



Annual Report | 2015

**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 of Directors of Integrated Rubber Corporation Berhad ("IRCB" or the "Company"), we both have the pleasure of presenting to you the Annual Report and the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31st January 2015.

### Proposed Regularization Plan Update

We are pleased to update that Bursa Securities had approved the Company's Regularisation Plan and the Company had on 3 November 2014 completed the proposals included therein. As required under the Main Market Listing Requirements, the Group now has to achieve a net profit in the next 2 consecutive quarters after the completion of the Regularisation Plan. Such financial period results have to be reviewed by an external auditor before a submission for upliftment may be made to Bursa Securities.

The Board is sparing no effort to secure the speedy upliftment of the Group from PN17 status. The company will continue to update you on the progress of its upliftment application in due course.

### Financial Review

For FYE 2015, the Group's focus was on moving beyond financial difficulties to establish a solid foundation for sustainable future growth. For this FYE 2015, the Group has reported 15% increase in revenue as compared to the previous year. Commensurately, our gross profits have increased by 94% over the same period. Driving this increase in both revenue and profit has been improvements in productivity and additional new dipping lines. This year the Group has delivered earnings per share of RM0.98 as compared to RM3.25 loss of the previous financial year.

### Operation Review

The Group has set out to build a foundation capable of delivering sustained and repeated value to all of our stakeholders. We view our people as our greatest resource and will continue to invest in the recruitment, training and retention of capable and motivated employees. To this end the Board has begun to plan for the distribution of shares under the employee share scheme to exceptional performers as both a reward and incentivize for in service for the Group.

Upon this foundation, the Group aims to invest in more innovative and efficient plants. By replacing select existing manufacturing facilities and expanding others, the Group aims to improve the quality of gloves, increase revenue, and improve margin. During the year under review, the Group recorded capital expenditures of RM18 million for the construction and commissioning of new dipping lines and support equipment, renovation and expansion of manufacturing facilities and construction of a new chemical compounding and storage facility. This expansion enabled the Group to increase output of gloves by 30%. Additional investment has been earmarked for a construction of additional lines in Q1 of FYE 2016 which will increase production output by an additional 30% over the same base.

Product rationalization and productivity improvements have seen the Group expand total output during this year under review to a total of 140 million pieces per month. Upon factoring the recently completed expansion, this figure is raised to 160 million pieces per month. After the completion of our further expansion in Q1 FYE 2016, total output will rise for 200 million pieces per month.

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

### Prospects

Looking forward, the Group believes that the operating environment going forward remains moderately positive. There continues to be robust demand in key markets in developed markets such as the US, Germany and Australia which can be further tapped by the Group. The Group is also exploring opportunities in developing markets which can further accelerate our growth.

### Brand Consolidation

To further signify our step to the future, the Board has proposed that the Group changes its name from IRCB to Comfort Glove Berhad ("CGB"). This is to capitalize and build upon the reliable and consistent image of its wholly-owned subsidiary Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG"). CRG has an enviable record of longevity in the market and is the key operating company of the Group. This brand consolidation will improve the visibility and marketability of both the Group and CRG.

### In Appreciation

Our sincere gratitude and thanks to all the Directors, capable management and staff for your unwavering commitment. We also wish to record our utmost appreciation to our valued shareholders, customers, vendors and business associates for your support and strong confidence.

We believe our best days are ahead of us and look forward to your continued support, as we work with utmost determination to deliver the results.

Thank you.

