INTEGRATED RUBBER CORPORATION BERHAD

(852-D)

2013

Annual Report

Contents

Joint Chairman and Managing Director's Statement

On behalf of the Board of Directors of Integrated Rubber Corporation Berhad, we are pleased to present to you the Annual Report of the Group and the Company for the financial year ended 31 January 2013.

On 27 December 2012, our Company was classified as an affected listed issuer pursuant to Practice Note 17/2001 ("PN 17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). This was as a result of a loan default where all the credit facilities of its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. were suspended and frozen. Arising from this was the emergence of a new investor and a change of management in our Company in January 2013 and a new board of directors was installed.

Since then the Company has embarked on the turnaround plan to address working capital deficiency and to regularize the operation of our Company. Our Company has submitted a debt settlement proposal to the lending banks under the purview of the Corporate Debt Restructuring Committee (CDRC). This Proposed Debt Settlement (PDS) is now under consideration by the lending banks. Concurrently our Company has also proposed a Debt Settlement Scheme to its trade creditors.

We are able to advise that our Company's operation has stabilized and we are moving forward to regularize the Company's financial situation while waiting for the resolution of the proposed debt settlement scheme with the lending banks and trade creditors. Meanwhile we recognize the challenges are both financial and operational but these are not insurmountable. Pending the resolution of the Debt Settlement and restructuring scheme, our agenda is to return the operation to profitability and to lift the Company from the PN17 status.

Financial Review

The Group's revenue of RM125.41 million showed an increase of about RM7.6 million for the financial year ended 31 January 2013 and it was primarily due to additional new customers in the Asian region.

The Group registered an operating loss of about RM35.15 million for financial year ended 31 January 2013 compared to the operating loss of about RM17.28 million for the previous financial year. The higher operating loss as compared to previous year was in part due to higher operation and production cost attributable to the poor condition of the manufacturing facilities. In addition, RM6.62 million stocks and RM4.96 million worth of plant and machineries were written off besides the impairment of investment in our subsidiary companies amounting to RM 4.5 million. The provision of depreciation for the financial year ended 31 January 2013 recorded a value of RM13.38 million which was higher by 76.6% as compared to the preceding year of RM7.58 million.

As a result of the non-recurring write-off and impairment losses as well as an increase in losses from fluctuation of foreign exchange, especially weakening of Japanese Yen, the Group recorded a higher net loss of RM38.72 million for the financial year ended 31 January 2013 from the RM21.41 million losses recorded for financial year ended 31 January 2012.

The loss attributable to the owner of the Company was negatively impacted by a loss of RM38.68 million for the financial year ended 31 January 2013 compared to RM21.37 million in the previous year. This translated to a loss per share of 6.53 sen for the financial year ended 31 January 2013 compared to a loss per share of 3.61 sen recorded in the previous financial year.

Joint Chairman and Managing Director's Statement (cont'd)

Prospect

The Group is currently classified as a PN1 and PN17 company under the Listing Requirements. The Group has engaged the services of AmInvestment Group Bhd as its principal advisor in our reorganization and regularization exercise. The Group is optimistic that this will address all outstanding going concern challenges the Group faces.

The Group believes that the financial outlook for the year ahead remains positive. The Group is focused on three main geographic markets of North America, Europe and Japan. The Group maintains a balanced approach to these three geographic markets and feels that the market for disposable examination gloves remains resilient. Going forward, the Group believes that raw material prices could remain stable in the year ahead. The Group hopes to return to profitability this year through an improvement in both our volume and profitability.

Acknowledgement

On behalf of the Board we would like to record our appreciation to the management team and all the employees of the Group for their effort and support in this challenging time, their continued support to the management and loyalty to the company inspires our confidence to turn around the Group.

We would like to express our sincere appreciation to our valued customers and suppliers. We also wish to express our heartfelt thanks to our fellow board members for their support, commitment and contribution to the group.

Mr. Lim Boon Huat
Chairman

Mr. Cheang Phoy Ken
Managing Director

Corporate Information

DIRECTORS

Mr Lim Boon Huat
Chairman – Independent Non-Executive Director

Mr Cheang Phoy Ken
Managing Director

Mr Sean Kar Seng Cheang
Executive Director

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
Independent Non-Executive Director

Mr Lum Dick Son
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
(Chairman)
Mr Lim Boon Huat
Mr Lum Dick Son

NOMINATION COMMITTEE

Mr Lim Boon Huat *(Chairman)*
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
Mr Lum Dick Son

REMUNERATION COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
(Chairman)
Mr Lim Boon Huat
Mr Lum Dick Son

CORPORATE / OPERATIONAL OFFICE

Comfort Rubber Gloves Industries Sdn Bhd
Lot 821, Jalan Matang,
34750 Matang
Taiping, Perak
Tel No. : 05 8472 777
Facsimile No. : 05 8472 650

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 5474 833
Facsimile No. : 05 5474 363

SECRETARIES

Chan Yoke Yin (MAICSA 7043743)
Chiew Cindy (MAICSA 7057923)

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel No. : 03 2297 1000
Facsimile No. : 03 2282 9980

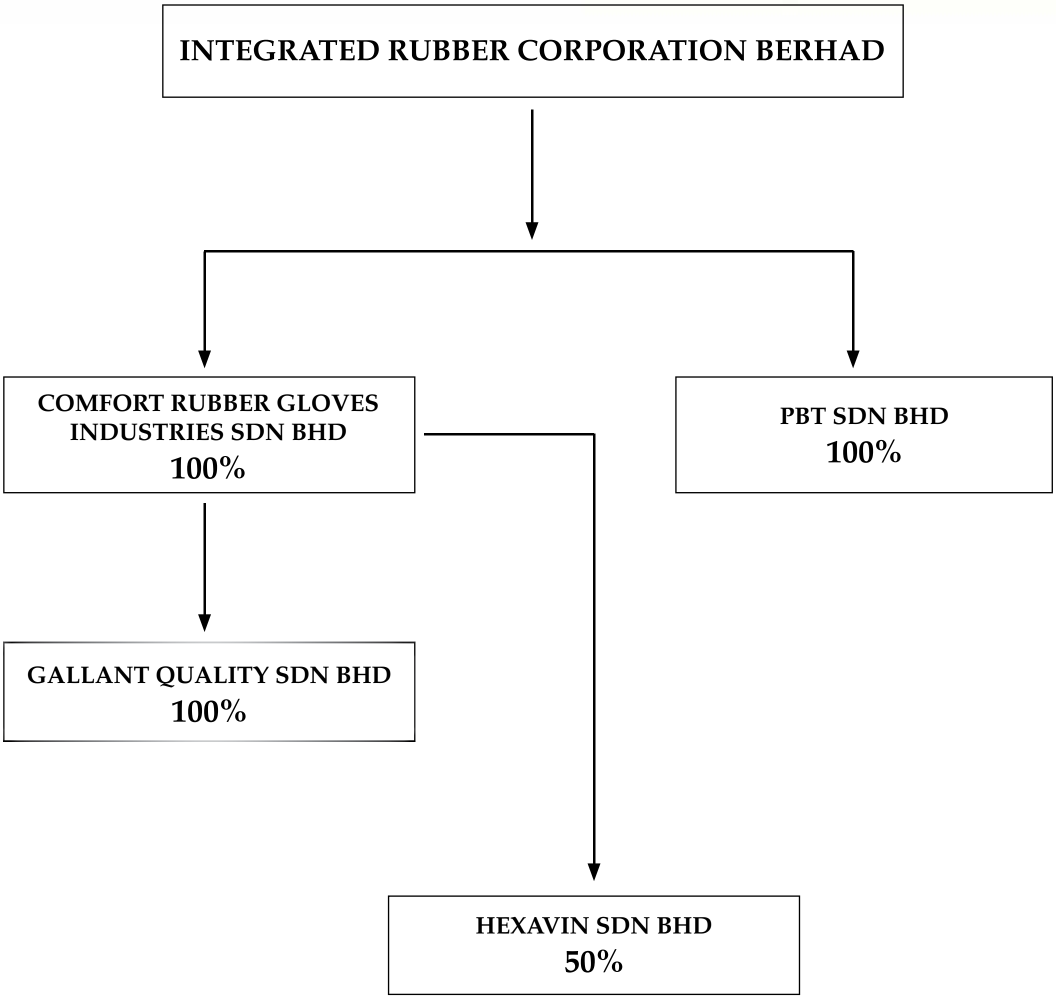
PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

Group Structure



Profile of Directors

MR LIM BOON HUAT
Chairman, Independent Non-Executive Director
Malaysian, aged 44

Mr Lim Boon Huat was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as an Independent Non-Executive Director on 11 January 2013 and subsequently appointed as the Chairman of the Board of Directors on 28 March 2013. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee respectively.

Mr Lim Boon Huat is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a certified Practising Accountant of CPA Australia. He has a Master Degree in Business Administration with specialization in finance from University of Malaya and a Bachelor of Business (Accounting) from Curtin University.

Mr Lim Boon Huat has more than sixteen years of extensive experience in the field of external and internal audit, litigation and corporate consultancy. His achievements include some restructuring, merger and acquisition exercises and was previously a member of the Accreditation task force to University Malaysia Sabah for MIA. His last posting was with Leong Hup Holdings Berhad in 2011 and has served as its Head of Internal Audit Department.

He is currently the Executive Director of Fulcrum Management Sdn. Bhd., an established management company providing corporate secretarial, executive payroll, accounting, corporate advisory and consultancy services.

He does not have any family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

MR CHEANG PHOY KEN
Managing Director
Malaysian, aged 60

Mr Cheang Phoy Ken was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as Managing Director on 11 January 2013.

Mr Cheang Phoy Ken graduated with a Bachelor of Business Administration from the University of Houston in 1978.

Mr Cheang Phoy Ken has more than twenty years experience in manufacturing and marketing of medical examination gloves industry. He was the Founder and Chief Executive Officer of Disposable Medical Product, Inc from 1987 to 1994, a medical glove marketing and distribution company focused on the dental and medical industry. From 1994 to 2007, he was involved in the management of Pacewell Asia, subsidiary of Seal Polymer Industries. From 2007 to present, he conducts medical examination glove consulting and sourcing initiatives on behalf of select clients.

Mr Cheang Phoy Ken was the Managing Director of Seal Polymer Industries Berhad from 1996 to 2007. He was involved in acquiring Seal Polymer Industries, which manufacture and markets medical examination gloves. He also led the Company's Initial Public Offering exercise in 2004, which resulted in Seal Polymer Industries being the first glove company to be listed on the Main Board of Bursa Malaysia Securities Berhad. In 2007, he divested Pacewell Asia Sdn Bhd's interest in Seal Polymer Industries Berhad.

He is father of Sean Kar Seng Cheang, a Director of the Company. He has no conflict of interest with the Company.

Profile of Directors (cont'd)

MR SEAN KAR SENG CHEANG
Executive Director
Malaysian, aged 24

Mr Sean Kar Seng Cheang was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as an Executive Director on 11 January 2013.

Mr Sean Kar Seng Cheang graduated with a Bachelor of Arts from the George Washington University.

From 2006 to 2008, he was a Foreign Markets Analyst with Homeland Security Intelligence, Inc, responsible for producing weekly global markets impact review. From 2011 to 2012, he was in Management Consultant for Operations with Accenture, conducting strategic sourcing exercises at a major global airline. From 2012 until 2013, he was the Marketing Manager of Pacewell International Inc, establishing strategic marketing initiative focused on state, local and federal government Integrated Delivery Networks and Group Purchasing Organisations purchasing.

He is son of Cheang Phoy Ken who is a Director and substantial shareholder of the Company. He has no conflict of interest with the Company.

DATO' HAJI AHMAD KAMAL BIN ABDULLAH AL-YAFII
Independent Non-Executive Director
Malaysian, aged 75

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as an Independent Non-Executive Director on 16 July 2007. He is the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee.

Dato' 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, Dato' 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.

Dato' Haji Ahmad Kamal also sits on the boards of Amanah Raya Berhad group.

He does not have any family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

MR LUM DICK SON
Independent Non-Executive Director
Malaysian, aged 41

Mr Lum Dick Son was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as an Independent Non-Executive Director on 4 February 2013. He is also a member of the Audit, Nomination and Remuneration Committees.

He graduated with a Degree in Law (LLB) from University of London. From 1996 to 2002, he was the Deputy Account Manager for Commercial Banking Division, Southern Bank Bhd. From 2002 to present, he is the Legal Manager at Chia & Co.

He does not have any family relationship with any other Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

Corporate Governance Statement

The Board of Directors ("the Board") is committed to ensure that the highest standards of corporate governance are practiced throughout 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 is working towards ensuring full application of the requirements, principles and best practices of the Malaysian Code on Corporate Governance 2012 (the "Code") in order to enhance its corporate governance practices. The Board is pleased to report on how the Company and Group have applied the principles set out in the Code ("Principles") to its particular circumstances, having regard to the recommendations stated under each Principle ("Recommendations").

THE BOARD OF DIRECTORS

The Board's Responsibility

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, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources 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, shareholders communication policy, systems for internal control and compliance with laws and regulations. During the financial year ended 31 January 2013, a total of eight (8) board meetings were held. Each Director, during their term of office, has attended at least 50% of these meetings to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") except for Mr Tan Koon Poon @ Tan Koon Pun who had resigned as a Non-Independent Non-Executive Director of the Company on 4 January 2013 due to his health condition.

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.

Board Charter

The Board has established clear functions reserved for the Board and those delegated to Management in the Board Charter (the "Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. Salient terms of the Charter are made available at the Company's website at www.ircb.com.my.

Corporate Governance Statement (cont'd)

Board Composition and Independence

The Board comprises a Managing Director, an Executive Director and three Non-Executive Directors, all 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, industry expertise, entrepreneurial, financial and business skills of the Directors also enhances the effectiveness of the Board.

There is a balance of power and authority in the Board, with two executive directors and three independent non-executive directors. The Company has thus satisfied the Main Market Listing Requirements ("LR") of Bursa Securities of having at least one-third of the Board members as independent non-executive directors.

The non-executive Directors monitor the Group and the Management. The Board plays a significant role in the development of the Group's policies. 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.

The roles of the Chairman and the Managing Director are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director is primarily responsible for managing the Group's day-to-day operations and with his expert and intimate knowledge of the business of the Group, he is able to efficiently practise "hands on" management in his specific areas of responsibilities. The Non-Executive Directors are credible professionals of calibre, who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance, resources and standards of conduct. The Executives and Non-Executive Directors together ensure that the strategies proposed by the management are fully discussed and examined and the long-term interests of the shareholders, employees, suppliers and customers are taken into account. The Company satisfied the Recommendations of the Code which states that the Chairman must be of a non-executive member of the Board.

The Board has conducted an assessment on the Independent Directors and none of the Independent Directors have served the Company exceeding a cumulative term of nine (9) years.

The Company has also formalised a set of ethical standards through a code of conduct, which is subject to periodical review, to ensure Directors practise ethical, businesslike and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

Where any conflict of interests arises, it is a mandatory practice for the director concerned to declare his interest and abstain from the decision making process.

