Annual Report 2014

INTEGRATED RUBBER CORPORATION BERHAD (852-D)

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Joint Chairman and Managing Director's Statement

Dear Valued Shareholders,

On behalf of the Board, we present the Annual Report and the Audited Financial Statements of Integrated Rubber Corporation Berhad ("IRCB" or "the Company") and its subsidiaries ("IRCB Group" or "the Group") for the financial year ended 31 January 2014.

For the financial year 2014, IRCB's focus was on turning around the business and had submitted its Proposed Regularisation Plan to alleviate the Group from its status as an affected issuer under Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). On 3rd September 2013, the Company had made the full and final settlement of the Group's indebtedness to the lenders using the advances of RM22.40 million each from our Managing Director, Mr. Cheang Phoy Ken, ("CPK") and a corporate investor, Keen Setup Sdn Bhd ("KSSB").

With the successful completion of the debt settlement scheme with the financial lenders and creditors, the Company and CRGI had pared down the Group's debt (including financial guarantee liability) by approximately RM 103.90 million as at 31 January 2014. This has vastly improved the balance sheet position of the Group.

The debt settlement enables the Company to submit the Proposed Regularisation Plan to Bursa Securities which entails the following:

(a) proposed capitalisation of the advances received of RM44.80 million via the issuance of 224 million IRCB Shares and a right to subscribe for 112 million shares granted to CPK & KSSB.
(b) proposed capital reduction of the par value of the IRCB Shares pursuant to Section 64(1) of the Act, involving the cancellation of RM0.15 of the par value of every IRCB Share and thereafter, consolidation of every two (2) ordinary shares of RM0.05 each into one (1) ordinary share of RM0.10 each in IRCB;
(c) proposed increase in IRCB's authorised share capital from RM50 million comprising 500 million ordinary shares of RM0.10 each in IRCB (after the Proposed Capital Reduction and Consolidation) to RM100 million comprising 1,000 million IRCB Shares; and
(d) proposed establishment of an employees' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of IRCB (excluding treasury shares) at any point in time during the duration of the scheme.

The Proposed Regularisation Plan is now under consideration by the Bursa Securities.

Financial Review

The Group reported revenue of RM134.70 million, an increase of RM9.29 million over the previous financial year, was largely due to increases in demand from enlarged customer base from United States of America Europe and Asia region. The Group managed to turnaround its loss making operation and registered a gross profit of RM0.104 million for the financial year ended 31 January 2014 as compared to a gross loss of RM22.43 million for the previous financial year. This turnaround to profitability was contributed by a combination of lower production costs and finance charge.

The Group recorded a waiver from the debt settlement of RM26.2 million and resulted in the Group's finance costs to decrease from RM3.56 million in the last financial year to RM1.97 million for the financial year ended 31 January 2014. The Group also recorded an impairment loss on property, plant & equipment, major expenditures in repairing, mechanization and automation of the manufacturing plant as well as an impairment loss on prepaid land lease totalled to RM28.92 million. As a result of the above, the Group recorded a net loss after tax of RM19.26 million for the financial year ended 31 January 2014 compared to the RM38.68 million loss recorded for the financial year ended 31 January 2013. This has translated to a loss per share of 3.25 sen for the financial year ended 31 January 2014 compared to a loss per share of 6.53 sen recorded in the previous financial year.

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

Operation Review

During the year under review, as result of major expenditures in repairing, mechanization and automation of the manufacturing plant, the Group's glove production output improved by 16.96% as compared to the previous year. Concurrent to the above, the production operation was rationalized to reduce natural rubber gloves production to give more capacity to nitrile gloves in respond to market demand. Annual production of nitrile gloves increased to 36.51% as compared to previous year of 17.04%. During the year, material prices fluctuated within a narrow band and ended 3.75% lower, however the challenges were experienced from the increase in labour cost and energy cost.

Throughout the year, our plants have been running at a high utilisation rate. As a medium size player in the industry we have rationalized our product mix to be different from the big volume players. We had invested in processes to cater for the flexibility of producing specialty gloves and post manufacturing value added services. We are confident these processes will help to contribute to our profit.

Prospects

The Group believes that the operating environment going forward remains moderately positive. The Group has implemented various measures to manage the rising production costs including increasing the production capacity by a further 35 million pieces a month and further rationalize our product mix with a strong emphasis on our core products of nitrile and specialty gloves.

For FYE 2015, the Group is determined to lay the foundations for future performance as well as fostering a culture of accountability.

Acknowledgement

On behalf of the Board, I would also like to express our heartfelt appreciation to the management team and all employees of the Group for their efforts and commitment in these challenging times.

I would also like to express our sincere gratitude and appreciation to our valued shareholders, customers, suppliers, bankers, financiers and advisers for their continued confidence a Support for the Group. The Board and management also wish to thank all the relevant regulatory authorities for their understanding, guidance, assistance, mediation and advice.

Finally, I wish to express my heartfelt thanks to my fellow board members for their unwavering support, commitment and contribution to the Group.

Lim Boon Huat
Chairman

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
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 03 7841 8000
Facsimile No. : 03 7841 8151

REGISTERED OFFICE

55A 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

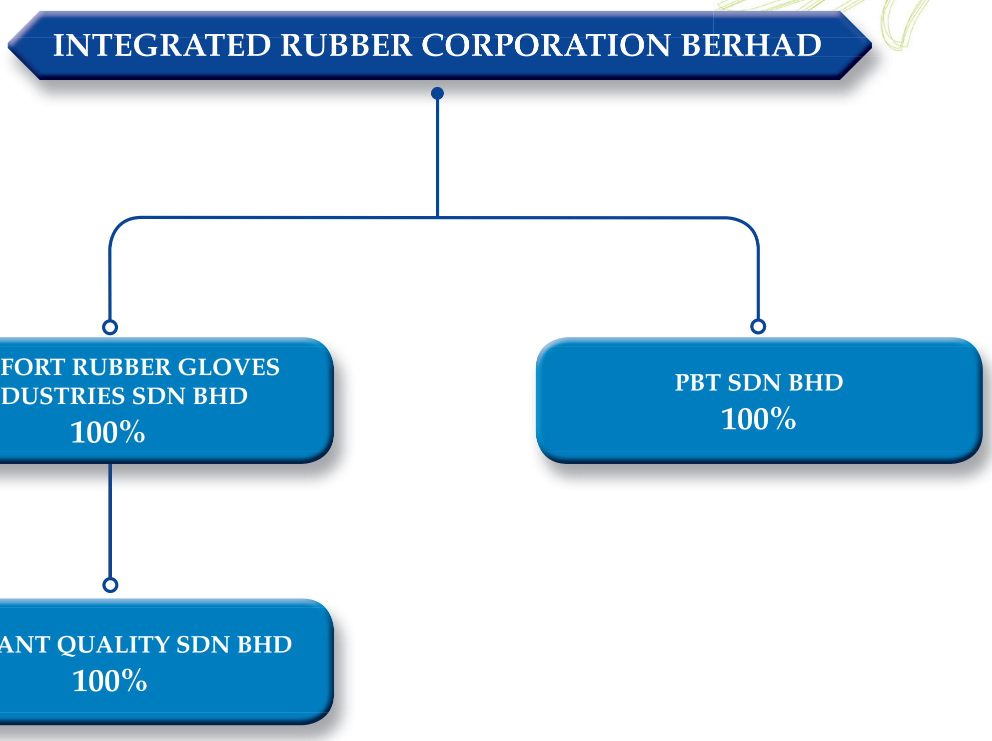
PRINCIPAL BANKERS

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 45

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 61

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 the father to Mr 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
American, aged 25

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 a son of Mr 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 76

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 42

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 2014, a total of five (5) board meetings were held. Each Director, during their term of office, has attended all the meetings to ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 will be made available at the Company's website at www.ircb.com.my.

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.

Corporate Governance Statement (cont'd)

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.

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 five (5) 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	5 of 5
Mr Cheang Phoy Ken	5 of 5
Mr Sean Kar Seng Cheang	5 of 5
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5 of 5
Mr Lum Dick Son	5 of 5

Corporate Governance Statement (cont'd)

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.

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 will be 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 Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 January 2014, the following training programmes and seminars were attended by the Directors:

- Islamic Finance – Current Development and Legal Issues in Islamic Banking
- Corporate Governance Guide (Towards Boardroom Excellence) – 2nd Edition
- Board Chairman Session

The Board will continue to evaluate and determine the training needs of Directors on a continuous basis.

Corporate Governance Statement (cont'd)

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.

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 2014 is as follows:

	Fee (RM)	Salary (RM)	Allowances (RM)	Benefits in Kind (RM)
Executive Director	381,000	607,500	7,500	-
Non Executive Director	108,000	-	30,150	-

The number of Directors of the Company whose total remuneration falls within the following bands for the financial year ended 31 January 2014 is as follows:

	No. of Directors	
Range of Remuneration	**Executive**	**Non Executive**
RM0 - RM50,000	2	3
RM300,000 – RM350,000	-	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 11 of Main Market Listing Requirements of Bursa Securities. 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.

Corporate Governance Statement (cont'd)

2. **Building Mutually Beneficial Relationships with Investors**

   Relationships are built on integrity, qualitative and timely information and management's ability to deliver on its promises.

3. **Providing Feedback to Management on How the Market Views the Company**

   We seek to understand the current attitudes of investors towards the Group, our strategies and key initiatives. This requires having a strong sense of how the market will react to strategies and gaining insight into actions investors will favour.

Annual General Meeting

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst 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 2014, 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.

Corporate Governance Statement (cont'd)

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 Page 17 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 Page 17 of the Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the auditors' professional requirements. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the Auditors. Liaison and unrestricted communication exist between the Audit Committee and the external auditors. 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 19 to 21.

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)
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii - Independent Non-Executive Director
Mr Lum Dick Son - Independent Non-Executive Director

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.

Corporate Governance Statement (cont'd)

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 one (1) meeting during the financial year under review.

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
Mr Lum Dick Son - Independent Non-Executive Director

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.

COMPLIANCE STATEMENT

The Company complied with the Principles of Corporate governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suits the circumstances:

- At the moment, the Company does not have any female director on the Board. However, if there is any vacancy arises, the Company may invite female candidate if she has the expertise and experience in the related industry to meet the Company's gender diversity policy.

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.

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'000	Variation as announced on 27 January 2014 RM'000	Amount utilised RM'000	Balance available RM'000
Purchase of new machineries and other ancillary facilities	33,000	10,000	6,380	3,620
Construction of factory building	5,000	7,600	3,813	3,787
Construction of effluent treatment plant	2,000	-	-	-
Purchase of raw materials	19,043	23,043	22,421	622
Repayment of bank borrowings	10,000	15,000	15,000	-
Working capital	-	13,400	7,409	5,991
Estimated expenses in relation to the Corporate Exercise	2,000	2,000	2,000	-
Total	**71,043**	**71,043**	**57,023**	**14,020**

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.