**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*

Mr Lau Joo Yong  
*Executive Director*

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

Mr Lau Joo Pern  
*Non-Independent Non-Executive Director*

### AUDIT COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii  
*(Chairman)*

Mr Lim Boon Huat

Mr Lau Joo Pern

### NOMINATING COMMITTEE

Mr Lim Boon Huat *(Chairman)*  
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii  
Mr Lau Joo Pern

### REMUNERATION COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii  
*(Chairman)*

Mr Lim Boon Huat

Mr Lau Joo Pern

### ESOS COMMITTEE

Mr Sean Kar Seng Cheang  
Mr Lau Joo Yong  
Mr Lim Boon Huat

### CORPORATE / OPERATIONAL OFFICE

Comfort Rubber Gloves Industries Sdn Bhd  
Lot 821, Jalan Matang  
34750 Matang  
Taiping, Perak  
Tel No : 05-8472 777  
Facsimile No : 05-8479 108

### 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)  
Chan Eoi Leng (MAICSA 7030866)

### 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

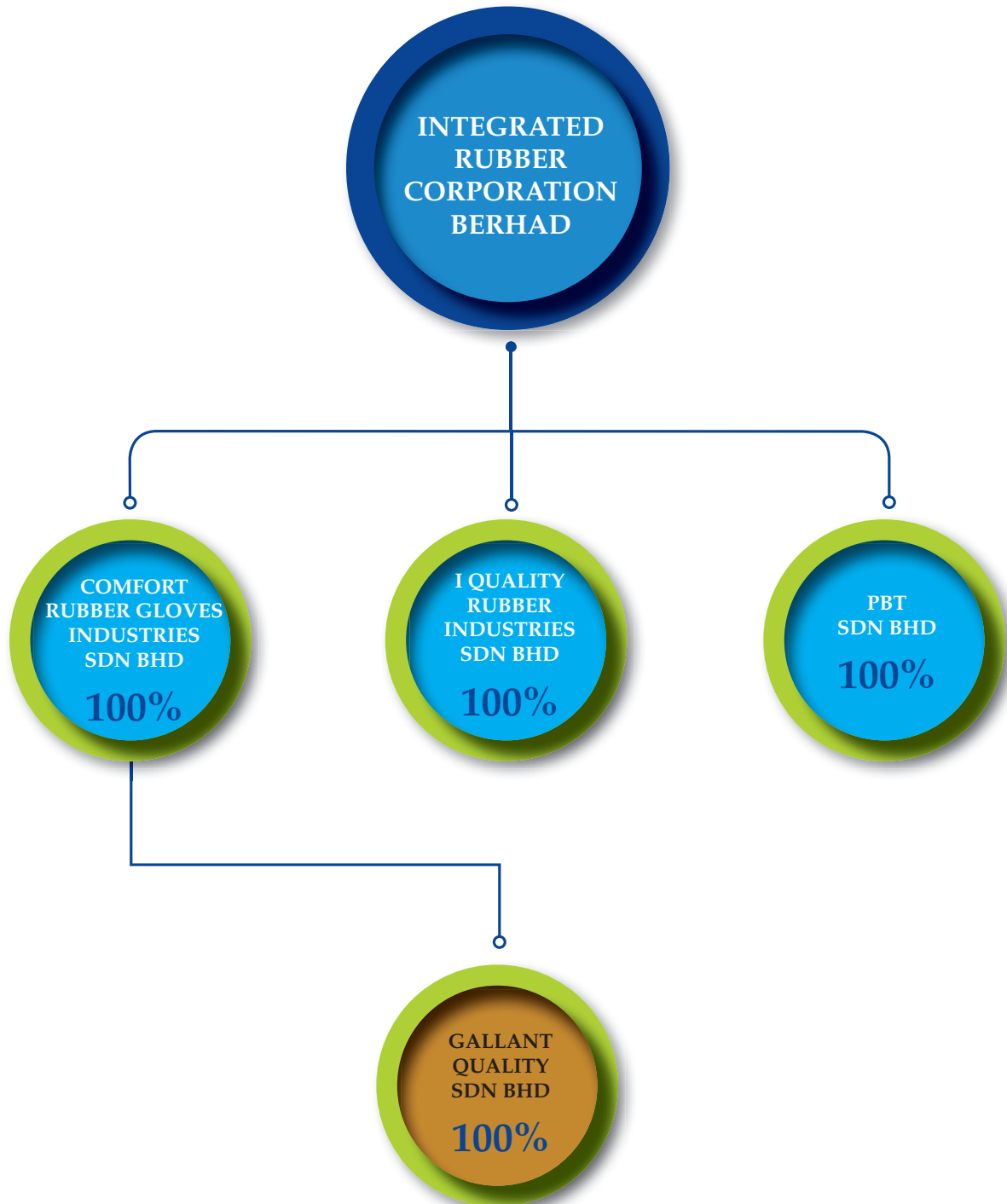
### PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd  
Hongkong and Shanghai Banking  
Corporation (HSBC) Bank  
Malaysia Berhad  
RHB Bank Bhd

