31 January 2007/ 1 February 2007/ 31 January 2008	2,708,143	370,435	138,847	218,092	3,435,517
Accumulated depreciation					
At 1 February 2006	2,388,879	454,678	134,080	215,110	3,192,747
Charge for the year	-	208	4,766	2,475	7,449
Disposal	-	(112,579)	-	-	(112,579)
At 31 January 2007/ 1 February 2007 Charge for the year	2,388,879 -	342,307 -	138,846 -	217,585 490	3,087,617 490
At 31 January 2008	2,388,879	342,307	138,846	218,075	3,088,107
Carrying amounts					
At 1 February 2006	319,264	37,635	4,767	2,982	364,648
At 31 January 2007/ 1 February 2007	319,264	28,128	1	507	347,900
At 31 January 2008	319,264	28,128	1	17	347,410

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENT (cont'd)
3.1 Land and buildings
GROUP

At cost	Freehold land RM	Buildings RM	Total RM
At 1 February 2006	2,721,941	14,213,402	16,935,343
Additions	-	16,750	16,750
At 31 January 2007/1 February 2007/ 31 January 2008	<u>2,721,941</u>	<u>14,230,152</u>	<u>16,952,093</u>
Accumulated depreciation			
At 1 February 2006	-	5,608,075	5,608,075
Charge for the year	-	628,181	628,181
At 31 January 2007/1 February 2007	-	6,236,256	6,236,256
Charge for the year	-	621,562	621,562
At 31 January 2008	<u>-</u>	<u>6,857,818</u>	<u>6,857,818</u>
Carrying amounts			
At 1 February 2006	<u>2,721,941</u>	<u>8,605,327</u>	<u>11,327,268</u>
At 31 January 2007/1 February 2007	<u>2,721,941</u>	<u>7,993,896</u>	<u>10,715,837</u>
At 31 January 2008	<u>2,721,941</u>	<u>7,372,334</u>	<u>10,094,275</u>

COMPANY
At cost

At 1 February 2006/31 January 2007/ 1 February 2007/31 January 2008	121,941	2,586,202	2,708,143
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Accumulated depreciation

At 1 February 2006/31 January 2007/ 1 February 2007/31 January 2008	-	2,388,879	2,388,879
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Carrying amounts

At 1 February 2006	121,941	197,323	319,264
At 31 January 2007/1 February 2007	121,941	197,323	319,264
At 31 January 2008	<u>121,941</u>	<u>197,323</u>	<u>319,264</u>

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENT (cont'd)
3.2 Plant, machinery, formers and capital work-in-progress

GROUP	Plant, machinery and formers RM	Capital work-in- progress RM	Total RM
At cost			
At 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 2007/1 February 2007	62,135,782	19,150,712	81,286,494
Additions	1,632,886	4,882,321	6,515,207
Write off	(362,773)	-	(362,773)
At 31 January 2008	<u>63,405,895</u>	<u>24,033,033</u>	<u>87,438,928</u>
Accumulated depreciation			
At 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 2007/1 February 2007	25,186,318	-	25,186,318
Charge for the year	5,192,574	-	5,192,574
At 31 January 2008	<u>30,378,892</u>	<u>-</u>	<u>30,378,892</u>
Carrying amounts			
At 1 February 2006	<u>29,206,549</u>	<u>23,076,835</u>	<u>52,283,384</u>
At 31 January 2007/1 February 2007	<u>36,949,464</u>	<u>19,150,712</u>	<u>56,100,176</u>
At 31 January 2008	<u>33,027,003</u>	<u>24,033,033</u>	<u>57,060,036</u>

The carrying amount of motor vehicles of a subsidiary acquired under hire purchase arrangements is RM1,043,311 (2007: RM1,290,179).

The titles of properties of a subsidiary with carrying amounts of RM151,746 (2007: RM163,159) and RM2,750,000 (2007: RM2,750,000) respectively are still in the process of being transferred to the name of the subsidiary.