Additional Compliance Statement (cont'd)

Depository Receipt Programme

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

Imposition of Sanctions/Penalties

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-Audit Fees

During the financial year under review, non-audit fees paid or payable to the external auditors amounted to RM6,500.00.

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 2014 and unaudited results previously released for the financial quarter ended 31 January 2014.

Material Contracts

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.

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.

BOARD ASSURANCE AND LIMITATION

The Board has overall responsibility for the reviewing and ensuring the adequacy and effectiveness of the systems of the risk management and internal control of the Group.

For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulting from significant control weaknesses. The Board continues to be committed toward maintain a sound system of internal controls and therefore will carry out measures to strengthen the effectiveness of the internal control systems and shareholders' confidence.

Nonetheless, the Board wishes to point out that all risk management systems and systems of internal control could only manage rather than eliminate risks of allure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide a reasonable but not absolute assurance against material misstatements, frauds and losses.

The CEO and financial controller have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

RISK MANAGEMENT AND INTERNAL CONTROL

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 management has in place an on-going process for identifying, evaluating 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. This process has been in place for the year under review and is regularly reviewed by the Board.

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 internal audit work carried out during the Year 2014 of the Company.

The internal auditors has carried out work in area of the review on sales and credit control procedures where reviews were conducted on the monitoring and updating of information processes managed by the respective departments of the Company.

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.

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)

Mr Lum Dick Son - Member
(Independent Non-Executive Director)

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 2014. 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
Mr Lim Boon Huat	5 of 5
Mr Lum Dick Son	5 of 5

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 2014 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 2014.
- 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 2014.
- Reviewed and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

Audit Committee Report (cont'd)

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

- Statement on Risk Management and 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 alphaOne Governance 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:

- Reviewed and assessed the adequacy and integrity of the internal control system of a major subsidiary
- Reported on findings of assessment on internal control, highlighted the risks and implications and recommended improvements to the weaknesses found.
- Presented the Internal Audit Plan to the Audit Committee for approval.

The cost incurred for the Internal Audit function for the financial year ended 31 January 2014 was RM12,000.

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 6,736 shareholders as at 2 June 2014

ANALYSIS OF SHAREHOLDINGS AS AT 2 JUNE 2014

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	258	3.83	9,577	0.00
100 to 1,000	1,959	29.08	1,078,855	0.18
1,001 to 10,000	2,446	36.31	11,656,264	1.97
10,001 to 100,000	1,695	25.17	63,867,950	10.79
100,001 to 29,601,309 (*)	376	5.58	383,030,254	64.70
29,601,310 and above (**)	2	0.03	132,383,300	22.36
Total	6,736	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 2 JUNE 2014

Name of Substantial Shareholders	Direct		Deemed	
	No. of shares	%	No. of shares	%
Mr. Cheang Phoy Ken	95,383,300	16.11	100,000*	0.02
Mr. Lau Joo Yong	46,828,300	7.91	-	-

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

DIRECTORS' INTERESTS AS AT 2 JUNE 2014

Name of Directors	Ordinary Shares of RM0.20 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Mr. Cheang Phoy Ken	95,383,300	16.11	100,000*	0.02
Mr. Sean Kar Seng Cheang	100,000	0.02	-	-
Mr. Lim Boon Huat	64,000	0.01	-	-
Mr. Lum Dick Son	-	-	-	-

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

Shareholders' Information (cont'd)

30 LARGEST SHAREHOLDERS as at 2 JUNE 2014

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	95,383,300	16.11
2	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Lau Joo Yong	37,000,000	6.25
3	Melati Angsana Sdn Bhd	25,000,000	4.22
4	Panduan Jitu Sdn Bhd	25,000,000	4.22
5	Warisan Diprima Sdn Bhd	25,000,000	4.22
6	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Lim Loi Heng	20,190,000	3.41
7	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	16,599,800	2.80
8	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For JPMORGAN Chase Bank, National Association	15,000,000	2.53
9	Goh Kim Kooi	14,733,400	2.49
10	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd	14,692,900	2.48
11	Low Eng Guan	14,510,900	2.45
12	Impian Semarak Sdn Bhd	12,240,000	2.07
13	Amsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Eng Guang)	10,910,000	1.84
14	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Hwang Investment Management Berhad	8,595,000	1.45
15	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore For Normah Binti Mohamad Arip	6,790,000	1.15
16	Lau Joo Heng	6,411,500	1.08
17	Lau Joo Yong	6,328,300	1.07
18	HSBC Nominees (Tempatan) Sdn Bhd Exempt An For Credit Suisse	5,851,516	0.99
19	Lau Eng Guang	5,300,000	0.90
20	Normah Binti Mohamad Arip	4,581,600	0.77
21	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gurjeet Singh A/L Chanan Singh)	4,377,000	0.74
22	Lau Geok Hong	3,649,700	0.62
23	Teo Soon Heng	3,598,000	0.61
24	Lau Geok Jade	3,390,000	0.57
25	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd	3,216,836	0.54
26	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Leong Hoy Kum)	2,461,900	0.42
27	Koat Kiong Hock	1,959,800	0.33
28	Ng Ah Bah @ Ng See Kai	1,899,000	0.32
29	Panduan Jitu Sdn Bhd	1,771,250	0.30
30	Ooi Say Ee	1,600,000	0.27
	TOTAL	398,041,702	67.22

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 2 JUNE 2014

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	267	9.45	12,181	0.01
100 to 1,000	526	18.62	318,974	0.14
1,001 to 10,000	877	31.06	4,212,723	1.78
10,001 to 100,000	868	30.74	36,906,441	15.58
100,001 to 11,840,523 (*)	284	10.06	158,788,061	67.05
11,840,524 and above (**)	2	0.07	36,572,100	15.44
Total	2,824	100.00	236,810,480	100.00

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

DIRECTORS' INTERESTS AS AT 2 JUNE 2014

Name of Directors	Direct		Deemed	
	No. of Warrants	%	No. of Warrants	%
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Mr. Cheang Phoy Ken	-	-	-	-
Mr. Sean Kar Seng Cheang	-	-	-	-
Mr. Lim Boon Huat	257,700	0.11	-	-
Mr. Lum Dick Son	-	-	-	-

Shareholders' Information (cont'd)

30 LARGEST WARRANT HOLDERS as at 2 JUNE 2014

No.	Name	No. of Warrants	%
1	Low Eng Guang	21,115,900	8.92
2	Lau Joo Yong	15,456,200	6.53
3	Melati Angsana Sdn Bhd	10,000,000	4.22
4	Panduan Jitu Sdn Bhd	10,000,000	4.22
5	Warisan Diprima Sdn Bhd	10,000,000	4.22
6	Impian Semarak Sdn Bhd	4,896,000	2.07
7	Lim Hun Guan	3,165,000	1.34
8	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Credit Suisse	3,000,000	1.27
9	Lai Kong Hoo	2,870,000	1.21
10	Lau Geok Hong	2,825,500	1.19
11	Lau Geok Jade	2,628,000	1.11
12	Loh Yet Kong	2,228,700	0.94
13	Wong Yi Yuan	2,082,300	0.88
14	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS AG Singapore	2,004,600	0.85
15	HSBC Nominees (Tempatan) Sdn Bhd Exempt An For Credit Suisse	2,000,000	0.84
16	Mohd Zin Bin Isa	2,000,000	0.84
17	Safari Bird Park & Wonderland Sdn Bhd	2,000,000	0.84
18	Ong Su Wan	1,865,000	0.79
19	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Teik Aun)	1,800,000	0.76
20	Lau Joo Heng	1,720,000	0.73
21	Tan Hang Phoo	1,658,500	0.70
22	Ng Faai @ Ng Yoke Pei	1,612,200	0.68
23	Mokhti Bin Sidol	1,601,400	0.68
24	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd	1,501,200	0.63
25	Dorai Rajoo A/L Irulandy	1,431,800	0.60
26	Ling Yoke Tek	1,400,000	0.59
27	Safari Bird Park & Wonderland Sdn Bhd	1,366,000	0.58
28	Tan Kwee Ber	1,300,000	0.55
29	Goh Kah Yen	1,227,000	0.52
30	Cimsec Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd	1,176,659	0.50
	TOTAL	117,931,959	49.80

List of Properties Held as at 31 January 2014

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book/ Revalued 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	11,614,020.00 (revalued)	18	1993
GM 1723 Lot No. 6858, Jebong District Larut & Matang Perak	Freehold	2.46	-	Single storey factory building for warehouse use single storey factory building oppcupied for offline chlorination processes	5,300,000.00 (revalued) 1,086,400.00 (revalued)	1	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	71,858.00	15	2000
G.M. 1461 1874 Simpang Mukim Asam Kumbang Larut & Matang Perak	Freehold	2.43	-	Double storey detached office block with an annexed single storey factory building currently used for production of gloves	10,325,714.00 (revalued)	13	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 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 6 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	(19,265,958)	(14,299,561)
Other comprehensive income for the financial year, net of tax	12,071,245	1,890,500
Total comprehensive expense for the financial year	(7,194,713)	(12,409,061)
Loss attributable to:		
Owners of the parent	(19,265,958)	(14,299,561)
Total comprehensive expense attributable to:		
Owners of the parent	(7,194,713)	(12,409,061)

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 2014.

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
Sean Kar Seng Cheang
Lim Boon Huat
Dato Haji Ahmad Kamal bin Abdullah Al-Yafii
Lum Dick Son

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 2014 are as follows:-

	Number of ordinary shares of RM0.20/- each			
	At 1.2.2013	**Bought**	**Sold**	**At 31.1.2014**
The Company				
Integrated Rubber Corporation Berhad				
Direct interest				
Cheang Phoy Ken	96,505,000	-	(1,121,700)	95,383,300
Lim Boon Huat	38,000	-	-	38,000
Sean Kar Seng Cheang	-	444,900	(344,900)	100,000

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 30 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 30 to the financial statements.

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.

Directors' Report (cont'd)

REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends to the Board of Directors, the Company's remuneration policy for Executive Directors to ensure 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 profit or loss and other 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.

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.

Directors' Report (cont'd)

CURRENT ASSETS

Before the statements of profit or loss and other 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.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 January 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the internal between the end of that financial year end and the date of this report.