### 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 46*

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 Nominating Committee and a member of the Audit Committee, Remuneration Committee and ESOS 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 62*

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 26*

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. He is a member of ESOS Committee.

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 the 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 77*

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 Nominating 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 was also 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.





## Profile of Directors (cont'd)

### **MR LAU JOO YONG**

*Executive Director  
Malaysian, aged 27*

Mr Lau Joo Yong was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as an Executive Director on 9 September 2014.

Mr Lau Joo Yong was graduated with a Bachelor of Business Administration from East London University, he was the Chief Operating Officer for Peninsular Forest Management Sdn. Bhd., a Business Development Manager for Alam Muhibah Sdn. Bhd. and a Business Development Manager for Ikatan Kanyangan Sdn. Bhd..

He is the son of Dato' Lau Eng Guang and brother of Lau Joo Kien, Brian, who are the substantial shareholders of the Company and cousin of Lau Joo Pern, the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company.

### **MR LAU JOO PERN**

*Non-Independent Non-Executive Director  
Malaysian, aged 34*

Mr Lau Joo Pern was appointed to the Board of Directors of Integrated Rubber Corporation Berhad as Non-Independent Non-Executive Director on 30 January 2015. He is a member of Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee.

Mr Lau Joo Pern graduated with a Bachelor of Accounting and Financial Management from University of Sheffield, United Kingdom. He is a Member of the Association of Certified Chartered Accountants (ACCA) and a Member of the Malaysian Institute of Accountants.

Mr Lau Joo Pern's experience in the financial services industry has span over a period of 10 years and he has held managerial position with one of the Big Four International Accounting Firm. His working experience included auditing, corporate finance advisory and valuation advisory. Currently, he is the financial controller of Ikatan Kayangan Sdn Bhd.

He is a nephew of Dato' Lau Eng Guang and cousin of Lau Joo Kien, Brian who are the substantial shareholders of the Company and cousin of Lau Joo Yong, the Executive Director 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 as a fundamental part of discharging the Board’s responsibility to protect and enhance long term shareholders value and the financial performance of the Group, 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”). 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 Principal Responsibilities

The Group is 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. The Board monitors the decision and actions of the Executive Directors and the performance of the Group to gain assurance that profess is being made towards the corporate purpose within the limits imposed through the Group’s governance assurance framework.

The following matters (including changes to any such matters) require approval from the Board, except expressly delegated by the Board to a Committee or nominated member of the Management team:

- Approval of corporate and strategic directions of the Group
- Approval of annual budgets
- Approval of material acquisitions, and disposal of undertaking and properties or any significant which exceeds the authority limits delegated to the Managing Director or management.
- Changes to the management and control structure within the Company and its subsidiaries
- Appointment of all other Board members, Board Committee members, CFO and the Company Secretary
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Company’s Articles of Association.
- Internal Control System
- Succession planning for senior management

During the financial year ended 31 January 2015, a total of five (5) board meetings were held. Each Director, during his term of office, has attended all the meetings to ensure compliance with the Main Market Listing Requirements of 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.



## Corporate Governance Statement (cont'd)

### **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](http://www.ircb.com.my).

### **Board Composition and Independence**

The Board comprises a Managing Director, one Executive Director, two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. 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 two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Company has thus satisfied the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad of having at least one-third of the Board members as Independent Non-Executive Directors.