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENT (cont'd)
Prepaid lease payment
GROUP/COMPANY
At cost

At 1 February 2006

Effect of adopting FRS 117

At 1 February 2006, restated/1 February 2007/31 January 2008

Accumulated amortisation

At 1 February 2006

Effect of adopting FRS 117

At 1 February 2006, restated/1 February 2007/31 January 2008

Carrying amount

At 1 February 2006/1 February 2007/31 January 2008

**Short-term
leasehold
land
RM**

-

167,669

167,669

-

167,669

167,669

-

4. GOODWILL ON CONSOLIDATION
GROUP
**2008
RM**
**2007
RM**

Balance at 1 February

Impairment loss

Balance at 31 January

42,727,693

(9,000,000)

33,727,693

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 recoverable amount was based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Financial budgets beyond the five-year period are assumed to remain constant.

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:

- A ten-year cash flow was projected based on actual operating results and a business plan.
- Gross profit margin of 7% for the years ending 31 January 2009 to 2018.
- Revenue was projected by Management at RM105 million in the first year in year 2009. Revenue was anticipated to be increased to RM125 million from the second to the tenth year, i.e. for the years ending 2010 to 2018.
- A pre-tax discount rate of 5% was applied in determining the recoverable amount of the Unit. The discount rate was estimated based on the Unit's weighted average borrowing rate.

Notes to the Financial Statements (cont'd)

4. GOODWILL ON CONSOLIDATION (cont'd)

Impairment testing for cash generating unit containing goodwill (cont'd)

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).

The above estimates are particularly sensitive in the following areas:

- An increase of 1% point in the discount rate used would have increased the impairment loss by RM3 million.
- A 1% decrease in future planned gross profit margin would have increased the impairment loss by RM10 million.
- A decrease in 10% of future revenue due to effect of decrease in US Dollar exchange rates would have increased the impairment loss by RM7 million.

5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares at cost	98,600,003	98,600,003
Less: Allowance for diminution in value	(28,300,002)	(8,300,002)
	70,300,001	90,300,001

The subsidiaries are incorporated in Malaysia and the details are as follows:

Name of company	Effective ownership interest		Principal activities
	2008	2007	
Comfort Rubber Gloves Industries Sdn Bhd ("CRG")	100%	100%	Manufacturing and trading of latex gloves
Quality Gallant Sdn Bhd <i>(wholly owned subsidiary of CRG)</i>	100%	100%	Trading of latex gloves
PBT Sdn Bhd	100%	100%	Dormant

Notes to the Financial Statements (cont'd)

6. OTHER INVESTMENTS
At Directors' valuation:

Quoted shares in Malaysia

GROUP/COMPANY	
2008	2007
RM	RM
177,857	1,245,000

Details of the disposed investments stated at Directors' valuation are as follows:

Proceeds from disposal
 Carrying amount of investments disposed
 Reversal of capital reserves (Note 11)

GROUP/COMPANY	
2008	2007
RM	RM
4,418,840	-
(1,067,143)	-
102,857	-
3,454,554	-

Gain on disposal of investments

The market value of the quoted investments is shown in Note 26.

7. INVENTORIES
At cost:

Finished goods
 Work-in-progress
 Raw materials
 Packing materials
 Treatment plant chemicals

GROUP	
2008	2007
RM	RM
1,462,279	1,622,450
21,622,437	21,118,854
2,596,794	2,036,420
237,450	253,774
20,505	8,808
25,939,465	25,040,306

Notes to the Financial Statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP		COMPANY	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade receivables	a	16,133,023	16,915,358	-	-
Allowance for doubtful debts		(2,359,679)	(1,387,979)	-	-
		13,773,344	15,527,379	-	-
Trade receivables owing by:					
Holding company	b	443,648	639,430	-	-
		14,216,992	16,166,809	-	-
Non-trade					
Amount owing by:					
Related companies	c	829,685	870,628	500	-
Amount owing by:					
Subsidiaries	c	-	-	2,156,939	1,353,158
Less: Allowance for doubtful debts		-	-	(1,345,823)	(1,345,823)
		-	-	811,116	7,335
Other receivables		93,714	69,436	82,908	62,406
Deposits		264,964	257,866	16,888	18,870
Prepayments		57,358	472,388	2,400	-
		1,245,721	1,670,318	913,812	88,611
		15,462,713	17,837,127	913,812	88,611

Note a
Trade receivables

Trade receivables denominated in currency other than the functional currency comprise of RM11,482,795 (2007: RM11,674,692) denominated in US Dollar.