Directors' Report (cont'd)

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 end are disclosed in Note 35 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: 30 May 2014

Statements of Financial Position
as at 31 January 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	52,357,222	52,308,648	10,325,714	8,430,000
Prepaid lease payments	5	-	5,513,000	-	-
Investment in subsidiaries	6	-	-	2	2
Total non-current currents		52,357,222	57,821,648	10,325,716	8,430,002
Current assets					
Inventories	7	17,695,760	13,525,783	-	-
Trade receivables	8	14,573,560	10,124,097	-	-
Other receivables, deposits and prepayments	9	5,082,952	3,584,717	112,453	2,033,354
Amount due by subsidiaries	10	-	-	59,192,450	-
Tax recoverable		48,381	41,200	4,050	4,050
Cash and bank balances	11	19,059,790	51,300,466	13,602,666	43,380,024
Total current assets		56,460,443	78,576,263	72,911,619	45,417,428
TOTAL ASSETS		108,817,665	136,397,911	83,237,335	53,847,430

Statements of Financial Position
as at 31 January 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	118,405,240	118,405,240	118,405,240	118,405,240
Warrant reserves	13	10,609,110	10,609,110	10,609,110	10,609,110
Other reserves	14	11,319,230	11,319,230	11,319,230	11,319,230
Revaluation reserves	15	11,497,712	-	1,842,186	-
Accumulated losses		(115,519,925)	(96,827,500)	(105,517,535)	(91,266,288)
Total equity attributable to owners of the parent		36,311,367	43,506,080	36,658,231	49,067,292
Non-current liabilities					
Loans and borrowings	16	43,045	62,192	-	-
Deferred tax liabilities	17	1,849,673	292,486	314,054	-
Total non-current liabilities		1,892,718	354,678	314,054	-
Current liabilities					
Trade payables	20	10,266,007	13,682,071	-	-
Other payables and accruals	18	37,892,321	7,858,551	23,828,947	382,058
Amount owing to a director	19	22,436,103	-	22,436,103	-
Loans and borrowings	16	19,149	70,996,531	-	4,398,080
Total current liabilities		70,613,580	92,537,153	46,265,050	4,780,138
Total liabilities		72,506,298	92,891,831	46,579,104	4,780,138
TOTAL EQUITY AND LIABILITIES		108,817,665	136,397,911	83,237,335	53,847,430

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

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 January 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Continuing Operations					
Revenue	21	134,698,212	125,409,042	-	-
Cost of sales		(134,594,591)	(147,839,618)	-	-
Gross profit/(loss)		103,621	(22,430,576)	-	-
Other items of income					
Interest income	22	1,045,373	1,383,896	1,042,384	1,383,133
Other income	23	28,225,934	184,400	-	-
Other items of expense					
Selling and marketing expenses		(2,085,625)	(1,480,007)	-	-
Administrative expenses		(44,761,783)	(12,811,053)	(15,344,035)	(34,715,096)
Operating loss		(17,472,480)	(35,153,340)	(14,301,651)	(33,331,963)
Finance costs	24	(1,973,263)	(3,562,528)	(5,856)	(218,378)
Loss before tax	25	(19,445,743)	(38,715,868)	(14,307,507)	(33,550,341)
Income tax expense	26	179,785	31,394	7,946	(1,400)
Loss net of tax		(19,265,958)	(38,684,474)	(14,299,561)	(33,551,741)
Other comprehensive income for the financial year, net of tax					
Item that will not be reclassified subsequently to profit or loss					
- Revaluation of property, plant and equipment, net of tax		12,071,245	-	1,890,500	-
Total comprehensive expense for the financial year		(7,194,713)	(38,684,474)	(12,409,061)	(33,551,741)

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 January 2014 (cont'd)

		Group		Company	
		2014	**2013**	**2014**	**2013**
	Note	RM	RM	RM	RM
Loss attributable to:					
Owners of the parent		(19,265,958)	(38,684,474)	(14,299,561)	(33,551,741)
Total comprehensive loss attributable to:					
Owners of the parent		(7,194,713)	(38,684,474)	(12,409,061)	(33,551,741)
Loss per ordinary share attributable to owners of the parent (sen)					
- Basic	27	(3.25)	(6.53)		
- Diluted	27	(3.11)	(6.53)		

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

Consolidated Statement of Changes in Equity
for the financial year ended 31 January 2014

	← *Attributable to Owners of the Parent*					→
		← *Non-Distributable*		→	*Distributable*	
Group	**Share Capital** RM	**Warrant Reserves** RM	**Revaluation Reserves** RM	**Other Reserves** RM	**Accumulated Losses** RM	**Total Equity** RM
At 1 February 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 expense 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
Loss net of tax	-	-	-	-	(19,265,958)	(19,265,958)
Revaluation of property, plant and equipment	-	-	12,071,245	-	-	12,071,245
Total comprehensive expense for the financial year	-	-	12,071,245	-	(19,265,958)	(7,194,713)
Transfer to accumulated losses	-	-	(573,533)	-	573,533	-
At 31 January 2014	118,405,240	10,609,110	11,497,712	11,319,230	(115,519,925)	36,311,367

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

Statement of Changes in Equity
for the financial year ended 31 January 2014

Company	Share Capital RM	Warrant Reserves RM	Revaluation Reserves RM	Other Reserves RM	Accumulated Losses RM	Total Equity RM
	Attributable to Owners of the Parent					
		Non-Distributable			*Distributable*	
At 1 February 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 expense 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
Loss net of tax	-	-	-	-	(14,299,561)	(14,299,561)
Revaluation of property, plant and equipment	-	-	1,890,500	-	-	1,890,500
Total comprehensive expense for the financial year	-	-	1,890,500	-	(14,299,561)	(12,409,061)
Transfer to accumulated losses	-	-	(48,314)	-	48,314	-
At 31 January 2014	118,405,240	10,609,110	1,842,186	11,319,230	(105,517,535)	36,658,231

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

Statements of Cash Flows
for the financial year ended 31 January 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
OPERATING ACTIVITIES:					
Loss before tax		(19,445,743)	(38,715,868)	(14,307,507)	(33,550,341)
Adjustments for:					
Allowance for impairment in					
- other receivable		-	1,022,068	-	510,350
- subsidiary companies		-	-	12,067,812	28,368,998
Bad debts recovered		(21,246)	-	-	-
Impairment loss on deposits		5,513,000	-	-	-
Reversal of impairment loss		-	(28,328)	-	-
Impairment loss on investment in subsidiaries		-	-	-	4,499,999
Interest expense		1,973,263	3,562,528	5,856	218,378
Interest income		(1,045,373)	(1,383,896)	(1,042,384)	(1,383,133)
Waiver of debts					
- financial lenders		(22,615,956)	-	-	-
- trade and other payables		(3,067,473)	-	-	-
Write down of inventories		-	6,257,443	-	-
Property, plant and equipment					
- net (gain)/loss on disposal		(900)	1,582,995	-	-
- depreciation		7,739,097	13,378,044	316,786	285,000
- written off		3,937,412	3,877,377	-	-
- impairment loss		23,407,087	-	-	-
Unrealised (gain)/loss on foreign exchange		(286,873)	27,560	-	-
Operating cash flows before changes in working capital		(3,913,705)	(10,420,077)	(2,959,437)	(1,050,749)
Changes in Working Capital:					
Inventories		(4,169,977)	16,584,710	-	-
Receivables		(5,639,579)	2,048,386	1,920,901	(1,355,239)
Payables		7,249,076	7,193,709	1,010,786	(120,587)
Cash flows (used in)/generated from operations carried forward		(6,474,185)	15,406,728	(27,750)	(2,526,575)

Statements of Cash Flows
for the financial year ended 31 January 2014 (cont'd)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash flows (used in)/generated from operations brought forward		(6,474,185)	15,406,728	(27,750)	(2,526,575)
Interest received		1,045,373	1,383,896	1,042,384	1,383,133
Interest paid		(1,485,090)	(2,354,555)	(5,856)	(218,378)
Tax paid		(7,181)	(10,465)	-	1,346
Net cash flows (used in)/from operating activities		(6,921,083)	14,425,604	1,008,778	(1,360,474)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	4	(21,323,953)	(1,497,248)	-	-
Proceeds from disposal of Property plant and equipment		900	627,050	-	-
Net change in amount due by subsidiaries		-	-	(71,260,262)	(1,992,404)
Net change in deposits pledged		5,000,000	-	5,000,000	-
Net cash flows used in investing activities		(16,323,053)	(870,198)	(66,260,262)	(1,992,404)
FINANCING ACTIVITIES:					
Advance from a director		22,436,103	-	22,436,103	-
Advance from a payable		22,436,103	-	22,436,103	-
Repayment of hire purchase liabilities		(19,147)	(46,752)	-	-
Repayment of loans and borrowings		(33,375,483)	(16,468,129)	-	-
Interest paid on term loans		(484,354)	(1,199,274)	-	-
Interest paid on hire purchase		(3,819)	(8,699)	-	-
Net cash flows from/(used in) financing activities		10,989,403	(17,722,854)	44,872,206	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		(12,254,733)	(4,167,448)	(20,379,278)	(3,352,878)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		31,314,523	35,481,971	33,981,944	37,334,822
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	11	19,059,790	31,314,523	13,602,666	33,981,944

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

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 6 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 55A, 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 30 May 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. 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 2.3.

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 3.

In the previous financial year, there was a modification in the audit report on the ability of the Group and the Company to continue as going concerns. During the financial year the following events occurred to regularise the financial position and financial performance of the Group.

Notes to the Financial Statements (cont'd)

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

2.1. **Basis of preparation** (cont'd)

i) On 3 September 2013, the Group had fully settled the debts as disclosed in Note 16 to the financial statements. Accordingly, the Group is no longer in default of any payment to the financial lenders in respect of credit facilities granted by the financial lenders to the Group.

ii) The Group had obtained financial support from a director and a payable as disclosed in Note 19 and Note 18 to the financial statements respectively. The director and the payable will not demand repayment of the advances until the execution and completion of the corporate exercise to capitalise the advances owing from the Company. However, if the corporate exercise is not successful, the director and the payable will not demand repayment of the advances until the Company has generated sufficient funds to repay the advances without affecting the Company's continuous operations.

iii) The Company had proposed to undertake the proposed regularisation plan as disclosed in Note 35 to the financial statements in order to restore its financial position and to achieve sustainable and viable operations.

iv) The Group had undergone a restructuring of its operations by embarking on a quality and capacity improvement program to enhance the quality and consistency of its products, adding, upgrading and repairing its existing plant and machineries and factory buildings, and training and process standardisation with the aim of improving the efficiency of the Company's operations.

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int**

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

<u>New MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

<u>Revised MFRSs</u>

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(a) **Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int** (cont'd)

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

New IC Int

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Int

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

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 controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

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.

The Group adopted MFRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2.3(a) The adoption of MFRS10 has no significant impact to the financial statements of the Group.

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates 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. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries.

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.

As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 February 2012.