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

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

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

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

## Corporate Governance Statement (cont'd)

### Meetings

The Board meets five (5) 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	4 of 5
Mr Lau Joo Yong (Appointed on 9 September 2014)	1 of 1
Mr Lau Joo Pern (Appointed on 30 January 2015)	Not Applicable

All the Directors have complied with the minimum attendance at Board Meetings during the financial year as stipulated by Bursa Securities.

### 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 practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures which full details of the policies and procedures are made available on the Company's website at [www.ircb.com.my](http://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.



## Corporate Governance Statement (cont'd)

### 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.

### Continuous Directors' Training

The Board has undertaken an assessment of the training needs of each Director.

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 Strong Leadership in Crisis Management seminars during the financial year ended 31 January 2015.

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

## DIRECTORS' REMUNERATION

### The Level and Make-up of Remuneration

The Company has adopted the principle recommended by the Code whereby the level of remuneration of the Directors is sufficient to attract and retain the Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience, contribution, individual as well as Group performance. For the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by them.

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 2015 is as follows:

Directors' Remuneration	Executive Directors RM'000	Non-Executive Directors RM'000
Fee	35,960	108,000
Salaries and EPF	1,063,016	-
Bonus/Allowances	11,250	29,700
Benefits-in-kind	-	-

## Corporate Governance Statement (cont'd)

The number of Directors of the Company whose total remuneration falls within the respective band for the financial year ended 31 January 2015 is as follows:

Range of Remuneration	No. of Directors	
	Executive	Non Executive
RM0 - RM50,000	1	2
RM50,001 – RM100,000	-	1
RM100,001 – RM200,000	-	-
RM200,001 – RM 300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 and above	2	-

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 four vital and inter-related components:

##### 1. Communications

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group so that they can accurately apply it to evaluate the Company. As we report new developments and financial results, investors assess how each piece of information fits into the Company's overall strategy.

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

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

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

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

### 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 2015, the foreseeable future, the Directors have:

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

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

#### Risk Management and Internal Control

The Board has established a Risk Management Committee that comprises the Managing Director, Executive Director and senior management to assess the various types of risks which might have an impact on the profitable operation of the Group’s business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in the *Statement on Risk Management and Internal Control* on Pages 21 to 22 of the Annual Report.

In accordance with the Code and the Main Market Listing Requirements of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. Details on scope of work performed during the financial year under review are provided in the Risk Management and Internal Control set out on Pages 21 to 22 of the Annual Report.

## Corporate Governance Statement (cont'd)

### Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the auditors' professional requirements. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the Auditors. Liaison and unrestricted communication exist between the Audit Committee and the external auditors. The auditors have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention.

### BOARD COMMITTEES

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

- Audit Committee
- Nominating Committee
- Remuneration Committee

#### The Audit Committee ("AC")

The Audit Committee composed mainly of Independent Non-Executive Directors, and is chaired by Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii.

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 23 to 25.

#### Nominating Committee ("NC")

The members of the Nominating Committee during the financial year, composed majority 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 Lau Joo Pern - *Non-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. The Board has established a nomination process of board members to facilitate and provide a guide for the Nominating Committee to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.

The activities of the Nominating Committee during the financial year are as follows:

- Review the mix of skills, independence, experience and other qualities of the Board
- Review the annual assessment of the effectiveness of the Board, committees and individual directors with the following criteria used

##### Audit Committee

- I. Quality and Composition
- II. Skills and Competencies
- III. Meeting Administration and Conduct





## Corporate Governance Statement (cont'd)

### Board of Directors

- I. Board Structure;
- II. Board Operations; and
- III. Board Roles and Responsibilities.

- Review and recommend to the Board the re-appointment and re-election of Directors.

As the majority members of the Nominating Committee are Independent Directors, when the assessment was carried out, the assessment of their independence has been conducted by the Board as a whole. Appropriate assessment and recommendation by the Nominating Committee is based on the yearly assessment conducted.