Note b
Trade receivables due from holding company

The trade receivables due from holding company is subject to normal trade terms.

Note c
Amount owing by related companies and subsidiaries

The non-trade receivables owing by related companies and subsidiaries are interest free, unsecured and 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.

Notes to the Financial Statements (cont'd)

9. SHORT-TERM DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term deposits with:				
- A licensed bank	78,253	5,736,576	78,253	75,828
- A finance company	27	27	27	27
Cash and bank balances	2,967,062	680,009	502,135	312,871
	<u>3,045,342</u>	<u>6,416,612</u>	<u>580,415</u>	<u>388,726</u>

Included in the fixed deposits of the Group and of the Company is a total of RM78,280 (2007: RM75,855) pledged for bank guarantee facilities granted to the Company.

10. SHARE CAPITAL

	GROUP/COMPANY	
	2008 RM	2007 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

	GROUP/COMPANY	
	2008 RM	2007 RM
Balance at 1 February	120,000	120,000
Reversal during the year (Note 6)	(102,857)	-
Balance at 31 January	<u>17,143</u>	<u>120,000</u>

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

Notes to the Financial Statements (cont'd)

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 26.

	GROUP	
	2008 RM	2007 RM
Non-current		
Secured term loan	22,116,848	18,132,977
Hire purchase liabilities	715,048	944,200
	22,831,896	19,077,177
	22,831,896	19,077,177
	GROUP	
	2008 RM	2007 RM
Current		
Secured term loan	2,748,869	1,452,793
Unsecured short-term bank borrowings	43,681,000	39,253,000
Hire purchase liabilities	229,152	229,152
	46,659,021	40,934,945
	46,659,021	40,934,945
Total	69,490,917	60,012,122

Secured term loan

The secured term loan was arranged at fixed interest rates. This forms part of the total term loan of RM26.4 million which is repayable over 84 equal monthly installments.

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 facilities.

Unsecured short-term borrowings

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

The bankers' acceptance and short term revolving credit form part of banking facilities in a subsidiary which are supported by corporate guarantee by the Company of RM55.8 million (2007: RM55.36 million).

Notes to the Financial Statements (cont'd)

12. LOANS AND BORROWINGS (cont'd)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

GROUP

	Payments 2008	Interest 2008	Principal 2008	Payments 2007	Interest 2007	Principal 2007
	RM	RM	RM	RM	RM	RM
Less than 1 year	269,736	40,584	229,152	269,736	40,584	229,152
1 – 5 years	841,678	126,630	715,048	1,078,944	162,336	916,608
More than 5 years	-	-	-	32,470	4,878	27,592
	1,111,414	167,214	944,200	1,381,150	207,798	1,173,352

13. DEFERRED TAX LIABILITIES
Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

GROUP

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM
Property, plant and equipment	(3,770,147)	(2,269,446)	4,953,856	5,066,711	1,183,709	2,797,265
Provisions	(19,000)	(19,760)	-	-	(19,000)	(19,760)
Tax loss carry-forwards	(985,550)	(13,436)	-	-	(985,550)	(13,436)
Other items	(108,426)	-	501,403	543,187	392,977	543,187
Tax (assets)/liabilities	(4,883,123)	(2,302,642)	5,455,259	5,609,898	572,136	3,307,256
Set off to tax	4,883,123	2,302,642	(4,883,123)	(2,302,642)	-	-
Net tax (assets)/liabilities	-	-	572,136	3,307,256	572,136	3,307,256

Notes to the Financial Statements (cont'd)

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	
	2008 RM	2007 RM	2008 RM	2007 RM
Deductible temporary differences	115,000	12,000	12,000	12,000
Tax loss carry-forwards	11,320,000	11,600,000	11,312,000	11,448,000
	<u>11,435,000</u>	<u>11,612,000</u>	<u>11,324,000</u>	<u>11,460,000</u>