Corporate Governance Statement (cont'd)

Meetings

The Board meets four (4) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings.

A total of eight (8) Board Meetings were held during the financial year under review and the details of attendance of the Directors at the Board Meetings are as follows:

Name	Number of Meetings Attended
* Mr Lim Boon Huat	-
* Mr Cheang Phoy Ken	-
* Mr Sean Kar Seng Cheang	-
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	8 of 8
Dato' Hilmi bin Mohd Noor (resigned on 17 January 2013)	5 of 8
Mr Tan Keng Beng (resigned on 11 January 2013)	8 of 8
Dato' Daniel Tay Kwan Hui (resigned on 17 January 2013)	8 of 8
# Mr Tan Koon Poon @ Tan Koon Pun (resigned on 4 January 2013)	2 of 7
Mr Tan Loon Guan (resigned on 4 January 2013)	7 of 7
> Mr Yeong Chee Fong	1 of 1
> Ms Seah Bee Hoon	1 of 1
** Mr Lum Dick Son	-

* Appointed with effect from 11 January 2013 and subsequently after their appointments, there was no Directors' Meeting held.

\# Due to health reason, Mr Tan Koon Poon @ Tan Koon Pun had not complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year. All the other Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year.

\> Appointed with effect from 4 January 2013 and resigned on 4 February 2013. Subsequently after their appointments, only one Directors' Meeting was held.

** Appointed with effect from 4 February 2013 which is after the financial year ended 31 January 2013.

Supply of Information

The Board has a formal schedule of matters reserved specifically for its decision. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties. Board papers providing financial and corporate developments, quarterly financial reports and minutes of the previous meetings are circulated prior to the Board Meetings to give the Directors time to peruse the issues to be discussed at the Board Meetings. The Directors have access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required. The Secretaries are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Secretaries also highlight all issues which they feel ought to be brought to the Board's attention. All resolutions are recorded and confirmed at the next Board meeting.

Corporate Governance Statement (cont'd)

Along with good governance practises and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available at the Company's website at www.ircb.com.my:

- Board Charter
- Code of Conduct
- Sustainability Policy

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 and comprises mainly independent Directors. Their function is to propose new nominees to the Board and Board committees and to assess Directors within the Group on an ongoing basis.

Re-election

In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third of the remaining directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all directors shall retire at least once in three (3) years. However, retiring Directors are eligible under the Articles, for re-election. In addition, pursuant to the Companies Act 1965, the Directors who are over the age of seventy years are required to retire at every annual 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 are aware of the importance to continue attending relevant training programmes to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties. All Directors receive updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet the changing commercial challenges.

The Board will continue to 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 Managing Director 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.

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.

Corporate Governance Statement (cont'd)

The aggregate Directors' remuneration paid or payable or otherwise made available by the Company and its subsidiary company categorized into appropriate components for the financial year ended 31 January 2013 is as follows:

	Fee (RM)	Salary (RM)	Allowances (RM)	Benefits in Kind (RM)
Executive Director	81,000	288,000	3,000	44,325
Non Executive Director	123,000	-	42,000	-

The number of Directors of the Company whose total remuneration falls within the following bands for the financial year ended 31 January 2013 is as follows:

	No. of Directors	
Range of Remuneration	**Executive**	**Non Executive**
RM0 - RM50,000	2	-
RM300,000 – RM350,000	-	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of Bursa Securities' Main Market Listing Requirements. Due to confidentiality, remuneration of individual Director has not been disclosed. The Board 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**

   The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group 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.

Corporate Governance Statement (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. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the external Auditors will be present to answer any questions that they may have.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that the financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

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

In preparing the Financial Statements of the Company for the financial year ended 31 January 2013, 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 Company has adequate resources to continue in operational existence for the foreseeable future.

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

Risk Management and Internal Control

The Board has established a Risk Management Committee that comprises the Managing Director, Executive Director and senior management to assess the various types of risks which might have an impact on the profitable operation of the Group's business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in ***the Statement on Risk Management and Internal Control*** on Pages 18 to 19 of the Annual Report.

In accordance with the Code and the Main Market Listing Requirements of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. Details on scope of work performed during the financial year under review are provided in the Risk Management and Internal Control set out on Pages 18 to 19 of the Annual Report.

Corporate Governance Statement (cont'd)

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. The auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention.

BOARD COMMITTEES

The Audit Committee ("AC")

The Audit Committee composed wholly of Independent non-executive Directors, and is chaired by Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii. The committee meets routinely four times a year with additional meetings held where necessary. During the financial year, the Audit Committee met three (3) times 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 20 to 22.

Nomination Committee ("NC")

The members of the Nomination Committee during the financial year, composed wholly of Independent non-executive Directors, were as follows:

Name of member
Mr Lim Boon Huat - Independent Non-Executive Director (Chairman)
(Appointed on 25 January 2013)
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii - Independent Non-Executive Director
Dato' Daniel Tay Kwan Hui - Senior Independent Non-Executive Director
(Chairman - resigned on 17 January 2013)
Dato' Hilmi bin Mohd Noor – Non-Independent Non-Executive Director
(Resigned on 17 January 2013)

The objective of the NC is to ensure an appropriate structure for management succession and development and an effective process for director selection and tenure.

The Board has established a Board of Directors Nomination Process Policy to facilitate and provide a guide for the NC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company.

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nomination Committee is based on the yearly assessment conducted.

The NC held three (3) meetings during the financial year under review.

Corporate Governance Statement (cont'd)

Remuneration Committee ("RC")

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

Name of member
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii – Independent Non-Executive Director (Chairman)
Mr Lim Boon Huat - Independent Non-Executive Director
Dato' Hilmi bin Mohd Noor – Non-Independent Non-Executive Director
(Resigned on 17 January 2013)
Dato' Daniel Tay Kwan Hui – Senior Independent Non-Executive Director
(Resigned on 17 January 2013)

The objective of the RC is to review and recommend to the Board a formal and transparent policy on executive remuneration and for fixing the remuneration packages of individual directors and to approve employee compensation and benefits programme.

The RC assessed the appropriateness of Directors' and executives' remuneration on an annual basis, overall employment market conditions and within the capacity of the Company's financial standing.

The Board has established a Remuneration Policy which facilitates the RC to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors.

The RC held two (2) meetings during the financial year under review.

CORPORATE SOCIAL RESPONSIBILITIES

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 following:

a) Persatuan Bekas Anggota Perisikan Malays
b) Pusat Harian Kanak-Kanak Spastik Bandar
c) Tetuan Surau Al-Falah
d) Montfort Youth Centre
e) Cash contribution to Azizah Binti Awang

Additional Compliance Statement

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

The status of utilisation of proceeds from the Corporate Proposals is as follows:

	Proceeds raised (RM)	Amount Utilised (RM)	Balance yet to be utilised (RM)
Purchase of new machineries and other ancillary facilities	33,000,000	-	33,000,000
Construction of factory building	5,000,000	1,000,000	4,000,000
Construction of effluent treatment plant	2,000,000	-	2,000,000
Purchase of raw materials	19,043,144	15,043,000	4,000,144
Repayment of bank borrowings	10,000,000	10,000,000	-
Estimated expenses in relation to Corporate Exercise	2,000,000	2,000,000	-
	71,043,144	**28,043,000**	**43,000,144**

Share Buybacks

The Company did not undertake any share buyback exercise during the financial year under review.

Options, Warrants or Convertible Securities

The Company had issued 236,810,480 Warrants 2010/2015 during the financial year ended 31 January 2011 as a result of the Rights Issue with Warrants. However, no warrants were exercised during the financial year.

No options or convertible securities were issued by the Group during the financial year.

Depository Receipt Programme

During the financial year, the Group did not sponsor any Depository Receipt programme.

Imposition of Sanctions/Penalties

On 19 April 2013, Bursa Malaysia Securities Berhad ("Bursa Securities") imposed a private reprimand on the Company for breach of the Main Market Listing Requirements of Bursa Securities for failure to make an immediate announcement in respect of the default in payments by its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG"). There were no other sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies.

Additional Compliance Statement (cont'd)

Non-Audit Fees

During the financial year under review, non-audit fees paid or payable to the external auditors amounted to RM7,420.00.

Profit Guarantee

During the financial 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 2013 and unaudited results previously released for the financial quarter ended 31 January 2013.

Material Contracts

Save as disclosed below, there were no other materials 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 previous financial year:

The wholly-owned subsidiary of the Company, Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") paid rental expenses amounting to RM120,000 during the financial year to Chip Lam Seng Berhad ("CLS").

Mr Tan Koon Poon @ Tan Koon Pun and Mr Tan Loon Guan, who resigned as directors of the Company on 4 January 2013, and Mr Tan Keng Beng, who resigned as director of the Company on 11 January 2013, were deemed interested in the Company by virtue of their interest in Chip Lam Seng Enterprise Berhad ("CLSE") and Chip Lam Seng Berhad ("CLS") via CLSE, which holds 100% interest in CLS pursuant to Section 6A of the Companies Act, 1965.

Revaluation of Landed Properties

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

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets.

The Board of Directors is committed to maintain a sound system of risk management and internal control in the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the Guidance for Directors of Public Listed Companies on the Statement on Risk Management and Internal Control.

RESPONSIBILITY OF THE BOARD

The Board has overall responsibility for the reviewing and ensuring the effectiveness, adequacy and integrity of the system of internal control of the Company. Due to the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board is committed to maintaining a sound and effective system of internal control to safeguard the interests of the shareholders of the Company, the investments and assets of the Company.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate.

RISK MANAGEMENT FRAMEWORK

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and to put in place operating procedure to mitigate and manage these risks.

The Management is aware that a sound system of internal control should be built into the operations of the Group. This system should be capable of responding quickly to likely risks to the business arising from events within the Group and changes in the business environment, it include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on-going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives. This is done through our Quality Assurance Department and internal audit by the Internal Auditors, the function, which was outsourced to an independent professional firm.

Management is continuously reviewing potential risk areas through discussions held at monthly staff meetings. In the event that such risks are identified the respective staff will be alerted to monitor and counter measures to be put in place.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

Based on an agreed internal audit plan, the outsourced Internal Auditors had assisted the Management and reported the outcome to the Audit Committee of the Company the following internal audit work carried out during the Year 2013 of the Company:

1. Internal audit review on Financial Controls, procurement, administrative and Information Technology general controls where control measures relating to processes were reviewed and improved for better efficiency;

2. Internal audit review on sales and credit control, engineering and maintenance procedures where reviews were conducted on the monitoring and updating of information processes managed by the respective departments of the Management; and

3. Internal audit review on asset acquisition and disposal processes and related party transactions ("RPT") where the Audit Committee had put in place a periodic review of lists of RPT for the purpose of monitoring conflict of interest situation.

There is no material control deficiencies noted during the financial year under review which had a material impact on the Company or the Management's financial performance or operations.

Audit Committee Report

Members of the Committee

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii – Chairman
(Independent Non-Executive Director)

Mr Lim Boon Huat - Member
(Independent Non-Executive Director – Appointed on 11 January 2013)

Mr Lum Dick Son - Member
(Independent Non-Executive Director – Appointed on 4 February 2013)

Dato' Daniel Tay Kwan Hui - Member
(Senior Independent Non-Executive Director – Resigned on 17 January 2013)

Mr Tan Loon Guan - Member
(Non-Independent Non-Executive Director – Resigned on 4 January 2013)

Mr Yeong Chee Fong – Member
(Non-Independent Non-Executive Director – Appointed on 4 January 2013 and resigned on 4 February 2013)

Terms of Reference

Membership and Meetings

The Audit Committee comprised three members of the Board and has complied with the Main Market Listing Requirements and the Malaysian Code on Corporate Governance which require the Audit Committee to have no fewer than 3 members and all members to be non-executive directors and the majority being independent directors.

The Audit Committee convened a total of five (5) meetings during the financial year ended 31 January 2013. Representatives of the external and internal auditors were present by invitation at the meetings.

Audit Committee Members	**Number of Meetings Attended**
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5 of 5
Dato' Daniel Tay Kwan Hui	5 of 5
Mr Tan Loon Guan	5 of 5
* Mr Lim Boon Huat	N/A
* Mr Yeong Chee Fong	N/A
* Mr Lum Dick Son	N/A

* There was no meeting held subsequent from their appointments and Mr Yeong Chee Fong resigned on 4 February 2013.

The Chairman of the Audit Committee meets the requirement of paragraph 15.09(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in that he is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

Other Board Members may attend meetings upon invitation by the Audit Committee. Minutes of each meeting shall be distributed to each Board member. The Company Secretary is also the Secretary of the Audit Committee.

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

Audit Committee Report (cont'd)

Duties

The primary duties of the Audit Committee are as follows:

- to consider the appointment of External and Internal Auditors, the audit fee and review resignation (if any) or dismissed.
- to ensure the adequacy of disclosures to shareholders and the independence and integrity of the Auditors and management.
- to review the audit plan and report, management's response, evaluation of the system of internal controls with external auditors and report the same to the Board.
- to review the adequacy of the scope, functions, competency and resources of the internal audit function, including the internal audit programme, processes and the results of the internal audit processes and/or investigation undertaken to ensure that the recommended actions were being carried out.
- to review the quarterly results and year end financial statements, particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements.
- to monitor and determine related party transactions and conflict of interest situations.

Summary of Activities

During the financial year, the Audit Committee carried out its duties as set out in the terms of reference. The main activities performed by the Audit Committee during the financial year ended 31 January 2013 were as follows:

- Reviewed the External Auditors' audit strategy and scope for the statutory audit of the Company's financial statements for the year ended 31 January 2013.

- Reviewed the unaudited quarterly financial statements and the annual audited financial statements of the Group before recommending to the Board for approval for announcement to Bursa Securities.

- Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the course of their audit and the management's responses thereto. The Committee also appraised the adequacy of actions and measures subsequently taken by the management to address the issues and recommended, where relevant, further improvement measures.

- Reviewed the internal auditor's reports, their recommendations and the management responses and followed up on the implementation actions taken by management in respect of the internal auditor's recommendations.

- Reviewed the Audit Review Memorandum for the year ended 31 January 2012.

- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

- Reviewed the Circular to Shareholders on recurrent related party transactions and recommended the same for approval by the Board.

Audit Committee Report (cont'd)

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

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

Internal Audit Function and Activities

The internal audit function has been outsourced to Star-Aim Sdn Bhd who reports to the Audit Committee. The role of the internal audit function is to support the Audit Committee by providing it with independent and objective reports on the adequacy, integrity and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

During the financial year, the following activities were carried out by the internal audit function:

- Presented the internal audit plan to the Audit Committee for approval
- Reviewed the adequacy and integrity of the internal control systems of the major subsidiary
- Reported on audit findings and recommended improvements to the weaknesses found
- Reviewed and reported on follow-up of previous audit findings

The cost incurred for the Internal Audit function for the financial year ended 31 January 2013 was RM47,500.