Notes to the Financial Statements (cont'd)

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

Amendments to MFRS 101 Presentation of Financial Statements *(cont'd)*

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 addresses disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendment to MFRS 116 Property, Plant and Equipment

Amendment to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of MFRS 3 Business Combinations and MFRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group and the Company.

Notes to the Financial Statements (cont'd)

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(a) Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (cont'd)

Amendment to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes.

Amendment to MFRS 134 Interim Financial Reporting

To be consistent with the requirements in MFRS 8 *Operating Segments*, the amendment to MFRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

(b) New MFRSs, Amendments/Improvements to MFRSs and New 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 MFRS, amendments/improvements to MFRSs and new IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") 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 MFRS		
MFRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (cont'd)		
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014
New IC Int		
IC Int 21	Levies	1 January 2014

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. The Group and the Company do not anticipate that the application of the above new, revised, amendments/improvements to accounting standards and IC Int when they are effective will have a material impact on the financial position and the financial performance of the Group and of 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.

Notes to the Financial Statements (cont'd)

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

MFRS 9 Financial Instruments *(cont'd)*

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 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The new hedge accounting model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The most significant improvements apply to those that hedge non-financial risk, and they are expected to be of particular interest to non-financial institutions. As a result of these changes, users of the financial statements will be provided with better information about risk management and about the effect of hedge accounting on the financial statements. The MFRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

As part of the Amendments, an entity is now allowed to change the accounting for liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9. This change in accounting would mean that gains caused by a worsening in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Amendments will facilitate earlier application of this long-awaited improvement to financial reporting.

The Amendments also remove the mandatory effective date from MFRS 9.

Amendments to MFRS 2 Share-based Payment

Amendments to MFRS 2 clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 3 Business Combinations *(cont'd)*

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The Amendments also clarifies that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relates to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

Notes to the Financial Statements (cont'd)

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 13 Fair Value Measurement *(cont'd)*

The Amendments also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets

Amendments to MFRS 116 and MFRS 138 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:
- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation / amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provides a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

Notes to the Financial Statements (cont'd)

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

2.2. **New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int** (cont'd)

(b) New MFRSs, Amendments/Improvements to MFRSs and New IC Int that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 132 Financial Instruments: Presentation

Amendments to MFRS 132 does not change the current offsetting model in MFRS 132. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off', that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. The amendments clarify that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

Notes to the Financial Statements (cont'd)

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

2.3. **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, except for the following:-

The change in the accounting policy to adopt the revaluation model to measure freehold lands and buildings classified as property, plant and equipment in accordance with MRFS 116, Property, plant and equipment. This change in accounting policy has been accounted for prospectively upon the initial application of the revaluation model in accordance with MRFS 116. Under the revaluation model, the properties are stated at revalued amounts, which are the fair values at the date of the revaluation less subsequent accumulated depreciation (except for freehold lands which has an unlimited useful life and therefore is not depreciated) and any subsequent accumulated impairment losses. Any revaluation surplus is credited to the revaluation reserve included within the equity. The policy for the recognition and measurement of revaluation assets is in accordance with Note 2.3(e) to the financial statements.

(a) **Basis of Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including incorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presented exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(a) Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, 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.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

(iii) Accounting for acquisition of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Notes to the Financial Statements (cont'd)

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

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

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

(iv) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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.

(v) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

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.

(iv) **Transactions eliminated on consolidation**

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

(b) **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 2.3(d)(ii) to the financial statements.

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.

Notes to the Financial Statements (cont'd)

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

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

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

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%
Infrastructure	10%

The depreciable amount is determined after deducting the residual value.

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.

Notes to the Financial Statements (cont'd)

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

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

(c) **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.

(d) **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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(d) Impairment (cont'd)

(i) Impairment of Financial Assets (cont'd)

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.

(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.

Notes to the Financial Statements (cont'd)

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

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

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

(ii) **Impairment of Non-financial Assets** (cont'd)

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.

(e) **Revaluation of Assets**

Lands and buildings at valuation are revalued by independent professional valuers at a regular interval at least once in every five years with additional valuations in the intervening years where market condition indicate that the carrying values of the revalued land and buildings materially differ from the market values.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any surplus or deficit arising there from the revaluations will be dealt with in the revaluation reserve account. Any deficit is set-off against the revaluation reserve account only to the extent of surplus credited from the previous revaluation of the lands and buildings and the excess of the deficit is charged to the profit and loss.

Upon disposal or retirement of an asset, any revaluation surplus relating to the particular asset is transferred directly to retained earnings. The surplus may be transferred as the asset is used by the Company. The amount of the surplus transferred would be the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(g) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

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.

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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(g) Financial Instruments (cont'd)

(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.

(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.

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

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

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

(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.

(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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(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.

(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.

Notes to the Financial Statements (cont'd)

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

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

(l) **Foreign Currencies Transactions** (cont'd)

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.

(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.

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

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

(n) **Income Taxes** (cont'd)

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.

(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.

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

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

(o) **Employee Benefits** (cont'd)

(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.

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.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3. Significant accounting policies (cont'd)

(s) Fair Value Measurements

From 1 February 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. 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.

3.1 Judgements Made in Applying Accounting Policies

There has been no judgements made in applying the Group's and the Company's accounting policies.

Notes to the Financial Statements (cont'd)

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

3.2. 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 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.

(iii) Revaluation of Assets

The Group carries its freehold lands and buildings at fair values, with changes in fair values being recognised in other comprehensive income. The Group engage independent valuation specialists to determine the fair value of the freehold lands and buildings at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings materially differ from the market values.

(iv) 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)

3. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS** (cont'd)

3.2. **Key Sources of Estimation Uncertainty** (cont'd)

(v) **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.

(vi) **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.

(vii) **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 13 to the financial statements.

4. **PROPERTY, PLANT AND EQUIPMENT**

	Freehold Lands RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Group								
2014								
Cost/Valuation								
At 1 February 2013	5,900,000	17,465,542	-	81,260,514	1,766,062	1,103,264	22,250	107,517,632
Addition	-	1,784,790	275,850	9,173,255	10,800	233,609	9,845,649	21,323,953
Revaluation surplus	8,300,000	5,508,217	-	-	-	-	-	13,808,217
Elimination of accumulated depreciation on revaluation	-	(7,180,672)	-	-	-	-	-	(7,180,672)
Disposal	-	-	-	-	(28,000)	-	-	(28,000)
Written off	-	(1,897,823)	-	(7,376,929)	(160,150)	(449,725)	-	(9,884,627)
At 31 January 2014	14,200,000	15,680,054	275,850	83,056,840	1,588,712	887,148	9,867,899	125,556,503
Representing:								
- At cost	-	2,480,054	275,850	83,056,840	1,588,712	887,148	9,867,899	98,156,503
- At valuation	14,200,000	13,200,000	-	-	-	-	-	27,400,000
	14,200,000	15,680,054	275,850	83,056,840	1,588,712	887,148	9,867,899	125,556,503

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

	Freehold Lands RM	Factory and office buildings RM	Infrastructure RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Group								
2014								
Depreciation and impairment loss								
At 1 February 2013								
Accumulated depreciation	-	8,198,921	-	44,515,666	1,592,283	902,114	-	55,208,984
Accumulated impairment loss	-	-	-	-	-	-	-	-
	-	8,198,921	-	44,515,666	1,592,283	902,114	-	55,208,984
Depreciation for the financial year	-	1,464,158	9,453	6,107,145	48,018	110,323	-	7,739,097
Impairment loss for the financial year	-	-	-	23,407,087	-	-	-	23,407,087
Elimination of accumulated depreciation on revaluation	-	(7,180,672)	-	-	-	-	-	(7,180,672)
Disposal	-	-	-	-	(28,000)	-	-	(28,000)
Written off	-	(1,015,227)	-	(4,481,662)	(99,621)	(350,705)	-	(5,947,215)
	-	(6,731,741)	9,453	25,032,570	(79,603)	(240,382)	-	17,990,297
At 31 January 2014								
Accumulated depreciation	-	1,467,180	9,453	46,141,149	1,512,680	661,732	-	49,792,194
Accumulated impairment loss	-	-	-	23,407,087	-	-	-	23,407,087
	-	1,467,180	9,453	69,548,236	1,512,680	661,732	-	73,199,281
Net Carrying Amount at 31 January 2014	14,200,000	14,212,874	266,397	13,508,604	76,032	225,416	9,867,899	52,357,222
Representing:								
- At cost	-	1,173,140	266,397	13,508,604	76,032	225,416	9,867,899	25,117,488
- At valuation	14,200,000	13,039,734	-	-	-	-	-	27,239,734
	14,200,000	14,212,874	266,397	13,508,604	76,032	225,416	9,867,899	52,357,222

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

	Freehold Lands RM	Factory and office buildings RM	Plant, machinery and formers RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Capital work-in-progress RM	Total RM
Group							
2013							
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							
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

Notes to the Financial Statements (cont'd)

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

	Freehold land RM	Factory Buildings RM	Total RM
Company			
2014			
Cost/Valuation			
At 1 February 2013	3,300,000	5,700,000	9,000,000
Revaluation surplus	1,100,000	1,112,500	2,212,500
Elimination of accumulated depreciation on revaluation	-	(712,500)	(712,500)
At 31 January 2014	4,400,000	6,100,000	10,500,000
Representing:			
- At valuation	4,400,000	6,100,000	10,500,000
	4,400,000	6,100,000	10,500,000
Accumulated depreciation			
At 1 February 2013	-	570,000	570,000
Depreciation for the financial year	-	316,786	316,786
Elimination of accumulated			-
depreciation on revaluation	-	(712,500)	(712,500)
At 31 January 2014	-	174,286	174,286
Net carrying amount at 31 January 2014	4,400,000	5,925,714	10,325,714
Representing:			
- At valuation	4,400,000	5,925,714	10,325,714
	4,400,000	5,925,714	10,325,714
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

Notes to the Financial Statements (cont'd)

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

(i) Assets held under hire purchase arrangements

The net carrying amount of motor vehicles of a subsidiary acquired under hire purchase arrangements were RM65,724 (31 January 2013: RM85,585).

(ii) Capital work-in-progress

The Group's capital work-in-progress represents capital expenditures incurred for buildings, plant and machineries in the course of construction.

(iii) Impairment loss of property, plant and equipment

The Group had engaged an independent professional valuer during the financial year on the valuation of certain plant and machineries of the Group as the directors viewed that the carrying amount of the assets exceeds its fair market value.

As a result, an impairment loss of RM23,407,087 has been provided during the financial year based on the valuation report issued by the independent professional valuer. The impairment loss was included in administrative expenses in the statements of profit or loss and other comprehensive income.