The deductible temporary differences and tax loss carry-forwards do not expire under current tax legislation. 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 and the Company 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	4,573,818	584,971	5,158,789
Recognised in income statement (Note 19)	(1,776,553)	(74,980)	(1,851,533)
As at 31 January 2007/1 February 2007	2,797,265	509,991	3,307,256
Recognised in income statement (Note 19)	(1,613,556)	(1,121,564)	(2,735,120)
As at 31 January 2008	<u>1,183,709</u>	<u>(611,573)</u>	<u>572,136</u>

14. PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade				
Trade payables	4,037,953	6,478,567	-	-
Non-trade				
Amount owing to a subsidiary	-	-	-	2,426,640
Amount owing to holding company	31,926	-	-	-
Other payables	4,290,982	5,966,596	47,324	388,067
Accruals	1,439,737	2,045,813	286,188	-
	<u>5,762,645</u>	<u>8,012,409</u>	<u>333,512</u>	<u>2,814,707</u>
Total	<u>9,800,598</u>	<u>14,490,976</u>	<u>333,512</u>	<u>2,814,707</u>

Notes to the Financial Statements (cont'd)

14. PAYABLES AND ACCRUALS (cont'd)

Trade payables

Payables denominated in currency other than the functional currency comprise RM59,376 (2007: RM103,896) of trade payables denominated in US Dollar.

Included in the Group's trade payables is an amount arising from trade in the normal course of business of RM637,593 (2007: RM910,763) 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 2008, is a provision for retirement benefits of a subsidiary of RM76,000 (2007: RM76,000).

15. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Revenue - sales of latex gloves	97,920,482	104,933,807	-	-
- dividend income	18,000	42,000	18,000	42,000
- gain on disposal of quoted investment	3,454,554	-	3,454,554	-
	<u>101,393,036</u>	<u>104,975,807</u>	<u>3,472,554</u>	<u>42,000</u>

Notes to the Financial Statements (cont'd)

16. RESULTS FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Operating loss is arrived at after charging/(crediting):				
Allowance for diminution in value of investment in subsidiaries	-	-	20,000,000	-
Allowance for doubtful debts	977,000	887,979	-	-
Auditors' remuneration:				
- audit services	44,625	37,500	30,000	25,000
- other services by auditors of the Company	36,300	55,972	36,300	55,972
Bad debts recovered	(5,300)	(30,495)	-	(30,495)
Depreciation of property, plant and equipment	6,237,489	5,561,411	490	7,449
Equipment written off	368,051	499,587	-	-
(Gain)/Loss on disposal of equipment and motor vehicles	-	(69,812)	-	(69,812)
Gain on disposal of quoted investment	(3,454,554)	-	(3,454,554)	-
Impairment loss on goodwill	9,000,000	-	-	-
Insurance compensation	(1,474,989)	-	-	-
Lease rental	600,000	600,000	-	-
Loss on foreign exchange (realised)	1,002,748	639,914	-	-
Loss on foreign exchange (unrealised)	468,804	719,479	-	-
Personnel expenses (excluding key management personnel):				
- contribution to Employees' Provident Fund	460,821	312,037	20,120	8,200
- wages, salaries and others	10,852,751	10,492,171	190,376	121,259
Provision for retirement benefits written back	-	(84,934)	-	(84,934)
Rental expense	184,350	149,535	-	11,625
Rental income	(51,000)	(98,300)	(51,000)	(98,300)
Weigh bridge rental	1,454	7,124	-	-

17. KEY MANAGEMENT PERSONNEL

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Company Directors' emoluments:				
- remuneration	596,000	617,240	304,800	325,420
- fees				
- current year	207,000	188,000	147,000	128,000
- overprovision in prior year	(19,000)	-	(19,000)	-
- allowances	53,250	47,550	53,250	47,550
- others	-	47,660	-	-
Other directors' emoluments:				
- fees	-	50,000	-	-
- others	176,160	32,983	-	-

The estimated monetary values of benefits-in-kind received by the Directors of the Group is RM58,813 (2007: RM34,746).