The NC meets when necessary and one (1) meeting was held 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 Lau Joo Pern - *Non-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 meets when necessary and one (1) meeting was held during the financial year under review.

### **CORPORATE SOCIAL RESPONSIBILITIES**

Looking after the community where we operate is a key area for us. Our aim is to integrate ourselves into the local communities and contribute to their development. In order to do so, we have made contributions to the following:

- Berita Kesatuan Pekerja Bomba dan Penyelamat Semenanjung Malaysia
- Kastam Diraja Malaysia
- Pertubuhan Membantu Pesakit Parah Miskin Malaysia
- Surau Al-Falah (Simpang)

## Corporate Governance Statement (cont'd)

### COMPLIANCE WITH THE CODE

The Group has complied with the relevant principle and recommendation of good governance as contained in the code other than below:

#### Tenure of Independent Director

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However the Nominating Committee and Board have determined at the annual assessment carried out that Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii, who has served on the Board for more than nine (9) years, had remained objective and independent in expressing his views and in participating in deliberation and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his exercise of independent judgment and ability to act in the best interest of the Company. Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii had been demonstrably independent in carrying out his roles as a member of the Board and Board Committees.

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii has also notably fulfilled his role as Chairman of the Audit Committee.

The Board has therefore decided not to seek shareholders' approval and retain Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii to continue as an Independent Non-Executive Director of the Company based on the following justification:

- (a) He fulfilled the criteria under definition of Independent Director as stated in the Main Market Listing Requirement of Bursa Securities, and thus he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.
- (b) His vast experience in accountancy, taxation and financial consultancy enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
- (c) He has performed his duty diligently and in the best interest of the Company as required in his role as Independent Director and provides a broader view, independent and balanced assessment of proposals for the management.



## Corporate Governance Statement (cont'd)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been allowed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.
- Prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities.

## 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	10,000	-
Construction of factory building	5,000	7,600	7,600	-
Construction of effluent treatment plant	2,000	-	-	-
Purchase of raw materials	19,043	23,043	23,043	-
Repayment of bank borrowings	10,000	15,000	15,000	-
Working capital	-	13,400	13,400	-
Estimated expenses in relation to the Corporate Exercise	2,000	2,000	2,000	-
<b>Total</b>	<b>71,043</b>	<b>71,043</b>	<b>71,043</b>	<b>-</b>

### 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**

The Group did not sponsor any Depository Receipt programme during the financial year.

### **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**

Non-audit fees paid or payable to the external auditors amounted to RM111,000/- during the financial year under review.

### **Profit Guarantee**

There was no profit guarantee given by the Group during the financial year.

### **Variation in Results**

There is no material variance between the audited results for the financial year ended 31 January 2015 and unaudited results previously released for the financial quarter ended 31 January 2015.

### **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.

### **Revaluation of Landed Properties**

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

# Statement on Risk Management and Internal Control

## INTRODUCTION

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

Set out below is the Board of Directors' Statement on Risk and 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 RESPONSIBILITY, ASSURANCE AND LIMITATION

The Board of Directors has overall responsibility in maintaining an appropriate system of risk management and internal control in the Group. The Board has been proactive in its management of risks and deployment of internal control to address the identified risks.

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 is committed to monitor and refine its internal control system to ensure its continuing effectiveness.

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 Managing Director ("MD") and Chief Financial Officer ("CFO") 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 is responsible for establishing and developing an adequate internal controls to manage risk. The controls are embedded into culture, processes and structures of the Company to minimise incidences of possible fraud, wastage and abuse.

The management has adopted an on-going process for identifying, evaluating and managing significant risks that may prevent the achievement of business objectives. All managers are responsible for identifying risk, assessing the root causes and consequences, and implementing controls. There are standard operating procedures in place to ensure compliance with controls and relevant regulations. These policies and procedures form part of our Quality Management System that certified by International Organisation for Standardisation (ISO). Quality Assurance Department conducts internal audit once a year on all departments (except for Finance and Accounts Department) to ensure that operations and documentations are in conformity with the standard procedures and area for improvements are identified.