(iv) Revaluation of freehold lands and buildings

The freehold lands and buildings were revalued by directors in the current financial year based on a valuation report dated 15 July 2013. The valuation was carried out by an independent professional firm of valuers using the open market value basis.

Had the revalued assets been carried at historical cost less accumulated depreciation, the net carrying amount would have been as follows:-

	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Group			
2014			
Freehold lands	5,900,000	-	5,900,000
Buildings	17,352,509	(8,916,376)	8,436,133
	23,252,509	(8,916,376)	14,336,133
2013			
Freehold lands	5,900,000	-	5,900,000
Buildings	17,465,542	(8,198,921)	9,266,621
	23,365,542	(8,198,921)	15,166,621

Notes to the Financial Statements (cont'd)

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

(iv) **Revaluation of freehold lands and buildings** (cont'd)

	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Company			
2014			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(855,000)	4,845,000
	9,000,000	(855,000)	8,145,000
2013			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(570,000)	5,130,000
	9,000,000	(570,000)	8,430,000

(v) **Fair value information**

The fair value of an asset has been categorised in different levels as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1)
(b) Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value of the freehold lands and buildings are categorised as follows:

	Fair value measurement at 31 January 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Group			
Freehold lands	-	14,200,000	-
Buildings	-	14,212,874	-
Company			
Freehold land	-	4,400,000	-
Buildings	-	5,925,714	-

Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13, Fair Value Measurement.

Notes to the Financial Statements (cont'd)

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

(v) **Fair value information** (cont'd)

The properties are valued by an independent external valuers using a comparison method of valuation. The comparison method entails comparison of the subject property with similar properties that have been sold recently and those that are currently being offered for sale in the vicinity or other comparable localities. The characteristics, merits and demerits of these properties are noted and appropriate adjustments thereof are then made to reflect the differences and arrive at the value of the subject property.

The significant input into this valuation approach is price per square meter of comparable properties.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Highest and best use

The Group's and the Company's properties are currently office and factory buildings. The office and factory buildings are at its highest and best use as they are located on the prime land for building that are ideal for warehouse and factory.

5. **PREPAID LEASE PAYMENTS**

	Group	
	2014 RM	**2013** RM
Cost/ Net Carrying Amount		
At 1 February	5,513,000	-
Reclassification (to)/from deposits (Note 9)	(5,513,000)	5,513,000
At 31 January	-	5,513,000

There was a deposit paid in the previous financial years 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").

In the previous 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.

Notes to the Financial Statements (cont'd)

5. PREPAID LEASE PAYMENTS (cont'd)

As a result, the deposit paid was reclassified from deposit account to prepaid lease payments account for the financial year ended 31 January 2013.

However, as at the report date, CRG, via its solicitor Kbtan, Kumar & Partners ("KBT") is unable to obtain the Principal Agreement dated 24 March 2011 from CLSB as well as CLSB's solicitors Rusnah Loh Ng & Co. ("RLN").

Referring to the letter from KBT dated 12 March 2014, KBT is unable to state as to when the lease shall begin as it is not clearly stipulated in the Novation and Assignment Agreement. However, it should be assumed that it is from 24 March 2011 (date of Principal Agreement) and if so the lease is for 38 years as the lease expires on 15 March 2049. The lease rights is in relation to a lease over part of a land with warehouse in which under Section 221(3)(b) of the National Land Code 1965, a maximum term for part of a lease is for 30 years only. In this case, the agreement is for 38 years which is in contravention of the National Land Code and if so the lease cannot be registered.

KBT stated that in the circumstances, CRG has a legal recourse against CLSB for the restitution of the monies paid as the agreement is void in law. KBT further stated that CRG has a right to pursue legal action against RLN for preparing an agreement in contravention of the National Land Code.

The management has considered the opinion from its solicitor that the Novation and Assignment of Lease Rights Agreement is void in law, and had reclassified the prepaid lease payments to deposits account during the financial year and full impairment had been provided for.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	**2013**
	RM	RM
Unquoted shares, at cost	98,600,003	98,600,003
Accumulated impairment		
At 1 February	98,600,001	94,100,002
Impairment loss (Note 25)	-	4,499,999
At 31 January	98,600,001	98,600,001
	2	2

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 during the previous financial year.

Notes to the Financial Statements (cont'd)

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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 2014 %	Effective Equity Interests 2013 %	Principal Activities
Direct subsidiaries			
Comfort Rubber Gloves Industries Sdn. Bhd.	100	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd.	100	100	Dormant
Indirect subsidiary held through Comfort Rubber Gloves Industries Sdn. Bhd.			
Gallant Quality Sdn. Bhd.	100	100	Trading of latex gloves
Hexavin Sdn. Bhd. #	50	50	Dormant

The company had on 23 January 2014 been struck off pursuant to Section 308(4) of the Companies Act, 1965 from the Register of Companies Commission of Malaysia.

7. INVENTORIES

Cost	Group 2014 RM	Group 2013 RM
Finished goods	2,077,881	278,180
Work-in-progress	10,533,299	11,614,251
Raw materials	4,619,484	1,160,745
Packing materials	397,209	413,725
Chlorination chemicals	35,117	29,870
Treatment plant chemicals	32,770	29,012
	17,695,760	13,525,783

During the previous financial year, the write-down of inventories to net realisable value for the Group amounted to RM 6,257,443. The write-down of inventories was included in cost of sales.

Notes to the Financial Statements (cont'd)

8. TRADE RECEIVABLES

	Group 2014 RM	Group 2013 RM
Trade receivables	18,684,550	14,256,333
Less: Allowance for impairment	(4,110,990)	(4,132,236)
	14,573,560	10,124,097

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 150 days (31 January 2013: 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.

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

	2014 RM	2013 RM
Neither past due nor impaired	9,180,937	6,689,728
Past due 1 - 30 days not impaired	4,088,827	2,683,753
Past due 31 - 120 days not impaired	226,620	750,616
Past due more than 120 days not impaired	1,077,176	-
	5,392,623	3,434,369
Impaired	4,110,990	4,132,236
	18,684,550	14,256,333

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.

8. TRADE RECEIVABLES (cont'd)

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	
	2014	**2013**
	RM	RM
Individually impaired		
Trade receivables (nominal amounts)	4,110,990	4,132,236
Less : Allowance for impairment	(4,110,990)	(4,132,236)
	-	-

Movement in allowance accounts:

	Group	
	2014	**2013**
	RM	RM
At 1 February	4,132,236	4,160,564
Bad debts recovered	(21,246)	-
Reversal of impairment losses	-	(28,328)
At 31 January	4,110,990	4,132,236

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		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Trade receivables	14,573,560	10,124,097	-	-
Other receivables (Note 9)	60,581	2,637,013	55,992	2,008,454
Deposits (Note 9)	4,175,946	242,766	-	22,500
Amount due by subsidiaries (Note 10)	-	-	59,192,450	-
Cash and bank balances (Note 11)	19,059,790	51,300,466	13,602,666	43,380,024
Total loans and receivables	37,869,877	64,304,342	72,851,108	45,410,978

Notes to the Financial Statements (cont'd)

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	1,082,649	3,659,081	55,992	2,518,804
Deposits	9,688,946	242,766	-	22,500
Prepayments	846,425	704,938	56,461	2,400
	11,618,020	4,606,785	112,453	2,543,704
Less: Allowance for impairment	(6,535,068)	(1,022,068)	-	(510,350)
	5,082,952	3,584,717	112,453	2,033,354

Included in deposits of the Group are refundable deposits paid to Gas Malaysia Berhad and Tenaga Nasional Berhad of RM2,562,370 and RM750,000 respectively.

During the financial year, the deposits paid of RM5,513,000 which was reclassified from prepaid lease payments as disclosed in Note 5 to the financial statements had been impaired during the financial year as the directors are of the opinion that the recoverability of the amount is in doubt at this stage.

10. AMOUNT DUE BY SUBSIDIARIES

	Company	
	2014 RM	2013 RM
Non-trade amounts	100,975,083	29,714,821
Less : Allowance for impairment	(41,782,633)	(29,714,821)
	59,192,450	-

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

Notes to the Financial Statements (cont'd)

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Fixed deposits placed with a licensed bank	10,000,000	43,000,000	10,000,000	43,000,000
Short term deposits placed with licensed banks	4,400,000	-	3,300,000	-
Cash at banks and on hand	4,659,790	8,300,466	302,666	380,024
Cash and bank balances	19,059,790	51,300,466	13,602,666	43,380,024
Bank overdrafts (Note 16)	-	(14,985,943)	-	(4,398,080)
	19,059,790	36,314,523	13,602,666	38,981,944
Less: deposits pledged to a licensed bank	-	(5,000,000)	-	(5,000,000)
Cash and cash equivalents	19,059,790	31,314,523	13,602,666	33,981,944

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. On 7 February 2013, action had been taken by Malayan Banking Berhad ("MBB") to uplift the fixed deposits of RM5,000,000 to set off a bank overdraft following MBB's recall and suspension of all banking facilities extended to the Group.

The effective interest rates are disclosed in Note 33 to the financial statements.

12. SHARE CAPITAL

	2014		2013	
	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

Notes to the Financial Statements (cont'd)

13. WARRANT RESERVES

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 the 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%

14. OTHER RESERVE

Other reserve arising from the excess of the capital reduction over the accumulated losses of the Company in year 2011.

15. REVALUATION RESERVE

The revaluation reserve represents the surplus on revaluation of freehold lands and buildings of the Group and of the Company carried out during the financial year and is not available for distribution to the shareholders by way of dividends.

16. LOANS AND BORROWINGS

	Group		Company	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Current				
Secured:				
Bank overdrafts	-	14,985,943	-	4,398,080
Hire purchase payables	19,149	19,149	-	-
Short term bank borrowings	-	40,004,590	-	-
Term loans	-	15,986,849	-	-
	19,149	70,996,531	-	4,398,080
Non-current				
Secured:				
Hire purchase payables	43,045	62,192	-	-
	43,045	62,192	-	-
Total loans and borrowings	62,194	71,058,723	-	4,398,080

Notes to the Financial Statements (cont'd)

16. LOANS AND BORROWINGS (cont'd)

The maturities of the loans and borrowings as at 31 January 2014 are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
On demand or within one year	19,149	70,996,531	-	4,398,080
More than 1 year and less than 2 years	43,045	62,192	-	-
	62,194	71,058,723	-	4,398,080

Hire purchase payables

	Group	
	2014	**2013**
	RM	RM
Future minimum hire purchase payments:		
Not later than one year	33,525	22,968
Later than one year but not later than five years	51,638	74,604
	85,163	97,572
Less: Future finance charges	(22,969)	(16,231)
Present value of hire purchase payables	62,194	81,341
Analysis of present value of hire purchase payables:		
Current		
Not later than one year	19,149	19,149
Non-current		
Later than one year but not later than five years	43,045	62,192
	62,194	81,341

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.