Notes to the Financial Statements (cont'd)

18. FINANCE COSTS

	GROUP	
	2008 RM	2007 RM
Interest charges:		
- bankers' acceptance	965,924	954,268
- bank overdraft	38,574	13,008
- letter of credit	127,346	58,049
- hire purchase	40,584	40,584
- term loan	1,336,677	800,773
- short-term revolving credit	605,336	438,127
- bank guarantee	16,708	-
	3,131,149	2,304,809

19. TAXATION
19.1 Major components of taxation include:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Malaysian tax - Current year	3,222	-	3,222	-
- Prior years	(4,591)	(5,872)	1,098	-
	(1,369)	(5,872)	4,320	-
Deferred tax expense				
Reversal of temporary differences	(2,729,981)	(1,582,908)	-	-
Effect of change in tax rate	(5,139)	(268,625)	-	-
	(2,735,120)	(1,851,533)	-	-
	(2,736,489)	(1,857,405)	4,320	-

Notes to the Financial Statements (cont'd)

19. TAXATION (cont'd)

19.2 Reconciliation of effective taxation:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Loss before tax	(20,197,088)	(7,488,465)	(17,474,489)	(553,823)
Income tax using Malaysian tax rates	(5,251,000)	(2,021,886)	(4,543,000)	(150,000)
Effect of change in tax rate *	(5,000)	(268,625)	-	-
Effect of lower tax rate **	10,000	3,500	-	-
Non-deductible expenses	2,881,000	317,113	5,258,000	33,000
Non-taxable income	(533,000)	-	(898,000)	-
Deferred tax assets not recognised	219,000	125,600	183,000	117,000
Others	(52,898)	(7,235)	3,222	-
	(2,731,898)	(1,851,533)	3,222	-
Overprovision of taxation in previous years	(4,591)	(5,872)	1,098	-
	(2,736,489)	(1,857,405)	4,320	-

* With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 26% with effect from year of assessment 2008 and to 25% with effect from year of assessment 2009 respectively. Consequently, deferred tax assets and liabilities are measured using these tax rates.

** With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

20. EARNINGS PER ORDINARY SHARE - GROUP
Basic loss per ordinary share

The calculation of basic loss per ordinary share is based on the net loss attributable to ordinary shareholders of RM17,460,599 (2007: RM5,631,060) and the number of ordinary shares of the Company in issue during the year of 236,810,480 (2007: 236,810,480).

Notes to the Financial Statements (cont'd)

21. CAPITAL COMMITMENT

	GROUP	
	2008 RM	2007 RM
Property, plant and equipment		
Approved but not contracted for	5,081,758	15,000,000
Contracted but not provided for in the financial statements	3,216,837	-
	8,298,595	15,000,000

22. CONTINGENCIES (unsecured)

The Company has issued a corporate guarantee for the sum of RM82.2 million (2007: RM81.76 million) in favour of three banks for the banking facilities extended to a subsidiary. The banking limit and amount of the banking facilities utilised as at 31 January 2008 is RM82,200,000 (2007: RM81,700,000) and RM70,924,244 (2007: RM58,838,770) respectively.

23. 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 Notes 8 and 14;
- (ii) the substantial shareholder of the Company and certain of its subsidiaries; and
- (iii) the Directors and key management personnel.

23.1 Significant non-trade related party balances:

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

	COMPANY	
	2008 RM	2007 RM
<i>Amount owing by/(to) subsidiaries</i>		
Comfort Rubber Gloves Industries Sdn Bhd	796,792	(2,426,640)
PBT Sdn Bhd	14,324	7,335
<i>Amount owing by a related company</i>		
Seginiaga Sdn Bhd	500	-

Notes to the Financial Statements (cont'd)

23. RELATED PARTIES (cont'd)

Identity of related parties (cont'd)

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

	GROUP	
	2008 RM	2007 RM
<i>Amount owing to holding company</i>		
Chip Lam Seng Berhad	(31,926)	-
<i>Amount owing by related companies</i>		
PT Abbergummi Medical	829,185	870,628
Seginiaga Sdn Bhd	500	-

The above amounts are interest free, unsecured and have no fixed terms of repayment.