Shareholders' Information

Authorised Share Capital	:	RM200,000,000.00
Issued & Paid-up Capital	:	RM118,405,240.00
Class of Shares	:	Ordinary Shares of RM0.20 each fully paid
Voting Rights	:	1 vote per share (on a poll) 1 vote per shareholder (on show of hands)

The Company has 7,892 shareholders as at 3 June 2013

ANALYSIS OF SHAREHOLDINGS AS AT 3 JUNE 2013

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	248	3.14	9,227	0.00
100 to 1,000	2,095	26.55	1,161,454	0.20
1,001 to 10,000	2,811	35.62	13,683,146	2.31
10,001 to 100,000	2,315	29.33	84,477,349	14.27
100,001 to 29,601,309 (*)	421	5.33	359,190,024	60.67
29,601,310 and above (**)	2	0.03	133,505,000	22.55
Total	7,892	100.00	592,026,200	100.00

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

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) AS AT 3 JUNE 2013

Name of Substantial Shareholders	Direct		Deemed	
	No. of shares	%	No. of shares	%
Cheang Phoy Ken	96,505,000	16.30	444,900*	0.08
Lau Joo Yong	46,828,300	7.91	-	-

Note:
* Deemed interested by virtue of the shareholdings of his child, Sean Kar Seng Cheang

DIRECTORS' INTERESTS AS AT 3 JUNE 2013

	Ordinary Shares of RM0.20 each			
	Direct		Deemed	
Name of Directors	No. of shares	%	No. of shares	%
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Cheang Phoy Ken	96,505,000	16.30	444,900*	0.08
Sean Kar Seng Cheang	444,900	0.08	-	-
Lim Boon Huat	38,000	0.00	-	-
Lum Dick Son	-	-	-	-

Note:
* Deemed interested by virtue of the shareholdings of his child, Sean Kar Seng Cheang

Shareholders' Information (cont'd)

30 LARGEST SHAREHOLDERS as at 3 JUNE 2013

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	96,505,000	16.30
2	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Lau Joo Yong	37,000,000	6.25
3	Warisan Diprima Sdn Bhd	25,000,000	4.22
4	Melati Angsana Sdn Bhd	25,000,000	4.22
5	Panduan Jitu Sdn Bhd	25,000,000	4.22
6	Goh Kim Kooi	14,170,900	2.39
7	Lee Pao Lok @ Lee Yun Kim	13,827,100	2.34
8	Low Eng Guan	13,558,300	2.29
9	Impian Semarak Sdn Bhd	12,240,000	2.07
10	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	11,620,500	1.96
11	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Eng Guang)	10,910,000	1.84
12	Kamarudin Bin Meranun	6,500,000	1.10
13	Lau Joo Yong	6,328,300	1.07
14	Lee Kin Kiong @ Lee Kim Kiong	6,080,000	1.03
15	Lau Joo Heng	6,068,500	1.03
16	HSBC Nominees (Tempatan) Sdn Bhd Exempt an for Credit Suisee	5,851,516	0.99
17	Lau Eng Guang	5,000,000	0.84
18	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Raziah Binti Mohamed Jakel)	4,425,300	0.75
19	Ang Toon Chong	4,400,000	0.74
20	Foo Sok Ching	4,300,000	0.73
21	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Merrill Lynch Pierce Fenner & Smith Incorporated	4,134,900	0.70
22	Normah Binti Mohamad Arip	4,000,000	0.68
23	Affin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Suie Chong)	3,301,500	0.56
24	Chin Chong Thai	3,023,000	0.51
25	Subramaniam A/L Karuppiah	3,000,000	0.51
26	Teo Soon Heng	2,622,000	0.44
27	Chan Chin Hong	2,528,100	0.43
28	Rampai Dedikasi Sdn Bhd	2,500,000	0.42
29	Tan Lin Lah	2,180,000	0.37
30	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gurjeet Singh A/L Chanan Singh)	2,000,000	0.34
	TOTAL	363,074,916	61.34

Shareholders' Information (cont'd)

Class of Securities : Warrants
No. of Warrants Issued : 236,810,480
Voting Rights : 1 vote per warrant holder (on a poll) and 1 vote per warrant holder (on show of hands) in respect of a meeting of warrant holders

ANALYSIS OF WARRANT HOLDINGS AS AT 3 JUNE 2013

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	237	7.50	10,951	0.00
100 to 1,000	578	18.30	354,790	0.15
1,001 to 10,000	1,157	36.63	5,810,856	2.45
10,001 to 100,000	963	30.48	40,070,078	16.92
100,001 to 11,840,523 (*)	220	6.96	129,797,805	54.81
11,840,524 and above (**)	4	0.13	60,766,000	25.66
Total	3,159	100.00	236,810,480	100.00

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

DIRECTORS' INTERESTS AS AT 3 JUNE 2013

	Direct		Deemed	
Name of Directors	No. of Warrants	%	No. of Warrants	%
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Cheang Phoy Ken	1,432,700	0.60	1,800,000*	0.76
Sean Kar Seng Cheang	1,800,000	0.76	-	-
Lim Boon Huat	-	-	-	-
Lum Dick Son	-	-	-	-

Note:
* Deemed interested by virtue of the shareholdings of his child, Sean Kar Seng Cheang

Shareholders' Information (cont'd)

30 LARGEST WARRANT HOLDERS as at 3 JUNE 2013

No.	Name	No. of Warrants	%
1	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	18,838,800	7.96
2	Lau Joo Yong	15,456,200	6.53
3	Low Eng Guan	14,276,600	6.03
4	Goh Kim Kooi	12,194,400	5.15
5	Warisan Diprima Sdn Bhd	10,000,000	4.22
6	Melati Angsana Sdn Bhd	10,000,000	4.22
7	Panduan Jitu Sdn Bhd	10,000,000	4.22
8	Safari Bird Park & Wonderland Sdn Bhd	6,008,500	2.54
9	Tan Hang Phoo	5,270,100	2.23
10	Impian Semarak Sdn Bhd	4,896,000	2.07
11	RHB Capital Nominess (Tempatan) Sdn Bhd (Pledged Securities Account for Koh Tip Pee)	4,020,000	1.70
12	Lau Geok Jade	3,300,000	1.39
13	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Mow Kin Weng)	2,800,000	1.18
14	Lee Pao Lok @ Lee Yun Kim	2,107,900	0.89
15	Safari Bird Park & Wonderland Sdn Bhd	2,000,000	0.84
16	HSBC Nominees (Tempatan) Sdn Bhd Exempt an for Credit Suisse	2,000,000	0.84
17	Normah Binti Mohamad Arip	1,820,000	0.77
18	Cimsec Nominees (Asing) Sdn Bhd CIMB for Sean Kar Seng Cheang	1,800,000	0.76
19	Lim Hun Guan	1,536,600	0.65
20	Chen Wei Kuen	1,500,000	0.63
21	ECML Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Foo Long Loke)	1,500,000	0.63
22	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	1,432,700	0.60
23	Beh Sock Im	1,400,000	0.59
24	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chong Thau Fan @ Jeffrey)	1,250,000	0.53
25	Yee Kong Way	1,200,000	0.51
26	Yee Kong Siong	1,090,600	0.46
27	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kee Ku Huak)	1,050,000	0.44
28	Rampai Dedikasi Sdn Bhd	1,000,000	0.42
29	Teo Soon Heng	920,000	0.39
30	Lau Geok Hong	910,000	0.38
	TOTAL	141,578,400	59.77

List of Properties Held as at 31 January 2013

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book Value (RM)	Age of Building (Years)	Year of Acquisition
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	2,374,778.00	17	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	3,716,387.00	17	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	83,270.00	14	2000
G.M. 1461 1874 Simpang Railway Station Asam Kumbang Larut & Matang Perak	Freehold	-	-	Double storey detached office block with an annexed single storey factory building currently used for production of gloves	8,430,000.00	12	2010

Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss net of tax	(38,684,474)	(33,551,741)
Total comprehensive loss for the financial year	(38,684,474)	(33,551,741)
Loss attributable to:		
Owners of the parent	(38,684,474)	(33,551,741)
Total comprehensive loss attributable to:		
Owners of the parent	(38,684,474)	(33,551,741)

RESERVES AND PROVISIONS

There were no material transfers to and from reserves and provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 January 2013.

Directors' Report (cont'd)

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:-

Cheang Phoy Ken	- Appointed on 11.1.2013
Sean Kar Seng Cheang	- Appointed on 11.1.2013
Dato Haji Ahmad Kamal bin Abdullah Al-Yafii	
Lim Boon Huat	- Appointed on 11.1.2013
Lum Dick Son	- Appointed on 4.2.2013
Tan Keng Beng	- Resigned on 11.1.2013
Tan Koon Poon @ Tan Koon Pun	- Resigned on 4.1.2013
Tan Loon Guan	- Resigned on 4.1.2013
Dato' Daniel Tay Kwan Hui	- Resigned on 17.1.2013
Dato' Hilmi bin Mohd Noor	- Resigned on 17.1.2013

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, the interests of those directors who held office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year ended 31 January 2013 are as follows:-

	Number of ordinary shares of RM0.20/- each			
	At 1.2.2012/ Appointment Date	**Bought**	**Sold**	**At 31.1.2013**
The Company				
Integrated Rubber Corporation Berhad				
Direct interest				
Cheang Phoy Ken	96,505,000	-	-	96,505,000
Lim Boon Huat	38,000	-	-	38,000

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors or a full time employee of the Company as shown in Note 33 to 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 33 to the financial statements.

Directors' Report (cont'd)

DIRECTORS' BENEFITS (cont'd)

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement, whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends to the Board of Directors, the Company's remuneration policy for Executive Directors to endure that they are appropriately rewarded for their contribution to the Group.

The members of the Remuneration Committee during the financial year, comprised wholly Independent Non-Executive Directors, were as follows:

Lim Boon Huat	–	Independent Non-Executive Director
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	–	Independent Non-Executive Director (Chairman)
Lum Dick Son	–	Independent Non-Executive Director

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company did not issue any shares or debentures.

WARRANTS

Detachable Warrants 2010/2015

By virtue of a Deed Poll executed on 3 September 2010 for the 236,810,480 Detachable Warrants 2010/2015 ("Warrants 2010/2015") issued in connection with the Rights Issue allotted and credited on 26 November 2010, each Warrant 2010/2015 entitles the registered holder the right at any time during the exercise period to subscribe in cash for one new ordinary share at an exercise price of RM0.25 each.

No Warrants 2010/2015 were exercised 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 financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowances for impairment, and had satisfied themselves that all known bad debts had been written off and that allowances for impairment had been made.

Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS (cont'd)

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowances for impairment in respect of the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group and of the Company have 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 its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

Directors' Report (cont'd)

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, except for the impairment loss on investment in subsidiaries of RM4,499,999 (2012: RM21,800,000) and impairment loss on amount owing by subsidiaries of RM28,368,998 (2012: RM Nil) of the Company charged to the profit or loss, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END

Significant events that occurred during the financial year and subsequent to the financial year are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

On behalf of the Board,

CHEANG PHOY KEN
Director

SEAN KAR SENG CHEANG
Director

Taiping
Date: 29 May 2013

Statements of Financial Position
as at 31 January 2013

	Note	Group 31.1.2013 RM	Group 31.1.2012 RM	Group 1.2.2011 RM	Company 31.1.2013 RM	Company 31.1.2012 RM	Company 1.2.2011 RM
ASSETS							
Non-current assets							
Property, plant and equipment	5	52,308,648	70,756,066	69,168,380	8,430,000	8,715,000	9,000,000
Prepaid lease payments	6	5,513,000	-	-	-	-	-
Goodwill on consolidation	7	-	-	-	-	-	-
Investment in subsidiaries	8	-	-	-	2	4,500,001	26,300,001
Total non-current assets		57,821,648	70,756,066	69,168,380	8,430,002	13,215,001	35,300,001
Current assets							
Inventories	9	13,525,783	36,367,936	37,493,433	-	-	-
Trade receivables	10	10,124,097	13,729,249	25,345,764	-	-	-
Other receivables deposits and prepayments	11	3,584,717	7,422,618	1,361,091	2,033,354	1,188,465	37,558
Amount due by subsidiaries	12	-	-	-	-	26,376,594	9,896,119
Amount due by related companies	13	-	1,033,058	247,701	-	-	-
Derivatives	14	-	-	225,798	-	-	-
Tax recoverable		41,200	41,124	32,588	4,050	6,796	5,449
Cash and bank balances	15	51,300,466	48,646,249	65,203,422	43,380,024	46,535,976	64,230,957
Total current assets		78,576,263	107,240,234	129,909,797	45,417,428	74,107,831	74,170,083
TOTAL ASSETS		136,397,911	177,996,300	199,078,177	53,847,430	87,322,832	109,470,084

Statements of Financial Position

as at 31 January 2013 (cont'd)

		Group			Company		
		31.1.2013	31.1.2012	1.2.2011	31.1.2013	31.1.2012	1.2.2011
	Note	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	16	118,405,240	118,405,240	118,405,240	118,405,240	118,405,240	118,405,240
Capital reserves		-	-	-	-	-	-
Warrant reserves	17	10,609,110	10,609,110	10,609,110	10,609,110	10,609,110	10,609,110
Other reserves	18	11,319,230	11,319,230	11,319,230	11,319,230	11,319,230	11,319,230
Accumulated losses		(96,827,500)	(58,143,026)	(36,773,700)	(91,266,288)	(57,714,547)	(36,484,007)
Total equity attributable to owners of the parent		43,506,080	82,190,554	103,559,880	49,067,292	82,619,033	103,849,573
Non-current liabilities							
Loans and borrowings	19	62,192	15,510,705	15,219,906	-	-	-
Deferred tax liabilities	20	292,486	334,269	376,053	-	-	-
Total non-current liabilities		354,678	15,844,974	15,595,959	-	-	-
Current liabilities							
Trade payables	21	13,682,071	9,336,616	8,821,733	-	-	-
Other payables and accruals	22	7,858,551	5,382,922	9,528,192	382,058	502,645	5,620,511
Loans and borrowings	19	70,996,531	65,241,234	61,342,413	4,398,080	4,201,154	-
Provisions	23	-	-	230,000	-	-	-
Total current liabilities		92,537,153	79,960,772	79,922,338	4,780,138	4,703,799	5,620,511
Total liabilities		92,891,831	95,805,746	95,518,297	4,780,138	4,703,799	5,620,511
TOTAL EQUITY AND LIABILITIES		136,397,911	177,996,300	199,078,177	53,847,430	87,322,832	109,470,084