Notes to the Financial Statements (cont'd)

16. 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 33 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 previous financial year and there was no further repayment in relation to the bank borrowings during the previous financial year.

Accordingly, the entire bank borrowings was reclassified to current liabilities in the previous financial year.

On 27 August 2013, the Company entered into the Advance Agreement with the managing director, Mr. Cheang Phoy Ken, ("CPK") and a corporate investor, Keen Setup Sdn Bhd ("KSSB") respectively, where CPK and KSSB are proposing to advance RM22,400,000 ("Advance") each to the Company, following a meeting held with the Corporate Debt Restructuring Committee ("CDRC") on 12 April 2013 to discuss the Company's proposed debt restructuring scheme.

On 3 September 2013, the Company had entered into a Debt Settlement Agreement ("Debt Settlement Agreement") with Malayan Banking Berhad and Maybank Islamic Berhad ("Maybank") , Ambank (M) Sdn Bhd ("Ambank") and CIMB Bank Berhad ("CIMB"), (collectively referred herein as the "Lenders") and its wholly owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd ("CRG"), where the Company had proposed a debt settlement proposal to the Lenders, whereby on or before the settlement date, the Lenders will be paid the settlement sums in full and final settlement of all amounts of borrowing or indebtedness or liability (including without limitation principal, interest, costs charges or expenses or other liabilities) of CRG from time to time incurred whether present, future, actual or contingent, as principal, or surety or otherwise howsoever owing to the Lenders ("Debt Settlement").

The Company agrees that it will advance CRG RM44,800,000 on or before the settlement date to settle the debt with its Lenders as mentioned above as part of the Debt Settlement Agreement.

On 3 September 2013, the Company received an Advance from CPK and KSSB of RM22,436,103 each and made full payment to the Lenders in accordance with the Debt Settlement Agreement.

Pursuant to the Debt Settlement Agreement, the Group is no longer in default of any payment to the Lenders in respect of credit facilities granted by the Lenders to the Group. Accordingly, no further announcements will be made by the Company pursuant to Practice Note 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Notes to the Financial Statements (cont'd)

17. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
At 1 February	292,486	334,269	-	-
Recognised in other comprehensive income	1,736,972	-	234,250	-
Recognised in profit or loss (Note 26)	(179,785)	(41,783)	(7,946)	-
At 31 January	1,849,673	292,486	226,304	-
Presented after appropriate offsetting:				
Deferred tax assets	-	(5,404,126)	-	-
Deferred tax liabilities	1,849,673	5,696,612	226,304	-
	1,849,673	292,486	226,304	-

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

Deferred tax assets

	Unabsorbed capital allowances RM	**Unabsorbed reinvestment allowances** RM	**Other** RM	**Total** RM
Group				
At 1 February 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)
Recognised in profit or loss	5,404,126	-	-	5,404,126
At 31 January 2014	-	-	-	-

Notes to the Financial Statements (cont'd)

17. DEFERRED TAX LIABILITIES (cont'd)

(b) Deferred tax liabilities

	Property, plant and equipment RM	Revaluation of property, plant and equipment RM	Others RM	Total RM
Group				
At 1 February 2012	8,002,278	-	334,269	8,336,547
Recognised in profit or loss	(2,598,152)	-	(41,783)	(2,639,935)
At 31 January 2013	5,404,126	-	292,486	5,696,612
Recognised in other comprehensive income	-	1,736,972	-	1,736,972
Recognised in profit or loss	(5,404,126)	(138,001)	(41,784)	(5,583,911)
At 31 January 2014	-	1,598,971	250,702	1,849,673
Company				
At 1 February 2012/ 31 January 2013	-	-	-	-
Recognised in other comprehensive income	-	322,000	-	322,000
Recognised in profit or loss	-	(7,946)	-	(7,946)
At 31 January 2014	-	314,054	-	314,054

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

	Group		Company	
	2014 RM	**2013** RM	**2014** RM	**2013** RM
Unutilised tax losses	19,754,866	19,577,610	10,567,691	10,567,691
Deductible temporary differences	16,154,906	14,362,409	11,361	11,361
	35,909,772	33,940,019	10,579,052	10,579,052

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current				
Other payables	31,644,565	5,714,851	22,608,130	40,354
Accruals	6,247,756	2,143,700	1,220,817	341,704
	37,892,321	7,858,551	23,828,947	382,058

Included in other payables of the Group and the Company is an amount of RM22,436,103 representing advances from Keen Setup Sdn Bhd ("KSSB") as disclosed in Note 16 to the financial statements. The amount payable is unsecured, interest free and has no fixed terms of repayment. The Company had on 28 May 2014 received a letter of undertaking from KSSB to not demand repayment of the advances until the execution and completion of the corporate exercise to capitalise the advances owing from the Company. However, if the corporate exercise is not successful, KSSB has agreed to not demand repayment of the advances until the Company has generated sufficient funds to repay the advances without affecting the Company's current operations.

19. AMOUNT OWING TO A DIRECTOR

The amount owing to a director of the Company represents an advance from Mr. Cheang Phoy Ken ("CPK") as disclosed in Note 16 to the financial statements. The amount owing is unsecured, interest free and has no fixed terms of repayment. The Company had on 28 May 2014 received a letter of undertaking from CPK to not demand repayment of the advances until the execution and completion of the corporate exercise to capitalise the advances owing from the Company. However, if the corporate exercise is not successful, CPK has agreed to not demand repayment of the advances until the Company has generated sufficient funds to repay the advances without affecting the Company's continuous operations.

20. 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 2013: 30 days to 60 days) from the date of invoice.

The classification of financial liabilities is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Trade payables	10,266,007	13,682,071	-	-
Other payables and accruals (Note 18)	37,892,321	7,858,551	23,828,947	382,058
Total loans and borrowings (Note 16)	62,194	71,058,723	-	4,398,080
Total financial liabilities carried at amortised cost	48,220,522	92,599,345	23,828,947	4,780,138

Notes to the Financial Statements (cont'd)

21. REVENUE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Sales of latex gloves	134,698,212	125,409,042	-	-

22. INTEREST INCOME

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Interest income from loans and receivables	1,045,373	1,383,896	1,042,384	1,383,133

23. OTHER INCOME

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Bad debt recovered	21,246	-	-	-
Gain on disposal of property, plant and equipment	900	-	-	-
Gain on foreign exchange				
- realised	1,530,432	-	-	-
- unrealised	286,873	-	-	-
Insurance compensation	491,589	145,200	-	-
Miscellaneous	211,465	39,200	-	-
Waiver of debts:				
- financial lenders	22,615,956	-	-	-
- trade and other payables	3,067,473	-	-	-
	28,225,934	184,400	-	-

24. FINANCE COSTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Interest expenses				
- bankers' acceptance	131,369	1,120,432	-	-
- bank guarantee	-	24,617	-	-
- bank overdrafts	894,289	513,401	5,856	218,378
- hire purchase	3,819	8,699	-	-
- letter of credit	24,303	37,538	-	-
- revolving credit	435,129	658,567	-	-
- term loan	484,354	1,199,274	-	-
	1,973,263	3,562,528	5,856	218,378

Notes to the Financial Statements (cont'd)

25. LOSS BEFORE TAX

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
After charging:-				
Allowance for impairment:				
- other receivables	-	1,022,068	-	510,350
- amount due by subsidiaries	-	-	12,067,812	28,368,998
Auditors' remuneration				
- audit services	100,499	73,300	63,000	37,500
- other services	6,500	6,500	6,500	6,500
Impairment loss on deposits	5,513,000	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	4,499,999
Loss on foreign exchange				
- realised	-	77,412	-	-
- unrealised	-	27,560	-	-
Property, plant and equipment				
- depreciation	7,739,097	13,378,044	316,786	285,000
- impairment loss	23,407,087	-	-	-
- loss on disposal	-	1,582,995	-	-
- written off	3,937,412	3,877,377	-	-
Rental expenses	231,220	239,788	22,500	142,621
Staff cost:				
- salaries, wages and allowances	15,549,160	11,897,287	122,687	129,054
- defined contribution plan	649,254	652,898	14,761	19,277
Write down of inventories	-	6,257,443	-	-

26. TAXATION

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Taxation				
- over accrual in prior year	-	(10,389)	-	(1,400)
Deferred taxation (Note 17)				
- current year	179,785	41,783	7,946	-
	179,785	31,394	7,946	(1,400)

Notes to the Financial Statements (cont'd)

26. 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	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Loss before tax	(19,445,743)	(38,715,868)	(14,307,507)	(33,550,341)
Taxation at applicable statutory tax rate 25%	4,861,436	9,678,967	3,576,877	8,387,585
Tax effects arising from				
- non-deductible expenses	(2,972,425)	(2,935,572)	(3,829,458)	(8,733,368)
- non-taxable income	260,527	345,784	260,527	345,783
- deferred tax assets not recognised	(1,969,753)	(7,089,179)	-	-
- others	-	41,783	-	-
- under accrual in prior year	-	(10,389)	-	(1,400)
	179,785	31,394	7,946	(1,400)

27. 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 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 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.

Notes to the Financial Statements (cont'd)

27. LOSS PER SHARE (cont'd)

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

	Group	
	2014	**2013**
	RM	RM
Loss net of tax attributable to owners of the parent	(19,265,958)	(38,684,474)

	Number of Shares Unit	**Number of Shares Unit**
Weighted average number of ordinary share for basic earnings per shares computation	592,026,200	592,026,200
Effects of dilution:		
- warrants	27,859,811	-
Weighted average number of ordinary shares for diluted earnings per shares computation	619,886,011	592,026,200
Loss per ordinary share attributable to owners of the parent (sen)		
- Basic	(3.25)	(6.53)
- Diluted	(3.11)	(6.53)*

* No consideration is taken for warrants as the effect is antidilutive for Year 2013.

28. CAPITAL COMMITMENT

	Group	
	2014	**2013**
	RM	RM
Property, plant and equipment		
- approved and contracted for but not provided in the financial statements	6,470,976	-

29. FINANCIAL GUARANTEES

	Company	
	2014	2013
Unsecured	RM	RM
Corporate guarantees given to licensed banks to secure banking facilities granted to a subsidiary	-	103,900,000

In the previous financial years, the Company had issued corporate guarantees to the financial lenders for banking facilities granted to a wholly-owned subsidiary. On 27 December 2012, the subsidiary had defaulted the repayment of bank borrowings from its 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 in the current financial year.