23.2 Significant related party transactions:

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

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<i>Transactions with a substantial corporate shareholder</i>				
MMC Corporation Berhad				
- Reimbursable expenses	-	61,930	-	61,930
<i>Transactions with wholly-owned subsidiaries of a substantial corporate shareholder</i>				
Pernas Charter Management Sdn Bhd				
- Professional services	-	24,000	-	24,000
<i>Transactions with a sub-subsidiary of a substantial corporate shareholder</i>				
Gas Malaysia Sdn Bhd				
- Purchases of gas	8,925,880	10,654,780	-	-
<i>Transactions with related companies</i>				
Chip Lam Seng Berhad (holding company)				
- Purchases of latex	58,901,481	41,170,112	-	-

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.

Notes to the Financial Statements (cont'd)

24. 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 2008:

	Manufacturing RM	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Business segments					
Revenue from external customers	97,898,619	3,472,554	7,022,795	(7,000,932)	101,393,036
Segment results	(10,400,504)	(6,478,126)	(209,261)	-	(17,087,891)
Operating loss					(17,087,891)
Finance costs					(3,131,149)
Interest income					21,952
Loss before tax					(20,197,088)
Tax expense					2,736,489
Loss for the year					(17,460,599)
Segment assets	112,815,836	35,624,690	1,639,729	-	150,080,255

Notes to the Financial Statements (cont'd)

24. SEGMENTAL INFORMATION (cont'd)

For the year ended 31 January 2008 (cont'd):

	Manufacturing RM	Investment holding RM	Others RM	Eliminations RM	Consolidated RM
Segment liabilities	77,108,768	333,812	1,848,935	-	79,291,515
Unallocated liabilities					572,136
					<u>79,863,651</u>
Capital expenditure	6,701,406	-	-	-	6,701,406
Depreciation	6,236,203	490	796	-	6,237,489
Non-cash items other than depreciation	1,345,051	-	-	-	1,345,051

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	27,685,130	150,080,255	6,701,406
United States of America and Canada	22,756,384	-	-
Asia	24,223,249	-	-
Europe	24,470,883	-	-
Others	2,257,390	-	-
Consolidated	<u>101,393,036</u>	<u>150,080,255</u>	<u>6,701,406</u>

Notes to the Financial Statements (cont'd)

24. SEGMENTAL INFORMATION (cont'd)

For the year ended 31 January 2007:

	Manufacturing RM	Investment holding RM	Others RM	Eliminations RM	Consolidated 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 loss					(5,267,583)
Finance costs					(2,304,809)
Interest income					83,927
Loss before tax					(7,488,465)
Taxation					1,857,405
Loss for the year					(5,631,060)
Segment assets	120,774,029	44,805,153	11,232	-	165,590,414
Segment liabilities	74,109,190	388,066	5,842	-	74,503,098
Unallocated liabilities					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

Notes to the Financial Statements (cont'd)

25. OPERATING LEASE
Lease as lessee

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

	GROUP	
	2008 RM	2007 RM
Less than 1 year	600,000	600,000
1 – 5 years	1,150,000	1,750,000
	1,750,000	2,350,000

A subsidiary leases a piece of industrial land together with a factory premise under an operating lease. The lease run for an initial period of 3 years, with an option to renew the lease or purchase the asset after 5 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 does not include contingent rentals.

26. 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 58% 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.

26. FINANCIAL INSTRUMENTS (cont'd)

2008

	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	78,280	78,280	-	-	-	-	-
Fixed rate secured bank loans		5.04 - 7.07	(24,865,717)	(2,748,869)	(3,423,749)	(3,631,607)	(3,845,626)	(4,083,375)	(7,132,491)
Hire purchase liabilities		4.74	(944,200)	(229,152)	(229,152)	(229,152)	(229,152)	(27,592)	-
			(25,731,637)	(2,899,741)	(3,652,901)	(3,860,759)	(4,074,778)	(4,110,967)	(7,132,491)
Floating rate instrument									
Floating rate unsecured bank loans		3.30 - 5.12	(43,681,000)	(43,681,000)	-	-	-	-	-
COMPANY									
Fixed rate instruments									
Fixed deposits		2.50 - 3.30	78,280	78,280	-	-	-	-	-

26. 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	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		(1,173,352)	(229,152)	(229,152)	(229,152)	(229,152)	(229,152)	(27,592)
			(9,155,958)	346,753	(1,251,578)	(1,315,657)	(1,386,558)	(1,460,636)	(4,088,282)
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	-	-	-	-	-

Notes to the Financial Statements (cont'd)

26. 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.