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 31 January 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Continuing Operations					
Revenue	24	125,409,042	117,806,161	-	-
Cost of sales		(151,051,564)	(126,066,928)	-	-
Gross loss		(25,642,521)	(8,260,767)	-	-
Other items of income					
Interest income	25	1,383,896	1,277,163	1,383,133	1,276,541
Other income	26	184,400	2,195,096	-	531,171
Other items of expense					
Selling and marketing expenses		(1,480,007)	(1,492,216)	-	-
Administrative expenses		(9,599,108)	(10,999,401)	(34,715,096)	(22,925,302)
Operating loss		(35,153,340)	(17,280,125)	(33,331,963)	(21,117,590)
Finance costs	27	(3,562,528)	(4,130,354)	(218,378)	(112,950)
Loss before tax	28	(38,715,868)	(21,410,479)	(33,550,341)	(21,230,540)
Income tax expense	29	31,394	41,153	(1,400)	-
Loss net of tax		(38,684,474)	(21,369,326)	(33,551,741)	(21,230,540)
Other comprehensive loss for the financial year, net of tax		-	-	-	-
Total comprehensive loss for the financial year		(38,684,474)	(21,369,326)	(33,551,741)	(21,230,540)
Loss attributable to:					
Owners of the parent		(38,684,474)	(21,369,326)	(33,551,741)	(21,230,540)
Total comprehensive loss attributable to:					
Owners of the parent		(38,684,474)	(21,369,326)	(33,551,741)	(21,230,540)
Loss per ordinary share attributable to owners of the parent (sen)					
- Basic	30	(6.53)	(3.61)		
- Diluted	30	(6.53)	(3.61)		

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity
for the financial year ended 31 January 2013

	Attributable to Owners of the Parent					
	Distributable				*Distributable*	
Group	**Share Capital RM**	**Capital Reserves RM**	**Warrant Reserves RM**	**Other Reserves RM**	**Accumulated Losses RM**	**Total Equity RM**
At 1 February 2011	118,405,240	-	10,609,110	11,319,230	(36,773,700)	103,559,880
Loss net of tax	-	-	-	-	(21,369,326)	(21,369,326)
Total comprehensive loss for the financial year	-	-	-	-	(21,369,326)	(21,369,326)
At 31 January 2012	118,405,240	-	10,609,110	11,319,230	(58,143,026)	82,190,554
Loss net of tax	-	-	-	-	(38,684,474)	(38,684,474)
Total comprehensive loss for the financial year	-	-	-	-	(38,684,474)	(38,684,474)
At 31 January 2013	118,405,240	-	10,609,110	11,319,230	(96,827,500)	43,506,080
Company						
At 1 February 2011	118,405,240	-	10,609,110	11,319,230	(36,484,007)	103,849,573
Loss net of tax	-	-	-	-	(21,230,540)	(21,230,540)
Total comprehensive loss for the financial year	-	-	-	-	(21,230,540)	(21,230,540)
At 31 January 2012	118,405,240	-	10,609,110	11,319,230	(57,714,547)	82,619,033
Loss net of tax	-	-	-	-	(33,551,741)	(33,551,741)
Total comprehensive loss for the financial year	-	-	-	-	(33,551,741)	(33,551,741)
At 31 January 2013	118,405,240	-	10,609,110	11,319,230	(91,266,288)	49,067,292

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 31 January 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
OPERATING ACTIVITIES:					
Loss before tax		(38,715,868)	(21,410,479)	(33,550,341)	(21,230,540)
Adjustments for:					
Allowance for impairment in					
- trade receivables		-	2,572,982	-	-
- other receivable		510,350	-	510,350	-
- subsidiary companies		-	-	28,368,998	-
- related company		511,718	-	-	-
Reversal of impairment loss		(28,328)	-	-	-
Bad debt written off		-	1,424,183	-	-
Impairment loss on investment in subsidiaries		-	-	4,499,999	21,800,000
Interest expense		3,562,528	4,130,354	218,378	112,950
Interest income		(1,383,896)	(1,277,163)	(1,383,133)	(1,276,541)
Property, plant and equipment					
- net loss on disposal		1,582,995	-	-	-
- depreciation		13,378,044	7,581,079	285,000	285,000
- written off		3,877,377	963,894	-	-
Provisions		-	(230,000)	-	-
Unrealised loss on foreign exchange		27,560	330,386	-	-
Operating cash flows before changes in working capital		(16,677,520)	(5,914,764)	(1,050,749)	(309,131)
Changes in Working Capital:					
Inventories		22,842,153	1,125,497	-	-
Receivables		1,527,046	1,438,274	(1,355,239)	(1,150,907)
Payables		7,193,709	(3,615,426)	(120,587)	(5,117,866)
Cash flows used in operations carried forward		14,885,388	(6,966,419)	(2,526,575)	(6,577,904)

Statements of Cash Flows

for the financial year ended 31 January 2013 (cont'd)

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Cash flows used in operations brought forward		14,885,388	(6,966,419)	(2,526,575)	(6,577,904)
Interest received		1,383,896	1,277,163	1,383,133	1,276,541
Interest paid		(2,354,555)	(2,506,267)	(218,378)	(112,950)
Tax paid		(10,465)	(9,167)	1,346	(1,347)
Net cash flows used in operating activities		13,904,264	(8,204,690)	(1,360,474)	(5,415,660)
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	5	(1,497,248)	(10,132,659)	-	-
Proceeds from disposal of Property plant and equipment		627,050	-	-	-
Net change in amount due by subsidiaries		-	-	(1,992,404)	(16,480,475)
Net change in amount due by related companies		521,340	(785,357)	-	-
Net change in deposits pledged		-	(5,000,000)	-	(5,000,000)
Net cash flows (used in)/from investing activities		(348,858)	(15,918,016)	(1,992,404)	(21,480,475)
FINANCING ACTIVITIES:					
Net Repayment of short term borrowings		(11,578,955)	(1,799,455)	-	-
Repayment of hire purchase liabilities		(46,752)	(248,292)	-	-
Repayment of term loans		(4,889,174)	(4,292,736)	-	-
Drawdown of term loans		-	5,808,579	-	-
Interest paid on term loans		(1,199,274)	(1,579,672)	-	-
Interest paid on hire purchase		(8,699)	(44,415)	-	-
Net cash flow (used in)/from financing activities		(17,722,854)	(2,155,991)	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(4,167,448)	(26,278,697)	(3,352,878)	(26,896,135)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		35,481,971	61,760,668	37,334,822	64,230,957
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15	31,314,523	35,481,971	33,981,944	37,334,822

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 821 Mk Jebong, Jalan Matang, 34750 Ara Matang, Perak Darul Ridzuan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 May 2013.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Group and the Company incurred net losses of RM38,684,474 and RM33,551,741 respectively during the financial year ended 31 January 2013, and as at that date, the Group's current liabilities exceeded its current assets by RM13,960,890. As at 31 January 2013, the Group and the Company recorded accumulated losses of RM96,827,500 and RM91,266,288 respectively. As disclosed in Note 19 and 38 to the financial statements, the Group and the Company have defaulted the repayment of the bank borrowings during the financial year ended 31 January 2013. On 27 December 2012, the Company announced that it had triggered the prescribed criteria pursuant to Practice Note 17 ("PN 17") of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The application of the going concern concept is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

The Company is in the midst of evaluating various options in its endeavor to formulate a regularisation plan to meet its obligations pursuant to PN 17 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Company had via the Corporate Debt Restructuring Committee submitted a Proposed Debt Settlement for the financial lenders' considerations to remain under the Informal Standstill Arrangement with the financial lenders, pending the approval from the financial lenders on the Proposed Debt Settlement as at the date of authorisation of the financial statements.

The ability of the Group and the Company to continue as going concerns is dependent on the approval from its financial lenders on the Proposed Debt Settlement submitted and the successful and timely implementation of any regularisation plan to restore its financial position and achieving sustainable and viable operations.

Notes to the Financial Statements (cont'd)

2. **FUNDAMENTAL ACCOUNTING CONCEPT** (cont'd)

Should any of the above matters not be successful, the application of the going concern concept may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets and liabilities as current and to provide for further costs which may arise.

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1. **Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 4.

The financial statements of the Group and of the Company for the financial year ended 31 January 2013 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int**

(a) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(a) Explanation of Transition to MFRSs (cont'd)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 January 2013.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 February 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group's and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSs.

Notes to the Financial Statements (cont'd)

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
Revised MFRSs		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
New IC Int		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Int		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

A brief discussion on the above significant new and revised MFRSs, amendments/ improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 11Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.2. **New, Revised and Amendments/Improvements to Accounting Standards and IC Int** (cont'd)

(b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

3.3. **Significant accounting policies**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) **Basis of Consolidation and Subsidiaries**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the parent and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are entities in which the Group has the power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(d) to the financial statements. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the profit or loss.

The financial statements of the subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(a) **Basis of Consolidation and Subsidiaries** (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The accounting policy on goodwill is set out in Note 3.3(b) to the financial statements.

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

Intra-group transactions, balances and resulting unrealised gains on transactions within the Group are eliminated in full on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated on consolidation unless costs cannot be recovered. The extent of the costs that cannot be recovered is treated as written downs or impairment losses as appropriate. When necessary, adjustments are made to the financial statements of the subsidiaries to ensure consistency of accounting policies with those adopted by the Group.

Non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Company, directly or indirectly through subsidiary. It is measured at the non-controlling share of the fair values of the subsidiary's identifiable assets and liabilities at the acquisition date and the non-controlling's share of changes in the subsidiary's equity since that date.

Where losses applicable to the non-controlling interest exceed the non-controlling's interest in the equity of a subsidiary, the excess and any further losses applicable to the non-controlling interest are charged against the Group's interest except to the extent that the non-controlling interest has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequent reports profits, the Group's interest is allocated all such profit until the non-controlling's share of losses previously absorbed by the Group has been recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences and carrying amount of goodwill that relate to the subsidiary and is recognised in the consolidated statement of comprehensive income.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(a) **Basis of Consolidation and Subsidiaries** (cont'd)

In accordance with MFRS, Consolidated and Separate Financial Statements (revised), upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(b) **Goodwill on Consolidation**

(i) Acquisition before 1 January 2011

Goodwill arising on acquisition represents the excess of cost of business combination over the Group's share of the net fair values of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(d) to the financial statements.

Goodwill is not amortised but is reviewed for impairment, annually or more frequently for impairment in value and is written down where it is considered necessary. Gain or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arise.

Negative goodwill represents the excess of the fair value of the Group's share of net assets acquired over the cost of acquisition. Negative goodwill is recognised directly in the profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(b) **Goodwill on Consolidation** (cont'd)

(ii) Acquisition on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and or future service.

(c) **Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.3(e)(ii) to the financial statements.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(c) **Property, Plant and Equipment and Depreciation** (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable in bringing the assets to the 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and 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 an 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.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold land is not amortised as it has an infinite life. Capital work-in-progress is stated at cost and is not depreciated until it is ready for its intended use. Upon completion, capital work-in-progress is transferred to categories of property, plant and equipment, depending on the nature of the assets.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used are as follows:-

Factory and office buildings	5% - 10%
Plant, machinery and formers	6% - 10%
Motor vehicles	16% - 25%
Office equipment, furniture and fittings	8% - 15%

No depreciation is provided for formers but they are written off at cost as and when damaged.

The depreciable amount is determined after deducting the residual value.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(c) **Property, Plant and Equipment and Depreciation** (cont'd)

The residual values, useful life and depreciation method are reviewed, and adjusted if appropriate, at each financial year end to ensure that the amounts, method and period of depreciation are consistent with previous estimates. The effects of any revisions of the residual values and useful lives are included in the profit or losses for the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) **Leases**

(i) **Finance leases**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance cost, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) **Operating leases**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(e) **Impairment**

(i) **Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(e) **Impairment** (cont'd)

(ii) **Impairment of Non-financial Assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. 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. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

(f) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out basis for manufacturing and trading inventories.

The costs comprise the purchase price plus costs incurred to bring the inventories to their present locations and conditions. The cost of manufactured finished goods and work-in-progress consist of raw materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(g) **Financial Instruments**

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company categorise the financial instruments as follows:

(i) **Financial Assets**

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in statement of comprehensive income.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(g) **Financial Instruments** (cont'd)

(i) **Financial Assets** (cont'd)

Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(ii) **Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(g) **Financial Instruments** (cont'd)

(iii) **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) **Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) **Derecognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(h) **Hire Purchase**

Assets financed by hire purchase arrangements which transfer substantially all risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the profit or loss over the periods of the respective agreements.

(i) **Borrowings**

(i) **Classification**

Borrowings are initially recognised based on the proceeds received, net of transaction cost incurred. In the subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(ii) **Borrowing costs**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to profit or loss as an expense in the period in which they are incurred.

(j) **Provisions**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements (cont'd)

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(k) **Ordinary shares**

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(l) **Foreign Currencies Transactions**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's functional currency and presentation currency.

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss.

Non-monetary items are measured in term of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in the profit or loss.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(m) **Revenue**

(i) **Sales of goods**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable. Revenue is recognised upon delivery of products and customers' acceptance, net of discounts and returns when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding of the consideration due, associated costs or the possible return of goods.

(ii) **Interest income**

Interest income is recognised on an accrual basis unless collectability is in doubt in which recognition will be on a receipt basis.

(iii) **Dividend income**

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

(n) **Income Taxes**

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax expense is the expected tax amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date, and adjustment of tax payable in respect of the previous year.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unutilised tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(o) **Employee Benefits**

(i) **Short term employee benefits**

Wages, salaries, bonuses, social security contribution and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

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.

(ii) **Post-employment benefits**

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

(iii) **Defined benefit plans**

The Group provides for retirement benefits for eligible employees on an unfunded retirement benefit plan. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the financial year end and the length of services rendered. The present value of the defined benefit obligations as required by MFRS, Employee Benefits has not been used in arriving at the provision, as the amount involved is insignificant to the Group. Accordingly, no further disclosure as required by the standard is made.

(p) **Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain events not wholly within the control of the Group.

Where it is not probable that an outflow of economic benefit 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3. **Significant accounting policies** (cont'd)

(p) **Contingencies** (cont'd)

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.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(q) **Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) **Cash and Cash Equivalents**

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdrafts and deposits pledged to the financial institution.

4. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustments to the carrying amount of the asset or liability affected in the future.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.1. Judgements Made in Applying Accounting Policies

In the process of applying the Group's and the Company's accounting policies, the management has made the following judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

Operating Lease Payments

As disclosed in Note 6 and Note 11 to the financial statements, the Group had entered into a Novation and Assignment of Lease Rights Agreement in respect of mutual termination of the CRG Contract through the novation and assignment of lease rights over a property as full and final repayment of the deposits paid of RM5,513,000.

The management judged that it does not retain all significant risks and rewards of the ownership of the leasehold land, thus accounted for the contract as operating lease.

4.2. Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) **Useful Lives of Property, Plant and Equipment**

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) **Impairment of Investment in Subsidiaries**

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The impairment made on investments in subsidiaries entails an allowance for impairment to be made to the amount owing by these subsidiaries.

Based on management's estimation of the present value of future cash flows generated by the subsidiaries, the Company has impaired the investment in subsidiaries of RM4,499,999 during the financial year (2012: RM21,800,000).

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.2. Key Sources of Estimation Uncertainty (cont'd)

(ii) Impairment of Investment in Subsidiaries (cont'd)

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

(iii) Impairment of Non-Current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

(iv) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill. In addition, the assessment of the net tangible assets of the subsidiaries also affects the result of the impairment test. Based on management's estimation of the value-in-use of the goodwill, the Group has fully impaired the goodwill during the previous financial year.