This system should be capable of responding quickly to likely business risks arising from events within the Group and changes in the business environment, it includes procedures for top-down and bottom up communication of any significant control failings or weaknesses that identified together with details of corrective action to be taken.



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

### **INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES**

The Group has engaged an external independent party to perform the internal audits on material controls, including financial, operational and compliance controls. The outsourced Internal Auditors report to the Audit Committee on the adequateness and effectiveness of the controls. During the Audit Committee meeting, the internal audit findings are discussed and control actions are agreed to mitigate possible risk. The implementation of the agreed actions is verified by the Internal Auditors through its follow-up reviews.

For this current financial year, the internal auditors have reviewed the internal processes on acquisition, disposal and safeguarding of property, plant and equipment.

There is no material control deficiencies noted during the financial year under review which had a significant impact on the achievement of Group's business objectives and 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 Lau Joo Pern - Member  
(Non-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 2015. 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	4 of 5
Mr Lim Boon Huat	5 of 5
Mr Lau Joo Pern (Appointed on 30 January 2015)	N/A

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 2015 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 2015.
- 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 2015.
- 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 2015 was RM12,000/-.



## Shareholders' Information

Authorised Share Capital	:	RM100,000,000.00
Issued & Paid-up Capital	:	RM43,302,308
Class of Shares	:	Ordinary Shares of RM0.10 each fully paid
Voting Rights	:	1 vote per share (on a poll) 1 vote per shareholder (on show of hands)

The Company has 6,145 shareholders as at 10 June 2015

### ANALYSIS OF SHAREHOLDINGS AS AT 10 JUNE 2015

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	348	5.66	10,287	0.00
101 to 1,000	2,470	40.20	1,055,024	0.24
1,001 to 10,000	2,002	32.58	9,210,168	2.13
10,001 to 100,000	1,099	17.88	36,526,940	8.44
100,001 to 21,651,153 (*)	224	3.65	201,529,011	46.54
21,651,154 and above (**)	2	0.03	184,691,650	42.65
<b>Total</b>	<b>6,145</b>	<b>100.00</b>	<b>433,023,080</b>	<b>100.00</b>

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

### SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) AS AT 10 JUNE 2015

Name of Substantial Shareholders	Direct		Deemed	
	No. of shares	%	No. of shares	%
Cheang Phoy Ken	116,191,650	26.83	50,000*	0.01
Lau Joo Yong	32,686,600	7.55	-	-
Keen Setup Sdn Bhd	68,500,000	15.82	-	-
Lau Eng Guang	9,724,850	2.25	68,500,000	15.82
Lau Joo Kien, Brian	-	-	65,500,000	15.82
Teo Soon Heng	-	-	68,500,000	15.82

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

### DIRECTORS' INTERESTS AS AT 10 JUNE 2015

Name of Directors	Ordinary Shares of RM0.20 each			
	Direct		Deemed	
	No. of shares	%	No. of shares	%
Lim Boon Huat	32,000	0.01	-	-
Cheang Phoy Ken	116,191,650	26.83	50,000*	0.01
Sean Kar Seng Cheang	50,000	0.01	-	-
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Lau Joo Yong	32,686,600	7.55	-	-
Lau Joo Pern	-	-	-	-