The Group and the Company are however dependent upon the continuing financial support from their banks and creditors to meet their obligations as and when they fall due.

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 is their market value price at the balance sheet date, which is RM816,000 (2007: RM3,955,000). The carrying amount shown in the balance sheet is RM177,857 (2007: RM1,245,000)

The Company provides corporate 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 RM70,300,001 (2007: 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.

Notes to the Financial Statements (cont'd)

26. FINANCIAL INSTRUMENTS (cont'd)

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

	GROUP	
	2008	2007
	RM	RM
Forward foreign exchange contracts		
- contractual value	10,043,883	3,424,708
- unrecognised unrealised (loss)/gain	(286,058)	6,762
Fair value	9,757,825	3,431,470

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Seventh Annual General Meeting (AGM) of the Company will be held at the Eureka Room, Hotel Excelsior, 43 Jalan Sultan Abdul Jalil, 30300 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 25 July 2008 at 11.00 a.m.

A G E N D A	RESOLUTION NO.
1. To receive the Audited Financial Statements for the year ended 31 January 2008, 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:-	
Mr. Tan Loon Guan – Article 77	2
Mr. Yoong Nim Chee – Article 84	3
4. To consider and, if thought fit, to pass the following Resolutions pursuant to Section 129(6) of the Companies Act, 1965:	
a) "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
b) "That Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii 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."	5
5. To appoint Auditors and authorise the Directors to fix their remuneration.	6
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	7
"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."	

Notice of Annual General Meeting (cont'd)

RESOLUTION NO.

**ORDINARY RESOLUTION NO. 2 –
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE AND NEW SHAREHOLDERS’
MANDATE FOR RRPT 1 AS SPECIFIED IN SECTION 3 OF THE CIRCULAR TO
SHAREHOLDERS OF THE COMPANY DATED 2 JULY 2008**

8

“That, subject always to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), approval be and is hereby given to the Company’s subsidiary company to enter into all arrangements and/or transactions under RRPT 1 as specified in Section 3 of the said Circular provided that such transactions are:

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

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

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

Notice of Annual General Meeting (cont'd)

RESOLUTION NO.
**ORDINARY RESOLUTION NO. 3 –
 PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RRPT 2 AS SPECIFIED IN
 SECTION 3 OF THE CIRCULAR TO SHAREHOLDERS OF THE COMPANY DATED 2 JULY
 2008**
9

“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 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.”

By Order of the Board
CHAN YOKE YIN
LAI MEI MEI
 Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
 2 July 2008

Notice of Annual General Meeting (cont'd)

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) ORDINARY RESOLUTION NO. 1**

The above Ordinary Resolution if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

(b) 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 2008 Annual Report.

(c) 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 2008 Annual Report.

Statement Accompanying Notice of the Sixty-Seventh 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 4 and 21 respectively in the Company's 2008 Annual Report.

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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-Seventh Annual General Meeting of the Company to be held on 25 July 2008 and at any adjournments thereof, on the following resolutions referred to in the notice of the Sixty-Seventh Annual General Meeting:

Resolutions relating to:-	Resolution No.	For	Against
Payment of Directors' fee	1		
Re-election of Directors: Mr. Tan Loon Guan – Article 77 Mr. Yoong Nim Chee – Article 84	2		
	3		
Re-appointment of the following Directors under Section 129(6) Mr. Tan Koon Poon @ Tan Koon Pun Tuan Haji Ahmad Kamal bin Abdullah Al-Yafii	4		
	5		
Appointment of Auditors and their remuneration	6		
Ordinary Resolution No. 1 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965	7		
Ordinary Resolution No. 2 – Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT 1)	8		
Ordinary Resolution No. 3 – Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT 2)	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

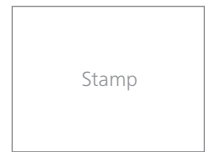
A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, 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



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.