(v) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

4.2. Key Sources of Estimation Uncertainty (cont'd)

(vii) Allowance for Impairment of Receivables

The Group makes allowances for impairment based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer credit creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables. During the financial year, the Group and the Company has provided allowance for impairment on loans and receivables of RM1,022,068 and RM28,879,348 (2012: RM2,572,982 and RM Nil) respectively.

(viii) Provisions

The Group measures the provisions for claims from customers. The calculation of provisions for claims requires management to estimate the expected future cash outflows as a result of goods returns, and a suitable pre-tax discount rate that reflects current market assessments of the time value of money in order to calculate the present value of those future cash outflows. The Group has made assumptions in relation to provisions for claims based on historical experience and the expected claims from the customers.

(ix) Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(x) Valuation of warrants

The Group and the Company measures the value of the warrants by reference to the fair value at the date which they are granted. The estimation of fair value requires determining the most appropriate valuation model.

This estimate also requires the determination of the most appropriate inputs to the valuation model such as the volatility, risk free interest rate, option life and making assumptions about them as disclosed in Note 17 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Factory and Freehold Land RM	Plant, office buildings RM	machinery and formers RM	Office equipment, Motor vehicles RM	furniture and fittings RM	Capital work-in-progress RM	Total RM
Group							
2013							
Cost							
At 1 February 2012	5,900,000	17,428,505	98,536,219	3,020,696	1,791,504	10,211,280	136,888,204
Additions	-	37,037	1,339,161	-	28,600	92,450	1,497,248
Transfer	-	-	10,281,480	-	-	(10,281,480)	-
Over accrual in prior year	-	-	(479,200)	-	-	-	(479,200)
Disposal	-	-	(20,172,726)	(43,500)	-	-	(20,216,226)
Written off	-	-	(8,244,420)	(1,211,134)	(716,840)	-	(10,172,394)
At 31 January 2013	5,900,000	17,465,542	81,260,514	1,766,062	1,103,264	22,250	107,517,632
Accumulated Depreciation							
At 1 February 2012	-	7,280,440	54,617,413	2,736,171	1,498,114	-	66,132,138
Depreciation for the financial year	-	918,481	12,253,672	108,143	97,748	-	13,378,044
Disposal	-	-	(17,962,683)	(43,498)	-	-	(18,006,181)
Written off	-	-	(4,392,736)	(1,208,533)	(693,748)	-	(6,295,017)
At 31 January 2013	-	8,198,921	44,515,666	1,592,283	902,114	-	55,208,984
Net Carrying Amount at 31 January 2013	5,900,000	9,266,621	36,744,848	173,779	201,150	22,250	52,308,648

5. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

	Factory and Freehold Land RM	Plant, office buildings RM	machinery and formers RM	Office equipment, Motor vehicles RM	furniture and fittings RM	Capital work-in-progress RM	Total RM
Group							
2012							
Cost							
At 1 February 2011	5,900,000	17,428,505	97,936,862	2,986,546	1,763,826	1,713,200	127,728,939
Additions	-	-	1,557,249	34,150	43,180	8,498,080	10,132,659
Written off	-	-	(957,892)	-	(15,502)	-	(973,394)
At 31 January 2012	5,900,000	17,428,505	98,536,219	3,020,696	1,791,504	10,211,280	136,888,204
Accumulated Depreciation							
At 1 February 2011	-	6,362,581	48,373,810	2,429,801	1,394,367	-	58,560,559
Depreciation for the financial year	-	917,859	6,243,603	306,370	113,247	-	7,581,079
Written off	-	-	-	-	(9,500)	-	(9,500)
At 31 January 2012	-	7,280,440	54,617,413	2,736,171	1,498,114	-	66,132,138
Net Carrying Amount at 31 January 2012	5,900,000	10,148,065	43,918,806	284,525	293,390	10,211,280	70,756,066
Net Carrying Amount at 1 February 2011	5,900,000	11,065,924	49,563,052	556,745	369,459	1,713,200	69,168,380

Notes to the Financial Statements (cont'd)

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

	Freehold Land RM	Buildings RM	Total RM
Company			
2013			
Cost			
At 1 February 2012	3,300,000	5,700,000	9,000,000
At 31 January 2013	3,300,000	5,700,000	9,000,000
Accumulated Depreciation			
At 1 February 2012	-	285,000	285,000
Depreciation for the financial year	-	285,000	285,000
At 31 January 2013	-	570,000	570,000
Net Carrying Amount at 31 January 2013	3,300,000	5,130,000	8,430,000
Company			
2012			
Cost			
At 1 February 2011	3,300,000	5,700,000	9,000,000
At 31 January 2012	3,300,000	5,700,000	9,000,000
Accumulated Depreciation			
At 1 February 2011	-	-	-
Depreciation for the financial year	-	285,000	285,000
At 31 January 2012	-	285,000	285,000
Net Carrying Amount at 31 January 2012	3,300,000	5,415,000	8,715,000
Net Carrying Amount at 1 February 2011	3,300,000	5,700,000	9,000,000

5. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

The net carrying amount of motor vehicles of a subsidiary acquired under hire purchase arrangements were RM85,585 (31 January 2012: RM161,281; 1 February 2011: RM428,008).

The analysis of purchase of property, plant and equipment of the Group and the Company are as follows:

		Group			Company	
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Other payables	-	-	8,100,000	-	-	8,100,000
Hire purchase payable	-	-	134,000	-	-	-
Cash payments	1,497,248	10,132,659	4,230,965	-	-	900,000
	1,497,248	10,132,659	12,464,965	-	-	9,000,000

6. **PREPAID LEASE PAYMENTS**

		Group	
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Cost/ Net Carrying Amount			
At 1 February	-	-	-
Reclassification from deposits (Note 11)	5,513,000	-	-
At 31 January	5,513,000	-	-
Amount to be amortised			
- not later than one year	153,139	-	-
- later than one year and not later than five years	765,694	-	-
- later than five years	4,594,167	-	-
	5,513,000	-	-

There was a deposit paid in the previous financial year of RM5,513,000/- in respect of an agreement entered between a subsidiary of the Company, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") and SCW Engineering And Construction ("SCW") for the installation and commissioning of plant and machineries ("the CRG Contract").

Notes to the Financial Statements (cont'd)

6. **PREPAID LEASE PAYMENTS** (cont'd)

During the financial year, CRG had entered into a Novation and Assignment of Lease Rights Agreement dated 1 November 2012 with Chip Lam Seng Berhad ("CLSB") and SCW in respect of the mutual termination of the CRG Contract through the novation and assignment of lease rights over a property from SCW to CRG as full and final repayment of the deposits paid. The terms and conditions of the lease rights over the said property are stipulated in the Principal Agreement entered into between CLSB and SCW on 24 March 2011 which is in relation to a lease over part of a land with warehouse held under HS(D) KA 1175/89, PT No. 90816, Mukim Hulu Kinta, Daerah Kinta of which CLSB is the registered proprietor.

The lease rights over the said property have a remaining tenure of 36 years.

7. **GOODWILL ON CONSOLIDATION**

		Group	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Cost			
At 1 February/31 January	42,727,693	42,727,693	42,727,693
Accumulated impairment			
At 1 February	42,727,693	42,727,693	9,000,000
Impairment loss	-	-	33,727,693
At 31 January	42,727,693	42,727,693	42,727,693
Net carrying amount at 31 January	-	-	-

8. **INVESTMENT IN SUBSIDIARIES**

		Group	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Unquoted shares, at cost	98,600,003	98,600,003	98,600,003
Accumulated impairment			
At 1 February	94,100,002	72,300,002	33,300,002
Impairment loss (Note 28)	4,499,999	21,800,000	39,000,000
At 31 January	98,600,001	94,100,002	72,300,002
	2	4,500,001	26,300,001

8. **INVESTMENT IN SUBSIDIARIES** (cont'd)

Key assumptions used in impairment calculations

Management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the assets is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at reporting date. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

As a result of the above, the Company recognised an impairment loss of RM4,499,999 (31 January 2012: RM21,800,000; 1 February 2011: RM39,000,000) during the financial year.

The Group's equity interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as stated below:-

Name of Company	Effective Equity Interests 31.1.2013 %	31.1.2012 %	1.2.2011 %	Principal Activities
Direct subsidiaries				
Comfort Rubber Gloves Industries Sdn. Bhd. ^	100	100	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd.	100	100	100	Dormant
Indirect subsidiary held through Comfort Rubber Gloves Industries Sdn. Bhd.				
Quality Gallant Sdn. Bhd.	100	100	100	Trading of latex gloves
Hexavin Sdn. Bhd. #	50	-	-	Dormant

^ The Auditor's Report of this Subsidiary contained a disclaimer of opinion whereby the auditors did not express an opinion on the financial statements of this subsidiary for the financial year ended 31 January 2013 due to insufficient appropriate audit evidence.

The Company was acquired on 9 November 2012 and there was no audited financial statements for the period ended 31 January 2013.

Notes to the Financial Statements (cont'd)

9. INVENTORIES

	Group 31.1.2013 RM (At net realisable value)	31.1.2012 RM (At cost)	1.2.2011 RM (At cost)
Finished goods	278,180	882,632	1,140,717
Work-in-progress	11,614,251	32,204,714	32,644,142
Raw materials	1,160,745	2,641,294	3,268,036
Packing materials	413,725	565,787	369,998
Chlorination chemicals	29,870	53,444	57,057
Treatment plant chemicals	29,012	20,065	13,483
	13,525,783	36,367,936	37,493,433

During the financial year, the write off of inventories for the Group amounted to RM6,257,443. The write down of inventories to their net realisable value for the Group were made during the financial year when the related inventories were sold below their carrying amount.

10. TRADE RECEIVABLES

	Group 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Trade receivables	14,256,333	17,889,813	26,933,346
Less: Allowance for impairment	(4,132,236)	(4,160,564)	(1,587,582)
	10,124,097	13,729,249	25,345,764

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 150 days (31 January 2012: 30 to 150 days; 1 February 2011: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. **TRADE RECEIVABLES** (cont'd)

Ageing analysis of trade receivables
The ageing analysis of the Group's trade receivables is as follows:

	Group		
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Neither past due nor impaired	6,689,728	6,781,860	10,027,828
Past due 1 - 30 days not impaired	2,683,753	4,772,953	9,102,177
Past due 31 - 120 days not impaired	750,616	2,174,436	5,281,022
Past due more than 120 days not impaired	-	-	934,737
	3,434,369	6,947,389	15,317,936
Impaired	4,132,236	4,160,564	1,587,582
	14,256,333	17,889,813	26,933,346

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired
Trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Individually impaired			
Trade receivables (nominal amounts)	4,132,236	4,160,564	1,587,582
Less : Allowance for impairment	(4,132,236)	(4,160,564)	(1,587,582)
	-	-	-

10. **TRADE RECEIVABLES** (cont'd)

Receivables that are impaired (cont'd)

Movement in allowance accounts:

	Group 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
At 1 February	4,160,564	1,587,582	1,286,565
Charge for the financial year	-	2,572,982	323,750
Reversal of impairment losses	(28,328)	-	(22,733)
At 31 January	4,132,236	4,160,564	1,587,582

Trade receivables are individually determined to be impaired at the reporting date which are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The classification of financial assets is as follows:

	Group 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Trade receivables	10,124,097	13,729,249	25,345,764
Other receivables (Note 11)	2,637,013	1,307,160	89,968
Deposits (Note 11)	242,766	5,839,626	304,766
Amount due by related companies (Note 13)	-	1,033,058	247,701
Cash and bank balances (Note 15)	51,300,466	48,646,249	65,203,422
Total loans and receivables	64,304,342	70,555,342	91,191,621

	Company 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Other receivables (Note 11)	2,008,454	1,186,065	-
Deposits (Note 11)	22,500	-	-
Amount due by subsidiaries (Note 12)	-	26,376,594	9,896,119
Amount due by related companies (Note 13)	-	-	-
Cash and bank balances (Note 15)	43,380,024	46,535,976	64,230,957
Total loans and receivables	45,410,978	74,098,635	74,127,076

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Other receivables	2,637,013	1,307,160	89,968	2,008,454	1,186,065	-
Deposits	242,766	5,839,626	304,766	22,500	-	-
Prepayments	704,938	275,832	966,357	2,400	2,400	37,558
	3,584,717	7,422,618	1,361,091	2,033,354	1,188,465	37,558

Included in deposits is an amount of RM Nil (31 January 2012: RM5,513,000; 1 February 2011: RM Nil) which represents deposits paid for the installation and commissioning of plant and machineries.

As disclosed in Note 6 to the financial statements, CRG had entered into a Novation and Assignment of Lease Rights Agreement in respect of mutual termination of the CRG Contract through the novation and assignment of lease rights over a property as full and final repayment of the deposits paid of RM5,513,000.

Accordingly, the deposits paid were reclassified as prepaid lease payments during the financial year.

12. AMOUNT DUE BY SUBSIDIARIES

	Company		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Non-trade amounts	29,714,821	27,722,417	11,241,942
Less : Allowance for impairment	(29,714,821)	(1,345,823)	(1,345,823)
	-	26,376,594	9,896,119

The amounts due by subsidiaries are unsecured, interest free and repayable on demand.

13. AMOUNTS DUE BY RELATED COMPANIES

	Group		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Non-trade amounts	511,718	1,033,058	247,701
Less : Allowance for impairment	(511,718)	-	-
	-	1,033,058	247,701

The amounts due by related companies are non-trade in nature, unsecured, interest free and repayable on demand.

Notes to the Financial Statements (cont'd)

14. DERIVATIVES

	Group					
	31.1.2013		31.1.2012		1.2.2011	
	RM Contract/ Notional Amount	RM Assets	RM Contract/ Notional Amount	RM Assets	RM Contract/ Notional Amount	RM Assets
Non-hedging derivatives:						
Current						
Forward currency contracts	-	-	-	-	11,978,800	225,798

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in United States Dollar.

During the financial year, the Group recognised a gain of RM Nil (31 January 2012: RM Nil; 1 February 2011: RM225,798) arising from the fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method of valuation is disclosed in note 36 to the financial statements.

15. CASH AND CASH EQUIVALENTS

	Group		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Fixed deposits placed with a licensed bank	43,000,000	46,000,000	-
Short term deposits placed with a licensed bank	-	-	61,146,000
Cash at banks and on hand	8,300,466	2,646,249	4,057,422
Cash and bank balances	51,300,466	48,646,249	65,203,422
Bank overdrafts	(14,985,943)	(8,164,278)	(3,442,754)
	36,314,523	40,481,971	61,760,668
Less: deposits pledged to a licensed bank	(5,000,000)	(5,000,000)	-
Cash and cash equivalents	31,314,523	35,481,971	61,760,668

15. **CASH AND CASH EQUIVALENTS** (cont'd)

	Company		
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Fixed deposits placed with a licensed bank	43,000,000	46,000,000	-
Short term deposits placed with a licensed bank	-	-	61,146,000
Cash at banks and on hand	380,024	535,976	3,084,957
Cash and bank balances	43,380,024	46,535,976	64,230,957
Bank overdrafts	(4,398,080)	(4,201,154)	-
	38,981,944	42,334,822	64,230,957
Less: deposits pledged to a licensed bank	(5,000,000)	(5,000,000)	-
Cash and cash equivalents	33,981,944	37,334,822	64,230,957

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for approximately 1 week depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

Fixed deposits placed with a licensed bank of RM5,000,000 of the Group and of the Company are pledged as securities for banking facilities granted to the Group and Company.