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

## Shareholders' Information (cont'd)

## 30 LARGEST SHAREHOLDERS as at 10 JUNE 2015

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	116,191,650	26.83
2	Keen Setup Sdn Bhd	68,500,000	15.82
3	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Lau Joo Yong	18,500,000	4.27
4	Melati Angsana Sdn Bhd	12,500,000	2.89
5	Panduan Jitu Sdn Bhd	12,500,000	2.89
6	Warisan Diprima Sdn Bhd	12,500,000	2.89
7	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	8,534,100	1.97
8	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lim Loi Heng	8,136,750	1.88
9	Lau Eng Guang	8,094,300	1.87
10	HSBC Nominees (Asing) Sdn Bhd Exempt An for J. P. Morgan Bank Luxembourg S. A.	7,500,000	1.73
11	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	7,230,650	1.67
12	Lau Joo Yong	6,244,000	1.44
13	Impian Semarak Sdn Bhd	6,120,000	1.41
14	Low Eng Guan	5,790,200	1.34
15	Lau Joo Yong	4,266,850	0.99
16	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Normah Binti Mohamad Arif	3,395,000	0.78
17	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd.	3,075,200	0.71
18	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for Credit Suisse	2,925,758	0.68
19	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Affin Hwang Asset Management Berhad	2,797,500	0.65
20	Lau Joo Heng	2,505,550	0.58
21	Normah Binti Mohamad Arif	2,359,800	0.54
22	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gurjeet Singh A/L Chanan Singh)	2,188,500	0.51
23	Lau Geok Jade	2,120,000	0.49
24	Sim Keng Chor	1,841,600	0.43
25	Lau Geok Hong	1,835,850	0.42
26	Leong Lup Yan	1,420,000	0.33
27	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	1,371,458	0.32
28	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Leong Hoy Kum)	1,213,450	0.28
29	Gan Seong Liam	1,140,000	0.26
30	Chew Chong Kee	1,130,000	0.26
	TOTAL	333,928,166	77.13



## Shareholders' Information (cont'd)

Class of Securities	:	Warrants
No. of Warrants Issued	:	118,394,992
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 10 JUNE 2015

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrant Issued
Less than 100	300	12.57	7,895	0.01
101 to 1,000	687	28.78	317,731	0.27
1,001 to 10,000	666	27.90	3,226,984	2.72
10,001 to 100,000	559	23.42	20,850,447	17.61
100,001 to 5,919,748 (*)	174	7.29	83,433,985	70.47
5,919,749 and above (**)	1	0.04	10,557,950	8.92
Total	2,387	100.00	118,394,992	100.00

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

### DIRECTORS' INTERESTS AS AT 10 JUNE 2015

Name of Directors	Direct		Deemed	
	No. of Warrants	%	No. of Warrants	%
Lim Boon Huat	173,850	0.15	-	-
Cheang Phoy Ken	-	-	-	-
Sean Kar Seng Cheang	-	-	-	-
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	-	-	-	-
Lau Joo Yong	-	-	-	-
Lau Joo Pern	-	-	-	-

## Shareholders' Information (cont'd)

## 30 LARGEST WARRANT HOLDERS as at 10 JUNE 2015

No.	Name	No. of Warrants	%
1	Lau Eng Guang	10,557,950	8.92
2	Melati Angsana Sdn Bhd	5,000,000	4.22
3	Panduan Jitu Sdn Bhd	5,000,000	4.22
4	Warisan Diprima Sdn Bhd	5,000,000	4.22
5	Lau Joo Yong	3,029,400	2.56
6	Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Suie Chong)	2,854,000	2.41
7	Impian Semarak Sdn Bhd	2,448,000	2.07
8	Lim Hun Guan	2,082,500	1.76
9	Ng Ko Chee	2,000,000	1.69
10	Tee Luog Seng	1,834,800	1.55
11	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	1,500,000	1.27
12	Lai Kong Hoo	1,435,000	1.21
13	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	1,275,300	1.08
14	Foo Long Loke	1,180,000	1.00
15	Ong Foo Ah	1,150,000	0.97
16	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Wong Kam Poh)	1,100,000	0.93
17	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	1,002,300	0.85
18	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for Credit Suisse	1,000,000	0.84
19	Mohd Zin Bin Isa	1,000,000	0.84
20	Safari Bird Park & Wonderland Sdn Bhd	1,000,000	0.84
21	Seow Hoon Hin	997,250	0.84
22	Ong Su Wan	932,500	0.79
23	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Teik Aun)	900,000	0.76
24	Lau Joo Heng	860,000	0.73
25	Loh Kar Wah	805,000	0.68
26	Ling Yoke Tek	795,600	0.67
27	Wong Yi Yuan	779,000	0.66
28	Lim Pong Seng	700,000	0.59
29	Yap Wai Leong	690,100	0.58
30	Heng Yong Kuang	600,000	0.51
	<b>TOTAL</b>	<b>59,508,700</b>	<b>50.26</b>

## List of Properties Held as at 31 January 2015

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book/ Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
<b>PERAK DARUL RIDZUAN</b>  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)	19	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)	2	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	16	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)	14	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 2015.