As disclosed in Note 16 to the financial statements, the Company had received Advances from CPK and KSSB of RM22,436,103 each and made full payment to the Lenders in accordance with the Debt Settlement Agreement. Accordingly, the Group is no longer in default of any payment to the Lenders in respect of credit facilities granted by the Lenders to the Group. Accordingly, no provision is required to be recognised by the Company in the financial statements for the corporate guarantees provided for the bank borrowings of the subsidiary.

30. 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.

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

(b) **Significant Related Party Transactions and Balances**

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

	Company	
	2014	**2013**
	RM	RM
Amount due by subsidiaries		
- Comfort Rubber Gloves Industries Sdn. Bhd.	99,589,258	28,333,876
- PBT Sdn. Bhd.	1,385,825	1,380,945
	100,975,083	29,714,821
Less: Impairment Loss	(41,782,633)	(29,714,821)
	59,192,450	-

(ii) Significant related party transactions

As disclosed in Note 16 to the financial statements, the Company had settled the amount owing to its financial lenders on behalf of its subsidiary, CRG during the financial year.

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

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Executive:				
Salaries and other emoluments	637,500	288,000	157,500	48,000
Fees	351,000	-	351,000	-
Defined contribution plan	85,958	37,605	17,192	7,742
	1,074,458	325,605	525,692	55,742
Estimated money value of benefit-in-kind	-	44,325	-	-
Total executive directors' remuneration (including benefits-in-kind)	1,074,458	369,930	525,692	55,742
Non-executive:				
Fees	108,000	204,000	108,000	144,000
Other emoluments	30,150	45,000	30,150	45,000
Total non-executive directors' remuneration	138,150	249,000	138,150	189,000
Total directors' remuneration	1,212,608	618,930	663,842	244,742

Notes to the Financial Statements (cont'd)

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

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

The directors' fees are provided for on an accrual basis.

31. **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.

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.

Notes to the Financial Statements (cont'd)

31. OPERATING SEGMENTS (cont'd)

Segment Information

2014	Manufacturing RM	Investment holding RM	Others RM	Inter-segment Eliminations RM	Total RM
Revenue					
Revenue from external customers	134,698,212	-	-	-	134,698,212
Inter-segment sales	2,931,000	-	-	(2,931,000)	-
Total revenue	137,629,212	-	-	(2,931,000)	134,698,212
Results					
Segment loss	26,377,506	(43,361,127)	(149,848)	39,212,212	22,078,743
Interest income					1,045,373
Interest expense					(1,973,263)
Depreciation					(7,739,097)
Deposit written off					(5,513,000)
Property, plant and equipment written off					(3,937,412)
Impairment loss on property					(23,407,087)
Loss before tax					(19,445,743)
Income tax income					179,785
Loss net of tax					(19,265,958)
Assets					
Additions to non-current assets other than financial instruments and deferred tax assets	19,111,453	2,212,500	-	-	21,323,953
Segment assets	84,798,173	54,899,409	270,290	(30,858,576)	109,109,296
Liabilities					
Segment liabilities	123,946,097	46,265,050	3,277,803	(102,832,325)	70,656,625
Major customer	17,822,916	-	-	-	17,822,916

Inter-segment revenue, assets and liabilities are eliminated on consolidation.

Notes to the Financial Statements (cont'd)

31. OPERATING SEGMENTS (cont'd)

Segment Information

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)	(10,264)	-	(23,159,192)
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	-	-	-	-	-

Inter-segment revenue, assets and liabilities are eliminated on consolidation.

Notes to the Financial Statements (cont'd)

31. OPERATING SEGMENTS (cont'd)

Geographical Information

	Revenues RM	Non-current assets RM
2014		
Malaysia	14,404,081	52,697,234
United States of America and Canada	28,818,410	-
Asia	51,258,338	-
Europe	37,581,746	-
Others	2,635,637	-
	134,698,212	52,697,234
2013		
Malaysia	23,369,949	52,308,648
United States of America and Canada	41,574,006	-
Asia	37,144,686	-
Europe	20,959,600	-
Others	2,360,801	-
	125,409,042	52,308,648

32. 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	8
Other receivables and deposits	9
Amount due by subsidiaries	10
Cash and bank balances	11
Financial Liabilities (non-current)	
Loans and borrowings	16
Other payable	18
Amount owing to a director	19
Financial Liabilities (current)	
Trade payables	20
Other payables, deposits and accruals	18
Loans and borrowings	16

Notes to the Financial Statements (cont'd)

32. 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 on or near the reporting date.

The carrying amounts of the loans and borrowings are reasonable approximating of fair values due to the insignificant impact of discounting.

(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.

33. 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

<u>Risk management objective, policies and processes for managing the risk</u>
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.

<u>Exposure to credit risk</u>
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.

Notes to the Financial Statements (cont'd)

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

(i) Credit Risk (cont'd)

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			
	2014		2013	
	RM	% of total	RM	% of total
By country:				
Malaysia	1,047,139	7.2%	1,824,927	18.0%
United States of America and Canada	5,883,531	40.4%	2,935,150	29.0%
Asia	3,916,219	26.9%	2,065,212	20.4%
Europe	3,538,630	24.3%	2,667,177	26.3%
Others	188,041	1.3%	631,631	6.2%
	14,573,560	100.0%	10,124,097	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 8 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 8 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.

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 RM12,067,812 (2013: RM28,368,998) during the financial year.

Notes to the Financial Statements (cont'd)

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

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

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 in the previous financial year.

As disclosed in Note 29 to the financial statements, the Group is no longer defaulted of any payment to the Lenders in respect of credit facilities granted by the Lenders to the Group. Accordingly, no provision is required to be recognised by the Company in the financial statements for the corporate guarantees on the bank borrowings of the subsidiary.

(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 January 2014	**On demand or within 1 Year** RM	**2 - 5 Years** RM	**More than 5 Years** RM	**Total** RM
Financial Liabilities				
Group				
Trade payables	10,266,007	-	-	10,266,007
Other payables and accruals	37,892,321	-	-	37,892,321
Amount owing to a director	22,436,103	-	-	22,436,103
Loans and borrowings	33,525	51,638	-	85,163
	70,627,956	51,638	-	70,679,594
Company				
Other payables and accruals	23,828,947	-	-	23,828,947
Amount owing to a director	22,436,103	-	-	22,436,103
	46,265,050	-	-	46,265,050

Notes to the Financial Statements (cont'd)

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

(ii) Liquidity Risk (cont'd)

At 31 January 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 and accruals	7,858,551	-	-	7,858,551
Loans and borrowings	71,000,350	74,604	-	71,074,954
	92,540,972	62,192	-	92,603,164
Company				
Loan and borrowings	4,398,080	-	-	4,398,080
Other payables and accruals	382,058	-	-	382,058
	4,780,138	-	-	4,780,138

(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, fixed deposits 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.

Notes to the Financial Statements (cont'd)

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

(iii) Market Risk (cont'd)

Interest Rate Risk (cont'd)

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 2014					
Group					
Fixed rate					
Financial asset					
Fixed deposits placed with a licensed bank	3.00	10,000,000	-	-	10,000,000
Short term deposits placed with licensed banks	2.40	4,400,000	-	-	4,400,000
Financial liabilities					
Bank borrowings					
Hire purchase payables	2.85	(33,525)	(51,638)	-	(85,163)
Company					
Fixed rate					
Financial asset					
Fixed deposits placed with a licensed bank	3.00	10,000,000	-	-	10,000,000
Short term deposits placed with licensed banks	2.40	3,300,000	-	-	3,300,000

Notes to the Financial Statements (cont'd)

33. 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					
Group					
Fixed rate					
Financial asset					
Fixed deposit placed with licensed banks	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)
Company					
Fixed rate					
Financial asset					
Fixed deposit placed with a licensed bank	3.00	43,000,000	-	-	43,000,000

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

Notes to the Financial Statements (cont'd)

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

(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.

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").

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

	Group	
	2014	**2013**
	RM	RM
Financial assets and liabilities not held in functional currency		
United States Dollar		
Trade receivables	13,896,178	7,604,967
Cash and bank balances	3,382,003	851,193
Trade payables	2,816,001	2,146,311
Japanese Yen		
Trade receivables	-	820,964

Sensitivity analysis for foreign currency risk

A 1% strengthening of the USD against the Group's functional currency at the reporting date would have increase the profit net of tax by RM108,466. This analysis assumes that all other variables remain constant.

A 1% weakening of the USD 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.

34. 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.

There were no changes in the Group's approach to capital management during the financial year.

	Group	
	2014	**2013**
	RM	RM
Total loans and borrowings (Note 16)	62,194	71,058,723
Trade payables (Note 20)	10,266,007	13,682,071
Other payables and accruals (Note 18)	37,892,321	7,858,551
Total liabilities	48,220,522	92,599,345
Less : Cash and bank balances (Note 11)	(19,059,790)	(51,300,466)
Net debt	29,160,732	41,298,879
Total equity attibutable to the owners of the parent	36,311,367	43,506,080
Capital and net debts	65,472,099	84,804,959
Gearing ratio	45%	49%

The Group is required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

a) 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.

b) 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.

Notes to the Financial Statements (cont'd)

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

c) On 24 June 2013 in respect of the Winding-Up Petition, the Group announced that Ceebee Chemicals Sdn Bhd ("Ceebee") filled a winding up petition against Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") which is a wholly-owned major subsidiary.

Ceebee has sold and delivered goods to CRG under the old management. However, CRG is in financial difficulty and the new management who took over CRG is in the midst of a debt restructuring exercise. Under such circumstances, CRG has sought for a longer period to resolve this issue.

i) The total cost of investment in CRG would be RM1.00 should the Winding-Up commences against CRG as the Company has made a provision for impairment in its investment in CRG.

ii) The Board of Directors of the Company does not expect any costs or losses to be incurred except for legal fees and related costs of approximately RM30,000.00.

The Board of Directors of the Company announced that its wholly-owned subsidiary, CRG, has been served with a Writ of Summons dated 2 September 2013 by Maxwell Kenion Cowdy & Jones as solicitors for Ceebee.

Writ of Summons dated 2 September 2013 was served on 9 September 2013.

The Plaintiff's claims are as follows:

a) A sum of RM175,460.00 up to 26.03.2013;
b) Interest claimed at the rate of 1.5% per month on the sum of RM175,460 from 27.03.2013 till date of judgement;
c) Interest claimed at the rate of 5% per annum on the sum of RM175,460 from date of judgement till the date of full settlement;
d) cost; and
e) Other reliefs deem fit by the court.

On 20 November 2013, the Board of Directors of the Company announced that its wholly-owned subsidiary, CRG, had through its solicitors, kbtan, kumar & partners, negotiated with Ceebee's solicitors an out of court settlement on strictly private and confidential basis but with no order as to costs and interests and the payment was made to Ceebee. The final mention of the case on 31 October 2013 had resolved the case accordingly.