The effective interest rates are disclosed in Note 36 to the financial statements.

16. **SHARE CAPITAL**

	31.1.2013		**31.1.2012**	
	Number of Shares Unit	**RM**	**Number of Shares Unit**	**RM**
Ordinary shares of RM0.20/- each				
Authorised:				
At 1 February/ 31 January	1,000,000,000	200,000,000	1,000,000,000	200,000,000
Issued and fully paid:				
At 1 February/ 31 January	592,026,200	118,405,240	592,026,200	118,405,240

17. WARRANT RESERVES

	Group/Company		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
At 1 February	10,609,110	10,609,110	-
Recognition of the free warrants' fair value pursuant to the Rights Issue	-	-	10,609,110
At 31 January	10,609,110	10,609,110	10,609,110

The warrant reserves represent the fair value adjustment for the free detachable warrants issued pursuant to the rights issue. The fair value of the warrants is measured using Black Scholes model with the following inputs:-

Fair value of warrants and assumptions

Fair value of warrants at issue date (RM)	0.0578
Exercise price (RM)	0.2500
Expected volatility (weighted average volatility)	15.21%
Option life (expected weighted average life)	5 years
Risk-free interest rate (based on rates of 5 years Malaysian government bonds)	3.34%

18. OTHER RESERVE

	Group / Company		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
At 1 February	11,319,230	11,319,230	-
Arising from capital reduction	-	-	21,928,340
Right issue with free warrants (Note 17)	-	-	(10,609,110)
At 31 January	11,319,230	11,319,230	11,319,230

Other reserve arising from the excess of the capital reduction over the accumulated losses of the Company.

19. LOANS AND BORROWINGS

	Group 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Current			
Secured:			
Bank overdrafts	14,985,943	8,164,278	3,442,754
Hire purchase payables	19,149	46,741	248,304
Short term bank borrowings	40,004,590	51,583,545	53,383,000
Term loans	15,986,849	5,446,670	4,268,355
	70,996,531	65,241,234	61,342,413
Non-current			
Secured:			
Hire purchase payables	62,192	81,352	128,081
Term loans	-	15,429,353	15,091,825
	62,192	15,510,705	15,219,906
Total loans and borrowings	71,058,723	80,751,939	76,562,319

	Company 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Current			
Secured:			
Bank overdrafts	4,398,080	4,201,154	-
Total loans and borrowings	4,398,080	4,201,154	-

The maturities of the loans and borrowings as at 31 January 2013 are as follows:

	Group 31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
On demand or within one year	70,996,531	65,241,234	61,342,413
More than 1 year and less than 2 years	62,192	5,665,154	4,553,322
More than 2 years and less than 5 years	-	8,103,347	8,668,588
5 years or more	-	1,742,204	1,997,996
	71,058,723	80,751,939	76,562,319

19. **LOANS AND BORROWINGS** (cont'd)

	Company		
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
On demand or within one year	4,398,080	4,201,154	-
	4,398,080	4,201,154	-

Hire purchase payables

	Group		
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Future minimum hire purchase payments:			
Not later than one year	22,968	55,450	292,707
Later than one year but not later than five years	74,604	97,571	153,009
	97,572	153,021	445,716
Less: Future finance charges	(16,231)	(24,928)	(69,331)
Present value of hire purchase payables	81,341	128,093	376,385
Analysis of present value of hire purchase payables:			
Current			
Not later than one year	19,149	46,741	248,304
Non-current			
Later than one year but not later than five years	62,192	81,352	128,081
	81,341	128,093	376,385

Short term bank borrowings mentioned in the foregoing consist mainly of bankers' acceptance and short term revolving credits.

The bank overdrafts and short term bank borrowings are secured by way of:-

i) Corporate guarantee by the Company and a third party; and
ii) Negative pledge over present and future assets of a subsidiary.

19. **LOANS AND BORROWINGS** (cont'd)

The term loans are secured by way of:-

i) Corporate guarantee by the Company for RM36,400,000;
ii) Negative pledge over present and future asset of a subsidiary; and
iii) Debenture of RM36,400,000 over the assets purchased/financed.

The effective interest rates are disclosed in Note 36 to the financial statements.

The Group and the Company had defaulted the repayment of bank overdrafts, short terms bank borrowings and term loans ("the bank borrowings") during the financial year ended 31 January 2013 and there was no further repayment in relation to the bank borrowings during the current financial year. Accordingly, the whole amount of the bank borrowings was reclassified to current liabilities.

The Company had via the Corporate Debt Restructuring Committee submitted a Proposed Debt Settlement Plan for the financial lenders' considerations to remain under the Informal Standstill Arrangement with the financial lenders, pending the approval from the financial lenders on the Proposed Debt Settlement as at the date of authorisation of the financial statements.

20. **DEFERRED TAX LIABILITIES**

(a) The deferred tax assets and liabilities are made up of the following:

		Group	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
At 1 February	334,269	376,053	417,836
Recognised in profit or loss (Note 29)	(41,783)	(41,784)	(41,783)
At 31 January	292,486	334,269	376,053
Presented after appropriate offsetting:			
Deferred tax assets	(5,404,126)	(8,002,277)	(8,052,412)
Deferred tax liabilities	5,696,612	8,336,546	8,428,465
	292,486	334,269	376,053

20. **DEFERRED TAX LIABILITIES** (cont'd)

(b) The component and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

Group	Unabsorbed capital allowances RM	Unabsorbed reinvestment allowances RM	Other RM	Total RM
At 1 February 2010	(5,420,712)	(2,255,000)	(369,342)	(8,045,054)
Recognised in profit or loss	(241,616)	-	234,258	(7,358)
At 31 January 2011	(5,662,328)	(2,255,000)	(135,084)	(8,052,412)
Recognised in profit or loss	(3,831)	-	53,966	50,135
At 31 January 2012	(5,666,159)	(2,255,000)	(81,118)	(8,002,277)
Recognised in profit or loss	262,033	2,255,000	81,118	2,598,151
At 31 January 2013	(5,404,126)	-	-	(5,404,126)

Deferred tax liabilities

Group	Property, plant and equipment RM	Others RM	Total RM
At 1 February 2010	8,045,054	417,836	8,462,890
Recognised in income statement	7,358	(41,783)	(34,425)
At 31 January 2011	8,052,412	376,053	8,428,465
Recognised in income statement	(50,134)	(41,784)	(91,918)
At 31 January 2012	8,002,278	334,269	8,336,547
Recognised in income statement	(2,598,152)	(41,784)	(2,639,935)
At 31 January 2013	5,404,126	292,485	5,696,612

20. DEFERRED TAX LIABILITIES (cont'd)

(c) The temporary differences of which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Unutilised tax losses	17,612,193	16,392,898	12,917,026
Deductible temporary differences	14,362,409	9,318,997	8,076,087
	31,974,602	25,711,895	20,993,113

	Company		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Unutilised tax losses	10,522,937	10,956,907	10,956,907
Deductible temporary differences	11,361	11,361	11,361
	10,534,298	10,968,268	10,968,268

21. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (31 January 2012: 30 days to 60 days; 1 February 2011: 30 days to 60 days) from the date of invoice.

The classification of financial liabilities is as follows:

	Group		
	31.1.2013 RM	31.1.2012 RM	1.2.2011 RM
Trade payables	13,682,071	9,336,616	8,821,733
Other payables and accruals (Note 22)	7,858,551	5,382,922	9,528,192
Total loans and borrowings (Note 19)	71,058,723	80,751,939	76,562,319
Total financial liabilities carried at amortised cost	92,599,345	95,471,477	94,912,244

21. **TRADE PAYABLES** (cont'd)

The classification of financial liabilities is as follows:

	Company		
	31.1.2013 RM	**31.1.2012 RM**	**1.2.2011 RM**
Other payables and accruals (Note 22)	382,058	502,645	5,620,511
Total loans and borrowings (Note 19)	4,398,080	4,201,154	-
Total financial liabilities carried at amortised cost	4,780,138	4,703,799	5,620,511

22. **OTHER PAYABLES AND ACCRUALS**

	Group			Company		
	31.1.2013 RM	**31.1.2012 RM**	**1.2.2011 RM**	**31.1.2013 RM**	**31.1.2012 RM**	**1.2.2011 RM**
Other payables	5,714,851	2,352,145	7,484,355	40,354	14,246	4,999,768
Accruals	2,143,700	3,030,777	2,043,837	341,704	488,399	620,743
	7,858,551	5,382,922	9,528,192	382,058	502,645	5,620,511

Included in accruals of the Group is an amount accrued for retirement benefits of a subsidiary of RM Nil (31 January 2012: RM76,000; 1 February 2011: RM76,000).

23. **PROVISIONS**

	Group		
	31.1.2013 RM	**31.1.2012 RM**	**1.2.2011 RM**
At 1 February	-	230,000	1,561,591
Arose during the financial year	-	-	230,000
Utilised	-	(230,000)	(1,561,591)
At 31 January	-	-	230,000

Provisions are in respect of claims from customers. The provisions are recognised based on the expected claims from the customers.

Notes to the Financial Statements (cont'd)

24. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sales of latex gloves	125,409,042	117,806,161	-	-

25. INTEREST INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest income from loans and receivables	1,383,896	1,277,163	1,383,133	1,276,541

26. OTHER INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Gain on foreign exchange				
- realised	-	1,449,935	-	-
Insurance compensation	145,200	155,000	-	-
Miscellaneous	39,200	58,990	-	-
Surplus funds received from the closure of the Retirement Benefits Scheme	-	531,171	-	531,171
	184,400	2,195,096	-	531,171

27. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expenses				
- bankers' acceptance	1,120,432	1,303,969	-	-
- bank guarantee	24,617	35,618	-	-
- bank overdrafts	513,400	421,065	218,378	112,950
- hire purchase	8,699	44,415	-	-
- letter of credit	37,538	18,048	-	-
- revolving credit	658,569	727,567	-	-
- term loan	1,199,274	1,579,672	-	-
	3,562,528	4,130,354	218,378	112,950

28. LOSS BEFORE TAX

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
After charging:-				
Allowance for impairment:				
- trade receivables	-	2,572,982	-	-
- other receivables	510,350		510,350	-
- amount due by subsidiaries	-	-	28,368,998	-
- amount due by related company	511,718	-	-	-
Auditors' remuneration				
- audit services	73,300	58,800	37,500	33,000
- other services	6,500	-	6,500	3,000
Bad debts written off	-	1,424,183	-	-
Depreciation	13,378,044	7,581,079	285,000	285,000
Impairment loss on investment in subsidiaries	-	-	4,499,999	21,800,000
Loss on foreign exchange				
- realised	77,412	-	-	-
- unrealised	27,560	330,386	-	-
Loss on disposal of Property, plant and equipment	1,582,995	-	-	-
Property, plant and equipment written off	3,877,377	963,894	-	-
Reversal of allowance for impairment	(28,328)	-	-	-
Rental expenses	239,788	284,494	142,621	-
Staff cost:				
- salaries, wages and allowances	11,897,287	11,538,977	129,054	174,574
- defined contribution plan	652,898	540,959	19,277	24,325

29. TAXATION

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Taxation				
- over accrual in prior year	(10,389)	-	(1,400)	-
Deferred taxation (Note 20)				
- reversal of temporary differences	41,783	41,784	-	-
- under accrual in prior year	-	(631)	-	-
	31,394	41,153	(1,400)	-

29. **TAXATION** (cont'd)

The income tax is calculated at the Malaysian Statutory rate of 25% of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:-

	Group		Company	
	2013 **RM**	**2012** **RM**	**2013** **RM**	**2012** **RM**
Loss before tax	(38,715,868)	(21,410,479)	(33,550,341)	(21,230,540)
Taxation at applicable statutory tax rate 25%	9,678,967	5,352,620	8,387,585	5,307,635
Tax effects arising from				
- non-deductible expenses	(2,935,572)	(128,590)	(8,733,368)	(5,759,563)
- non-taxable income	345,784	132,793	345,783	451,928
- deferred tax assets not recognised	(7,089,179)	(5,356,823)	-	-
- others	41,783	41,784	-	-
- under accrual in prior year	(10,389)	(631)	(1,400)	-
	31,394	41,153	(1,400)	-

30. **LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing loss net of tax for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit net of tax for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the exercise of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share.

30. **LOSS PER SHARE** (cont'd)

The following tables reflect the loss and share date used in the computation of basic and diluted earnings per share for the financial ended 31 January:

	Group	
	2013	**2012**
	RM	**RM**
Loss net of tax attributable to owners of the parent	(38,684,474)	(21,369,326)
	Number of Shares Unit	**Number of Shares Unit**
Weighted average number of ordinary share for basic earnings per shares computation		
At 1 February	592,026,200	273,791,843
Add : Effect of issuance of shares via right issue	-	318,234,357
At 31 January	592,026,200	592,026,200
Effects of dilution:		
- warrants	-	-
Weighted average number of ordinary shares for diluted earnings per shares computation	592,026,200	592,026,200
Loss per ordinary share attributable to owners of the parent (sen)		
- Basic	(6.53)	(3.61)
- Diluted	(6.53) *	(3.61)

* During the financial year, no consideration is taken for warrants as the effect is antidilutive.

31. **CAPITAL COMMITMENT**

	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Property, plant and equipment			
- approved and contracted for but not provided in the financial statements	-	-	8,612,480

32. CONTINGENT LIABILITIES, UNSECURED

	Company		
	31.1.2013	**31.1.2012**	**1.2.2011**
Unsecured	RM	RM	RM
Corporate guarantees given to licensed banks to secure banking facilities granted to a subsidiary	103,900,000	104,400,000	104,400,000

The Company had issued corporate guarantees to the financial lenders for banking facilities granted to a wholly-owned subsidiary. As disclosed in Note 38(a) and Note 38(c) to the financial statements, the subsidiary had defaulted the repayment of bank borrowings from the financial lenders. The Notice of Demand, Writ of Summon, and Notice Pursuant to Section 218 of the Companies Act, 1965 in Malaysia have been served by the financial lenders to the Company as the guarantor for the banking facilities, to demand the repayment of the amounts owing by the subsidiary together with any interest thereon until the date of full settlement. However, the Notice Pursuant to Section 218 of the Companies Act, 1965 in Malaysia had been withdrawn subsequent to the financial year.

The Company, via the Corporate Debt Restructuring Committee is in the midst of negotiation with the financial lenders to remain under an Informal Standstill Arrangement, pending the approval from the financial lenders on the Proposed Debt Settlement as at the date of authorisation of the financial statements.

33. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identification of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or 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 Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has related party relationships with its direct and indirect subsidiaries, related companies, substantial corporate shareholder and directors and key management personnel.

(b) Significant Related Party Transactions and Balances

(i) Significant related party transactions during the financial year are as follows:

	Group		
	2013	**2012**	**2011**
	RM	**RM**	**RM**
Purchases of latex from a related company	2,112,000	-	5,328,737

33. **SIGNIFICANT RELATED PARTY DISCLOSURES** (cont'd)

(b) **Significant Related Party Transactions and Balances** (cont'd)

(ii) Outstanding significant non-trade related party balances as at financial year end are as follows:

	Group	
	2013 RM	2012 RM
Amount due by related companies		
- Chip Lam Seng Berhad	511,718	1,033,058
Less: Impairment Loss	(511,718)	-
	-	1,033,058

	Company	
	2013 RM	2012 RM
Amount due by subsidiaries		
- Comfort Rubber Gloves Industries Sdn. Bhd.	28,333,876	26,345,317
- PBT Sdn. Bhd.	35,122	31,277
	28,368,998	26,376,594
Less: Impairment Loss	(28,368,998)	-
	-	26,376,594

(c) **Compensation of Key Management Personnel**

The remuneration of the key management personnel during the financial year are as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive:				
Salaries and other emoluments	288,000	240,000	48,000	48,000
Defined contribution plan	37,605	29,863	7,742	7,742
	325,605	269,863	55,742	55,742
Estimated money value of benefit-in-kind	44,325	44,325	-	-
Total executive directors' remuneration (including benefits-in-kind)	369,930	314,188	55,742	55,742

33. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of Key Management Personnel (cont'd)

The remuneration of the key management personnel during the financial year are as follows:-

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Non-executive:				
Fees	204,000	200,500	144,000	140,500
Other emoluments	45,000	36,327	45,000	36,327
Total non-executive directors' remuneration	249,000	236,827	189,000	176,827
Total directors' remuneration	618,930	551,015	244,742	232,569

34. OPERATING SEGMENTS

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the business segments of the Group. The Group's operating segments are as follows:

Manufacturing	:	Manufacture and trading of latex gloves.
Investment holding	:	Investment of ordinary and quoted shares.
Others	:	Trading of latex gloves and dormant.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Transactions between reportable segments are measured on an arm's length basis in a manner similar to transactions with third parties.

Segment profit or loss is measured based on segment profit before tax, interest, depreciation and other non-cash expenses that are reviewed by the Group's chief operating decision maker. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

The total of segment asset is measured based on all assets of a segment other than current and deferred tax assets.

The total of segment liability is measured based on all liabilities of a segment other than current and deferred tax liabilities.

34. **OPERATING SEGMENTS** (cont'd)

Geographical Information

Revenue and non-current assets information on the basis of geographical segments information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Major Customers

Major customers' information are revenues from transactions with a single external customer amounting to ten percent or more of the Group revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer.

2013	**Manufacturing RM**	**Investment holding RM**	**Others RM**	**Inter-segment Eliminations RM**	**Total RM**
Revenue					
Revenue from external customers	125,409,042	-	-	-	125,409,042
Inter-segment sales	3,646,934	-	-	(3,646,934)	-
Total revenue	129,055,976	-	-	(3,646,934)	125,409,042
Results					
Segment loss	(21,587,828)	(1,561,100)	(10,265)	-	(23,159,193)
Interest income					1,383,896
Interest expense					(3,562,528)
Depreciation					(13,378,044)
Loss before tax					(38,715,868)
Income tax income					31,394
Loss net of tax					(38,684,474)
Assets					
Additions to non-current assets other than financial instruments and deferred tax assets	1,497,248	-	-	-	1,497,248
Segment assets	80,299,872	82,722,728	1,042,498	(27,708,387)	136,356,711
Liabilities					
Segment liabilities	115,510,170	33,659,486	3,873,420	(60,443,731)	92,599,345
Major customer	-	-	-	-	-

Notes to the Financial Statements (cont'd)

34. OPERATING SEGMENTS (cont'd)

2012	Manufacturing RM	Investment holding RM	Others RM	Inter-segment Eliminations RM	Total RM
Revenue					
Revenue from external customers	117,806,161	-	-	-	117,806,161
Inter-segment sales	3,712,910	-	-	(3,712,910)	-
Total revenue	121,519,071	-	-	(3,712,910)	117,806,161
Results					
Segment profit/(loss)	(10,907,788)	(422,081)	(41,758)	-	(11,371,627)
Interest income					622
Interest expense					(4,130,354)
Depreciation					(7,581,079)
Loss before tax					(21,410,479)
Income tax expense					41,153
Loss net of tax					(21,369,326)
Assets					
Additions to non-current assets other than financial instruments and deferred tax assets	10,132,659	-	-	-	10,132,659
Segment assets	121,579,814	87,316,036	573,099	(31,513,773)	177,955,176
Liabilities					
Segment liabilities	116,753,714	4,703,799	3,829,948	(29,815,984)	95,471,477
Major customers	12,530,078	-	-	-	12,530,078

34. **OPERATING SEGMENTS** (cont'd)

Geographical Information

	Revenues RM	**Non-current assets RM**
2013		
Malaysia	23,369,949	52,308,648
United States of America and Canada	41,574,006	-
Asia	37,144,685	-
Europe	20,959,600	-
Others	2,360,801	-
	125,409,042	52,308,648
2012		
Malaysia	28,961,648	70,756,066
United States of America and Canada	42,750,098	-
Asia	30,888,425	-
Europe	13,138,546	-
Others	2,067,444	-
	117,806,161	70,756,066

35. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

(a) **Determination of fair value**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Financial Assets (current)	
Trade receivables	10
Other receivables and deposits	11
Amount due by subsidiaries	12
Amount due by related companies	13
Cash and bank balances	15
Financial Liabilities (non-current)	
Loans and borrowings	19
Trade payables	21
Other payables, deposits and accruals	22
Loans and borrowings	19

Notes to the Financial Statements (cont'd)

35. **FAIR VALUE OF FINANCIAL INSTRUMENTS** (cont'd)

(a) **Determination of fair value** (cont'd)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates or near the reporting date.

Derivatives
Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

(b) **Fair Value Hierarchy**

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy is not presented.

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group and the Company have adopted a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) **Credit Risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade receivables. The Company's exposure to credit risk arises principally from loan and advances to subsidiaries and financial guarantees given.

Trade receivables

Risk management objective, policies and processes for managing the risk
The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(i) **Credit Risk** (cont'd)

Trade receivables (cont'd)

Exposure to credit risk
At the reporting date, the Group's maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile
The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group					
	31.1.2013		**31.1.2012**		**1.2.2011**	
	RM	**% of total**	**RM**	**% of total**	**RM**	**% of total**
By country:						
Malaysia	1,824,927	18.0%	2,587,214	18.8%	1,389,464	5.5%
United States of America and Canada	2,935,151	29.0%	7,167,632	52.2%	8,009,159	31.5%
Asia	2,065,212	20.4%	2,453,714	17.9%	15,373,401	60.7%
Europe	2,667,177	26.3%	496,037	3.6%	573,740	2.3%
Others	631,631	6.2%	1,024,652	7.5%	-	-
	10,124,097	100.0%	13,729,249	100.0%	25,345,764	100.0%

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 10 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due nor impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

Inter-company balances

Risk management objective, policies and processes for managing the risk
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk
At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit Risk (cont'd)

Inter-company balances (cont'd)

Impairment losses
At the reporting date, there was an indication that the loans and advances to subsidiaries are not recoverable. The Company has impaired the amount due by subsidiaries of RM28,368,998 during the financial year.

Financial guarantees

Risk management objective, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

As disclosed in Note 19 to the financial statements, the subsidiary of the Company had defaulted the repayment of bank borrowings from the financial lenders during the financial year.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

Risk management objective, policies and processes for managing the risk
The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities based on undiscounted contractual repayment at the reporting date are as follows:

At 31.1.2013 Financial Liabilities	On demand or within 1 Year RM	2 - 5 Years RM	More than 5 Years RM	Total RM
Group				
Trade payables	13,682,071	-	-	13,682,071
Other payables, deposits and accruals	7,858,551	-	-	7,858,551
Loans and borrowings	70,996,531	62,192	-	71,058,723
	92,537,153	62,192	-	92,599,345

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(ii) **Liquidity Risk** (cont'd)

Maturity analysis

At 31.1.2013	**On demand or within 1 Year RM**	**2 - 5 Years RM**	**More than 5 Years RM**	**Total RM**
Financial Liabilities				
Company				
Loan and borrowings	4,398,080	-	-	4,398,080
Other payables and accruals	382,058	-	-	382,058
	4,780,138	-	-	4,780,138
At 31.1.2012				
Financial Liabilities				
Group				
Trade payables	9,336,616	-	-	9,336,616
Other payables, deposits and accruals	5,382,922	-	-	5,382,922
Loans and borrowings	65,241,234	13,768,501	1,742,204	80,751,939
	79,960,772	13,768,501	1,742,204	95,471,477
Company				
Loan and borrowings	4,201,154	-	-	4,201,154
Other payables and accruals	502,645	-	-	502,645
	4,703,799	-	-	4,703,799
At 1.2.2011				
Financial Liabilities				
Group				
Trade payables	8,821,733	-	-	8,821,733
Other payables, deposits and accruals	9,528,192	-	-	9,528,192
Loans and borrowings	61,342,413	13,221,910	1,997,996	76,562,319
	79,692,338	13,221,910	1,997,996	94,912,244
Company				
Other payables and accruals	5,620,511	-	-	5,620,511

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(iii) **Market Risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flow.

Interest Rate Risk

Risk management objective, policies and processes for managing the risk
The Company and the Group manage the net exposure to interest rate risks by monitoring the exposure to such risks on an ongoing basis.

Exposure to interest rate risk
The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and short term deposits classified as cash and cash equivalents. The Group and the Company do not use derivative financial instruments to hedge its risk.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, the carrying amounts at the reporting date are as follows:

	Effective interest rate per annum %	Within 1 Year RM	2 - 5 Years RM	More than 5 Years RM	Total RM
At 31 January 2013					
Group					
Fixed rate					
Financial asset					
Fixed deposits placed with a licensed bank	3.00	43,000,000	-	-	43,000,000
Financial liabilities					
Bank borrowings					
Hire purchase payables	2.85	(19,149)	(62,192)	-	(81,341)
Term loan	5.29 - 7.85	(15,986,849)	-	-	(15,986,849)
Floating rate					
Financial liabilities					
Bank borrowings					
Bank overdrafts	7.60	(14,985,943)	-	-	(14,985,943)
Short term bank borrowings	3.12 - 5.25	(40,004,590)	-	-	(40,004,590)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Market Risk (cont'd)

Interest Rate Risk (cont'd)

	Effective interest rate per annum %	Within 1 Year RM	2 - 5 Years RM	More than 5 Years RM	Total RM
At 31 January 2013					
Company					
Fixed rate					
Financial asset					
Fixed deposits placed with a licensed bank	3.00	43,000,000	-	-	43,000,000
At 31 January 2012					
Group					
Fixed rate					
Financial asset					
Short term deposits	3.00 - 3.10	46,000,000	-	-	46,000,000
Financial liabilities					
Bank borrowings					
Hire purchase payables	2.53 - 2.85	(46,741)	(81,352)	-	(128,093)
Term loan	5.29 - 7.07	(5,446,670)	(13,687,149)	(1,742,204)	(20,876,023)
Floating rate					
Financial liabilities					
Bank borrowings					
Bank overdraft	7.60	(8,164,278)	-	-	(8,164,278)
Short term bank borrowings	2.99 - 4.99	(51,583,545)	-	-	(51,583,545)
Company					
Fixed rate					
Financial asset					
Short term deposits	3.00 - 3.10	46,000,000	-	-	46,000,000

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Market Risk (cont'd)

Interest Rate Risk (cont'd)

	Effective interest rate per annum %	Within 1 Year RM	2 - 5 Years RM	More than 5 Years RM	Total RM
At 31 January 2011					
Group					
Fixed rate					
Financial asset					
Short term deposits	1.69 - 1.96	61,146,000	-	-	61,1446,000
Financial liabilities					
Bank borrowings					
Hire purchase payables	4.74	(248,304)	(128,081)	-	(376,385)
Term loan	5.04 - 6.82	(4,268,358)	(13,093,829)	(1,997,993)	(19,360,180)
Floating rate					
Financial liabilities					
Bank borrowings					
Bank overdraft	5.55	(3,442,754)	-	-	(3,442,754)
Short term bank borrowings	3.06 - 4.41	(53,383,000)	-	-	(53,383,000)
Company					
Fixed rate					
Financial asset					
Short term deposits	1.69 - 1.96	61,146,000	-	-	61,146,000

Financial instruments subject to floating interest rates are re-priced regularly. Financial instruments at fixed rates are fixed until the maturity of the instruments.

<u>Sensitivity analysis for interest rate risk</u>
An increase in market interest rates by 0.1% on financial assets and liabilities of the Group and the Company which have variable interest rates at the reporting date would decrease and increase the Group's and Company's profit before tax by RM25,128/- and RM9,557/- respectively. This analysis assumes that all other variables remain constant.

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(iii) **Market Risk** (cont'd)

Interest Rate Risk (cont'd)

A decrease in market interest rates by 0.1% on financial assets and liabilities of the Group and the Company which have variable interest rates at the reporting date would have had the equal but opposite effect on the profit before tax on the amounts shown above, on the basis that all other variables remain constant.

(iv) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Risk management objective, policies and processes for managing the risk
The Company and the Group manage the net exposure to foreign currency risks by monitoring the exposure to such risks on an ongoing basis. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk
The Group is exposed to foreign currency risk on sales, purchases and cash and bank balances that are denominated in a currency other than the functional currency of the Group. The foreign currencies giving rise to this risk are primarily United States Dollar ("USD") and Japanese Yen ("JPY").

The Group's exposure to foreign currency risks, based on carrying amounts at the reporting date are as follows:

		Group	
	31.1.2013 RM	**31.1.2012 RM**	**1.2.2011 RM**
Financial assets and liabilities not held in functional currency			
United States Dollar			
Trade receivables	7,604,967	9,469,122	12,157,695
Cash and bank balances	851,193	1,426,190	890,528
Trade payables	2,146,311	962,520	562,907
Japanese Yen			
Trade receivables	820,964	1,737,439	3,274,515

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (cont'd)

(iv) **Foreign Currency Risk** (cont'd)

Sensitivity analysis for foreign currency risk
A 1% strengthening of the USD and JPY against the Group's functional currency at the reporting date would have increase the profit net of tax by RM67,408 and RM8,210 respectively. This analysis assumes that all other variables remain constant.

A 1% weakening of the USD and JPY against the Group's functional currency at the reporting date would have had equal but opposite effect on the profit net of tax on the amounts shown above, on the basis that all other variables remain constant.

(v) **Market Price Risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not exposure to market price risk as at the reporting date.

37. **CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure by monitoring the capital and net debt on an ongoing basis.

During the financial year, the Group had changed its approach to the capital management.