Notes to the Financial Statements (cont'd)

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

d) The Group announced that on 2 July 2013, Hexavin Sdn Bhd ("Hexavin"), a dormant sub-subsidiary of the Company has submitted an application to the Companies Commission of Malaysia ("CCM") to strike off its name from the Register of CCM pursuant to Section 308 of the Companies Act, 1965. Hexavin has not been in operation since incorporation and has no intention of carrying on any business in the future.

The Board of Directors of the Company announced that Hexavin had on 6 September 2013, received from the CCM a letter dated 23 August 2013 notifying Hexavin that if no response to the contrary is received within one month from 23 August 2013, will strike Hexavin from the Register of CCM and a notice will be published in the Government Gazette.

The Group announced that Hexavin had on 7 October 2013, received from the CCM a letter dated 30 September 2013 notifying Hexavin that at the expiration of three (3) months from 30 September 2013, the name of Hexavin will, unless cause is shown to the contrary, be struck off the register of CCM and Hexavin will be dissolved.

The Board announced that Hexavin had on 10 February 2014, received from the CCM a letter dated 23 January 2014 notifying that the name of Hexavin has been struck-off pursuant to Section 308(4) of the Companies Act, 1965.

e) AmInvestment Bank Berhad ("AmInvestment Bank") announced that the Company had entered into agreements with Mr. Cheang Poy Ken ("Mr Cheang") and Keen Setup Sdn Bhd ("KSSB") (collectively referred herein as the "Investors") both dated 27 August 2013, to advance cash of RM22,400,000 each; totalling to RM44,800,000 to the Group.

The Proposed Advance is for the purpose of settling debts under the purview of CDRC involving amounts owed by CRG to Malayan Banking Berhad ("MBB"), Maybank Islamic Berhad ("MIB"), Ambank (M) Berhad ("Ambank") and CIMB Bank Berhad ("CIMB") (collectively referred herein as the "Lenders") ("Proposed Debt Settlement").

The Company is currently in discussion with the Lenders to enter into a debt settlement agreement. A further announcement on the Proposed Debt Settlement will be made in due course once the Proposed Debt Settlement is agreed upon among the parties involved.

f) AmInvestment Bank announced that the Company and CRG, had on 3 September 2013, entered into a debt settlement agreement ("Debt Settlement Agreement") with the Lenders for the full and final settlement of all amounts of borrowing or indebtedness or liability (including without limitation principal, interest, costs, charges or expenses or other liabilities) up till the settlement date owed by the Company and CRG to the Lenders ("Debt Settlement").

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

g) The Group announced that CRG, a wholly owned subsidiary of the Company, had on 10 September 2013, served an Originating Summons against Seah Bee Hoon ("Defendant") for claims as follows:

a) return of the motor vehicles bearing registration no. ADN 3311, AEP 2882 and AFD 8
b) Costs;
c) Interest; and
d) Other reliefs deemed fit by the Court.

The Group has obtained the return of AND 3311 but the Defendant is refusing to return the other two vehicles.

This case is fixed for decision to 19 June 2014.

The Board announced that the Company, together with its wholly-owned subsidiary, CRG (collectively known as "the Defendants") had been served with Writ of Summons by Tan Keng Beng ("Plaintiff A") on his own behalf and as Executor of the Estate of Tan Koon Poon @ Tan Koon Pun, collectively known as the Plaintiffs, on 25 November 2013. The Writ of Summons arose from the Plaintiffs' claim ("the Claim") that the Defendants have failed, neglected and refused to transfer/sell the motor vehicles, belonging to CRG, to the Plaintiffs and gratuity payment of twelve (12) months salary amounting to RM480,000 to Plaintiff A, as purportedly approved at the Directors' Meeting of the Company.

The particulars of the Claim under the Writ of Summons are as follows:

a) Specific performance of the agreement between the Plaintiffs and the Company for the transfer of motor vehicles; In the event the Defendants refuse to abide to transfer the motor vehicles within seven (7) days after the service of the Writ of Summons, the Pengarah Jabatan Pengangkutan Jalan would be authorised to execute the transfer forms and/or any other form of transfer of the motor vehicles from CRG into the Plaintiffs' names;
b) the sum of RM480,000 being gratuity payment of salary to Plaintiff A;
c) an interest rate of 8% on RM480,000 from the date of the Writ of Summons until the date of realisation;
d) costs; and
e) such further and other relief as the Court deems fit and proper to grant.

The court has fixed the next date to 30 May 2014.

h) The Group had announced that its wholly-owned subsidiary, CRG had been served with a Writ of Summons by Taiko Marketing Sdn Bhd ("the Plaintiff") on 13 September 2013 and that this case has been fixed for case management on 20 September 2013. The Writ of Summons arose from the default in payment ("the Claim") for the goods sold and delivered by the Plaintiff.

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

The particulars of the Claim under the Writ of Summons are as follows:

a) the sum of RM250,943.00 due and owing for the goods sold and delivered;
b) the sum of RM24,595.00 being the interest on the amount due and owing as at 31 July 2013;
c) Interest claimed at the rate of 2% per month on the sum of RM250,943.00 from 1 August 2013 till date of completion;
d) Cost; and
e) Other reliefs deem fit by the court.

On 20 November 2013, the Board of Directors of IRCB wishes to announce that its wholly-owned subsidiary, CRG, had through its solicitors, kbtan, kumar & partners, negotiated with Taiko's solicitors an out of court settlement on strictly private and confidential basis with the conditions that Taiko is to withdraw the suit with no liberty to file fresh and no order as to costs/interest and that there shall be no consent order recorded.

i) On 30 September 2013, the Company ("IRCB") announced that it proposes to undertake the following proposals:-

(a) proposed capitalisation of the advances received from Mr Cheang and KSSB of RM44.80 million via the issuance of 224 million Settlement Shares with 112 million Settlement Warrants;
(b) proposed capital reduction of the par value of the IRCB Shares pursuant to Section 64(1) of the Act, involving the cancellation of RM0.15 of the par value of every IRCB Share and thereafter, consolidation of every two (2) ordinary shares of RM0.05 each into one (1) ordinary share of RM0.10 each in IRCB;
(c) proposed increase in IRCB's authorised share capital from RM50 million comprising 500 million ordinary shares of RM0.10 each in IRCB (after the Proposed Capital Reduction and Consolidation) to RM100 million comprising 1,000 million IRCB Shares; and
(d) proposed establishment of an employees' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of IRCB (excluding treasury shares) at any point in time during the duration of the scheme.

On 23 May 2014, the AmInvestment Bank Berhad announced that, in relation to the Proposed Advance Capitalisation, the Company had entered into a subscription agreement with each of the Investors whereby the Company shall issue to the Investors a total of 224 million IRCB Shares and grant to the Investors a right to subscribe for a further 112 million IRCB Shares as full and final settlement of the Advance ("Subscription Agreements").

As a result of the Subscription Agreements, the Proposed Advance Capitalisation will now entail the proposed capitalisation of the Advance received from the Investors via the issuance of 224 million IRCB Shares ("First Tranche Subscription Shares") and the grant of a right to subscribe for a further 112 million IRCB Shares ("Second Tranche Subscription Shares") at an exercise price of RM0.20 per IRCB Share ("Second Tranche Subscription Price"). The number and subscription price of Second Tranche Subscription Shares shall be subject to adjustments in accordance with the provisions of the Subscription Agreements.

Notes to the Financial Statements (cont'd)

36. COMPARATIVE FIGURES

Certain comparative for the financial year ended 31 January 2013 have been reclassified or adjusted for consistent presentation with the financial statements disclosure requirements for the financial year ended 31 January 2014.

	As previously reported RM	Reclassification RM	As restated RM
Statements of financial position			
Amount due by a related party	-	(*)	-
Other receivables, deposits and prepayments	3,584,717	*	3,584,717
Statements of profit or loss and other comprehensive income			
Cost of sales	151,051,564	(3,211,946)	147,839,618
Administrative expenses	9,599,107	3,211,946	12,811,053

* The amount of RM511,718 had been fully impaired in the previous financial year.

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 accumulated losses of the Group and the Company as at 31 January 2014 are as follows:-

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	RM	RM	RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	(192,836,951)	(133,710,080)	(105,565,849)	(91,266,288)
- Unrealised	860,406	(320,046)	48,314	-
	(191,976,545)	(134,030,126)	(105,517,535)	(91,266,288)
Less: consolidated adjustment	76,456,620	37,202,626	-	-
Total accumulated losses as per statements of financial position	(115,519,925)	(96,827,500)	(105,517,535)	(91,266,288)

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 32 to 110 have been properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 111 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: 30 May 2014

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 32 to 110, and the supplementary information set out on page 111 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 Taiping in the State of Perak Darul Ridzuan on 30 May 2014.

Before me,

KANAN A/L KRISHNAN
No. A229
Commissioner for Oaths

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

Report on the Financial Statements

We have audited the financial statements of Integrated Rubber Corporation Berhad, which comprise the statements of financial position as at 31 January 2014 of the Group and of the Company, and the statements of profit or loss and other 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 32 to 110.

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 our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2014 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

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, 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 have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) 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) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 111 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. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Lock Peng Kuan
No. 2819/10/14 (J)
Chartered Accountant

Kuala Lumpur

Date: 30 May 2014

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-Third Annual General Meeting ("73rd AGM") of the Company will be held at Legend Inn Hotel, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak Darul Ridzuan on Friday, 25 July 2014 at 10.00 a.m.

AGENDA	RESOLUTION NO.
1. To receive the Audited Financial Statements for the year ended 31 January 2014, together with the Directors' and Auditors' Reports thereon.	
2. To approve payment of Directors' Fee.	**1**
3. To re-elect the following Director retiring in accordance with the Company's Articles of Association:-	
Mr Sean Kar Seng Cheang	**2**
4. 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."	**3**
5. To appoint Auditors and authorise the Directors to fix their remuneration.	**4**
6. To transact any other business appropriate to an Annual General Meeting.	
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-	
ORDINARY RESOLUTION - **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**	**5**

"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
2 July 2014

Notice of Annual General Meeting (cont'd)

NOTE:

1. Only members whose names appear on the Record of Depositors as at 21 July 2014 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, 55A, 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

The Ordinary Resolution proposed under item 7 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 25 July 2013. 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-Third 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, and 22 and 24 respectively in the Company's 2014 Annual Report.

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-Third Annual General Meeting of the Company to be held on 25 July 2014 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

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

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:

1. Only members whose names appear on the Record of Depositors as at 21 July 2014 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.
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fold

AFFIX
80 SEN
STAMP
(within Malaysia)

The Company Secretary
INTEGRATED RUBBER CORPORATION BERHAD
55A 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