		Group	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Total loans and borrowings (Note 19)	71,058,723	80,751,939	76,562,319
Trade payables (Note 21)	13,682,071	-	-
Other payables and accruals (Note 22)	7,858,551	-	-
Total liabilities	92,599,345	80,751,939	76,562,319
Less : Cash and bank balances (Note 15)	(51,300,466)	(48,646,249)	(65,203,422)
Net debt	41,298,879	32,105,690	11,358,897
Total equity attibutable to the owners of the parent	43,506,080	82,190,554	103,559,880
Capital and net debts	84,804,959	114,296,244	114,918,777
Gearing ratio	49%	28%	10%

38. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END**

The following events have taken place during and subsequent to the financial year:-

a) On 14 December 2012, the Company announced that Comfort Rubber Gloves Industries Sdn Bhd ("CRG") had defaulted the repayment of principal loan in respect of banking facilities granted by Ambank (M) Berhad ("Ambank") pursuant to Practice Note 1 ("PN 1") of the Main Market Listing Requirement ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

On 18 December 2012, the Company announced that Ambank had on 17 December 2012 demanded the Company as the guarantor for the banking facilities granted to CRG for a sum of RM7,023,105.

On 18 January 2013, the Company announced that it and CRG had been served with a Writ of Summon and Statement of Claim by Ambank. The particulars of the claim under the Writ of Summon are as follows:-

(i) the sum of RM8,056,968 due and owing as at 17 December 2012 in respect of the Revolving Credit Facility granted to CRG together with interest at the rate of 4% per annum based on the Ambank's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.

(ii) the sum of RM903,951 due and owing as at 17 December 2012 in respect of the Overdraft Facility granted to CRG together with interest at the rate of 3.5% per annum based on the Ambank's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.

(iii) the sum of RM96,000 due and owing as at 17 December 2012 in respect of the Bankers Acceptance Facility granted to CRG together with interest at the rate of 4% per annum based on the Ambank's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.

(iv) Legal costs.

(v) All subsequent relief.

b) On 21 December 2012, the Company announced that CRG had received a Notice of Demand for the payment of principal plus interest in respect of banking facilities granted by CIMB Bank Berhad ("CIMB") pursuant to PN 1 of the MMLR of the Bursa Securities.

On 18 January 2013, the Company announced that CRG had been served with a Writ of Summon and Statement of Claim by CIMB. The particulars of the claim under the Writ of Summon are as follows:-

(i) the sum of RM991,853 due and owing as at 14 December 2012 in respect of the Overdraft Facility granted to CRG together with interest continuing from 15 December 2012 to the date of full and final realisation at the CIMB's Base Lending Rate + 1.5% per annum + 1% per annum on daily rests.

(ii) the sum of RM3,514,543 due and owing as at 14 December 2012 in respect of the Revolving Credit Facility granted to CRG together with interest continuing from 14 December 2012 to the date of full and final realisation at the CIMB's Cost of Funds + 1.5% per annum + 1% per annum on all principal sums due.

38. **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END** (cont'd)

(iii) Legal costs.

(iv) All subsequent relief.

c) On 27 December 2012, the Company announced that CRG had received a Notice of Recall from Malayan Banking Berhad ("Maybank") where Maybank had recalled the banking facilities granted to CRG with immediate effect.

On 22 January 2013, the Company announced that it had been served with a Notice pursuant to Section 218 of the Companies Act, 1965 in Malaysia from the solicitors of Maybank to demand for a settlement sum of RM16,891,005 being amount due and owing to Maybank. The Notice demanded the Company to make the payment of the said sum together with further interest within 3 weeks of the receipt of the notice, failing which winding up proceedings will commence against the Company.

On 4 February 2013, the Company announced that the solicitors of Maybank had withdrawn the Notice pursuant to Section 218 of the Companies Act 1965, in Malaysia.

On 18 February 2013, the Company announced that Maybank will proceed to uplift the fixed deposits pledged of RM5 million to settle the amount owing under the banking facilities granted to the Company.

d) On 17 December 2012, the Company had submitted the solvency declaration to Bursa Malaysia Securities Berhad.

e) On 27 December 2012, the Company announced that the Company had triggered the prescribed criteria pursuant to Paragraph 2.1(f) of the Practice Note. 17 ("PN 17") of the MMLR of the Bursa Securities and hence considered as a PN 17 company (First announcement).

f) On 8 February 2013, the Company announced that the Corporate Debts Restructuring Committee ("CDRC") had on 6 February 2013 approved the Company's application for assistance to mediate with the financial lenders. The Company was required to submit a proposed restructuring scheme which must comply with CDRC's Restructuring Principles for the Company to remain under the Informal Standstill Arrangement with the financial lenders.

g) The Company is still in the midst of formulating its regularisation plan.

Notes to the Financial Statements (cont'd)

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 January 2013 are as follows:-

		Group	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries			
- Realised	(133,710,081)	(60,434,619)	(17,436,535)
- Unrealised	(320,046)	(330,386)	(324,653)
	(134,030,126)	(60,765,005)	(17,761,188)
Less: consolidated adjustment	37,202,626	2,621,979	(19,012,512)
Total accumulated losses as per statements of financial position	(96,827,500)	(58,143,026)	(36,773,700)

		Company	
	31.1.2013	**31.1.2012**	**1.2.2011**
	RM	**RM**	**RM**
Total accumulated losses of the Company and its subsidiaries			
- Realised	(91,266,289)	(57,714,547)	(36,484,007)
- Unrealised	-	-	-
	(91,266,289)	(57,714,547)	(36,484,007)
Less: consolidated adjustment	-	-	-
Total accumulated losses as per statements of financial position	(91,266,289)	(57,714,547)	(36,484,007)

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Statement by Directors

We, **CHEANG PHOY KEN** and **SEAN KAR SENG CHEANG**, being two of the directors of Integrated Rubber Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 33 to 103 are properly drawn up in accordance with the Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 104 to the financial statements have been compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

On behalf of the Board,

CHEANG PHOY KEN
Director

SEAN KAR SENG CHEANG
Director

Taiping
Date: 29 May 2013

Statutory Declaration

I, **KOONG CHIN FUN**, being the officer primarily responsible for the financial management of Integrated Rubber Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 33 to 103, and the supplementary information set out on page 104 are 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.

KOONG CHIN FUN

Subscribed and solemnly declared by the abovenamed at Ipoh in the State of Perak Darul Ridzuan on 29 May 2013.

Before me,

MOHD YUSOF BIN HARON, KPP, PNPBB, PJK
No. A112
Commissioner for Oaths

Independent Auditors' Report
to the Members of Integrated Rubber Corporation Berhad
(Incorporated in Malaysia)

Report on the Financial Statements

We were engaged to audit the financial statements of Integrated Rubber Corporation Berhad, which comprise the statements of financial position as at 31 January 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 103.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with approved standards on auditing in Malaysia. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

(i) As disclosed in Note 2 to the financial statements, the Group and the Company incurred net losses of RM38,684,474 and RM33,551,741 respectively during the financial year ended 31 January 2013, and as at that date, the Group's current liabilities exceeded its current assets by RM13,960,890. As at 31 January 2013, the Group and the Company recorded accumulated losses of RM96,827,500 and RM91,266,288 respectively. As disclosed in Note 19 and 38 to the financial statements, the Group and the Company have defaulted the repayment of the bank borrowings during the financial year ended 31 January 2013. On 27 December 2012, the Company announced that it had triggered the prescribed criteria pursuant to Practice Note 17 ("PN 17") of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The application of the going concern concept is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

The Company is in the midst of evaluating various options in its endeavor to formulate a regularisation plan to meet its obligations pursuant to PN 17 of the Listing Requirements of Bursa Malaysia Securities Berhad. The Company had via the Corporate Debt Restructuring Committee submitted a Proposed Debt Settlement for the financial lenders' considerations to remain under the Informal Standstill Arrangement with the financial lenders, pending the approval from the financial lenders on the Proposed Debt Settlement as at the date of authorisation of the financial statements.

Independent Auditors' Report
to the Members of Integrated Rubber Corporation Berhad
(Incorporated in Malaysia) (cont'd)

Basis for Disclaimer of Opinion (cont'd)

The ability of the Group and the Company to continue as going concerns is dependent on the approval from its financial lenders on the Proposed Debt Settlement submitted and the successful and timely implementation of any regularisation plan to restore its financial position and achieving sustainable and viable operations.

Should any of the above matters not be successful, the application of the going concern concept may be inappropriate and adjustments may be required to, inter alia, write down assets to their immediate realisable value, reclassify all long term assets and liabilities as current and to provide for further costs which may arise.

We have not been able to obtain sufficient appropriate audit evidence regarding the Group's and the Company's plan to achieve sustainable and viable operations. The timely implementation of any regularisation plan, including obtaining the approval from its financial lenders on the Proposed Debt Settlement, remain in doubt at this stage.

(ii) As disclosed in Note 32 to the financial statements, the Company had issued corporate guarantees to the financial lenders for banking facilities granted to a wholly-owned subsidiary. As disclosed in Note 38(a) and Note 38(c) to the financial statements, the subsidiary had defaulted the repayment of bank borrowings from the financial lenders. The Notice of Demand, Writ of Summon, and Notice Pursuant to Section 218 of the Companies Act, 1965 in Malaysia have been served by the financial lenders to the Company as the guarantor for the banking facilities, to demand the repayment of the amounts owing by the subsidiary together with any interest thereon until the date of full settlement. However, the Notice Pursuant to Section 218 of the Companies Act, 1965 in Malaysia had been withdrawn subsequent to the financial year.

The Company, via the Corporate Debt Restructuring Committee is in the midst of negotiation with the financial lenders to remain under an Informal Standstill Arrangement, pending the approval from the financial lenders on the Proposed Debt Settlement as at the date of authorisation of the financial statements. As a result, there is a material uncertainty as to whether any provision is required to be recognised by the Company in the financial statements for the corporate guarantees on the bank borrowings of the subsidiary, in compliance with MFRS 137: Provisions, Contingent Liabilities and Contingent Assets.

(iii) As disclosed in Note 6 and 11 to the financial statements, there was a deposit paid in the previous financial year of RM5,513,000 in respect of an agreement entered between a subsidiary of the Company, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") and SCW Engineering And Construction ("SCW") for the installation and commissioning of plant and machineries ("the CRG Contract").

During the financial year, CRG had entered into a Novation and Assignment of Lease Rights Agreement dated 1 November 2012 with Chip Lam Seng Berhad ("CLSB") and SCW in respect of the mutual termination of the CRG Contract through the novation and assignment of lease rights over a property from SCW to CRG as full and final repayment of the deposits paid. The terms and conditions of the lease rights over the said property are stipulated in the Principal Agreement entered into between CLSB and SCW on 24 March 2011 which is in relation to a lease over part of a land with warehouse held under HS(D) KA 1175/89, PT No. 90816, Mukim Hulu Kinta, Daerah Kinta of which CLSB is the registered proprietor.

Independent Auditors' Report

to the Members of Integrated Rubber Corporation Berhad

(Incorporated in Malaysia) (cont'd)

Basis for Disclaimer of Opinion (cont'd)

We have not been able to obtain sufficient appropriate audit evidence regarding the terms and conditions of the lease rights over the said property as stipulated in the Principal Agreement and therefore we are unable to determine whether the usage and lease rights to the said property had been transferred to the Group.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, except for the matters as disclosed in the Basis for Disclaimer of Opinion paragraph, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) Except for the matters as disclosed in the Basis for Disclaimer of Opinion paragraph, 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Except for the subsidiary with a modified opinion in the auditors' report and a subsidiary without auditors' report as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification, or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 104 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to report as to whether the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Independent Auditors' Report

to the Members of Integrated Rubber Corporation Berhad

(Incorporated in Malaysia) (cont'd)

Other Matters

1. As stated in Note 3 to the financial statements, Integrated Rubber Corporation Berhad adopted the Malaysian Financial Reporting Standards on 1 February 2012 with a transition date of 1 February 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 31 January 2012 and 1 February 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 January 2012 and its related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 January 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2012 do not contain misstatements that materially affect the financial position as at 31 January 2013 and the financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/14 (J/PH)
Chartered Accountant

Kuala Lumpur
Date: 29 May 2013

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-Second Annual General Meeting ("72nd AGM") of the Company will be held at Legend Inn Hotel, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak Darul Ridzuan on Thursday, 25 July 2013 at 10.00 a.m.

AGENDA	RESOLUTION NO.
1. To receive the Audited Financial Statements for the year ended 31 January 2013, together with the Directors' and Auditors' Reports thereon.	
2. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-	
Mr Cheang Phoy Ken – Article 84	**1**
Mr Lim Boon Huat – Article 84	**2**
Mr Sean Kar Seng Cheang – Article 84	**3**
Mr Lum Dick Son – Article 84	**4**
3. To consider and, if thought fit, to pass the following Resolution pursuant to Section 129(6) of the Companies Act, 1965:	
"That Dato' 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**
4. To appoint Auditors and authorise the Directors to fix their remuneration.	**6**
5. To transact any other business appropriate to an Annual General Meeting.	
6. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-	
ORDINARY RESOLUTION 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 all relevant 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.

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next AGM of the Company."

By Order of the Board
CHAN YOKE YIN
CHIEW CINDY
Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia
1 July 2013

Notice of Annual General Meeting (cont'd)

NOTE:

1. Only members whose names appear on the Record of Depositors as at 19 July 2013 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. 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:

ORDINARY RESOLUTION 1

The Ordinary Resolution 1 proposed under item 6 if passed, will empower the Directors of the Company, from the date of the above AGM until the next AGM 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 ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and / or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an extraordinary general meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 26 July 2012. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

Statement Accompanying Notice of the Seventy-Second Annual General Meeting of Integrated Rubber Corporation Berhad

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Further details of individuals standing for re-election and re-appointment as Directors are set out in the Profile of Directors and Analysis of Shareholdings on pages 6 to 7, 23 and 25 respectively in the Company's 2013 Annual Report.

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Proxy Form

I/We, ____________________ NRIC No. / Company No. ____________________
(FULL NAME IN BLOCK CAPITALS)

of ____________________
(FULL ADDRESS)

being a member(s) of Integrated Rubber Corporation Berhad (852-D), hereby appoint the following person(s):

Name of proxy & NRIC No.	**No. of shares to be represented by proxy**
1.	
2.	

or failing him/her,

1.	
2.	

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventy-Second Annual General Meeting of the Company to be held on 25 July 2013 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:	**Resolution No.**	**For**	**Against**
Re-election of Directors:			
Mr Cheang Phoy Ken – Article 84	1		
Mr Lim Boon Huat – Article 84	2		
Mr Sean Kar Seng Cheang – Article 84	3		
Mr Lum Dick Son – Article 84	4		
Re-appointment of the following Director under Section 129(6) Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5		
Appointment of Auditors and their remuneration	6		
Special Business Ordinary Resolution 1 – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965	7		

Please indicate with (✔) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

No. of shares held	
CDS A/C No.	

Date:

____
Signature of Shareholder

NOTE:

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fold

AFFIX
80 SEN
STAMP
(within Malaysia)

The Company Secretary
INTEGRATED RUBBER CORPORATION BERHAD
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan, Malaysia.

fold

Integrated Rubber Corporation Berhad (852-D)
Lot 821, Jalan Matang, 34750 Taiping
Perak Darul Ridzuan