### 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
Profit net of tax	4,257,410	39,220,515
Other comprehensive income for the financial year, net of tax	721,695	48,314
<b>Total comprehensive income for the financial year</b>	<b>4,979,105</b>	<b>39,268,829</b>
<b>Profit attributable to:</b>		
Owners of the parent	4,257,410	39,220,515
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	4,979,105	39,268,829

### 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 2015.





## 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	- Resigned on 27 January 2015
Lau Joo Yong	- Appointed on 9 September 2014
Lau Joo Pern	- Appointed on 30 January 2015

### 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 2015 are as follows:-

	Number of ordinary shares of RM0.10/- each			
	At 1.2.2014/ Date of appointment	Bought	Capital reduction	At 31.1.2015
The Company <b>Integrated Rubber Corporation Berhad</b>				
<b>Direct interest</b>				
Cheang Phoy Ken	95,383,300	124,500,000	(103,691,650)	116,191,650
Sean Kar Seng Cheang	100,000	-	(50,000)	50,000
Lim Boon Huat	38,000	26,000	(32,000)	32,000
Lau Joo Yong	50,679,800	7,346,700	(25,339,900)	32,686,600

	Number of Warrants 2010/2015			
	At 1.2.2014/ Date of appointment	Bought	Capital reduction	At 31.1.2015
The Company <b>Integrated Rubber Corporation Berhad</b>				
<b>Direct interest</b>				
Lim Boon Huat	-	347,700	(173,850)	173,850

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' Report (cont'd)

### 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 31 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 31 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.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the following transactions were completed:

- (i) On 9 September 2014, the Company increased its authorised share capital from RM200,000,000/- to RM400,000,000/- by the creation of an additional of 1,000,000,000 ordinary shares of RM0.20 each.
- (ii) On 9 October 2014, the Company increased its issued and paid-up capital by the allotment of 224,000,000 ordinary shares of RM0.20 each at RM0.20 per share, being the First Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").
- (iii) On 16 October 2014, the Company reduced its share capital by the cancellation of RM0.15 of the par value of every ordinary share of RM0.20 each pursuant to the Capital Reduction.
- (iv) On 31 October 2014, the Company reduced its number of ordinary shares by consolidating every two (2) shares of RM0.05 each into one (1) new ordinary share of RM0.10 each pursuant to the Capital Consolidation.
- (v) On 10 December 2014, the Company increased its issued and paid-up capital by the allotment of 10,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").
- (vi) On 26 December 2014, the Company increased its issued and paid-up capital by the allotment of 15,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").

The new ordinary shares issued during the financial year ranked pari passu with the existing shares of the Company.

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

### WARRANTS

#### Detachable Warrants 2010/2015

By virtue of a Deed Poll executed on 11 November 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.

On 30 September 2013, the Company announced the capital reduction of the par value of the ordinary share of RM0.20 each in IRCB ("IRCB Share") pursuant to Section 64(1) of the Companies Act 1964, involving the cancellation of RM0.15 of the par value of every IRCB Share and thereafter, the consolidation of every two (2) ordinary shares of RM0.05 each into one (1) new ordinary share of RM0.10 each in IRCB ("Capital Reduction and Consolidation").

Pursuant to the provisions of the deed poll constituting the warrants dated 11 November 2010 ("Deed Poll"), the Capital Reduction and Consolidation gave rise to adjustments to the existing warrants' exercise price and/or number of existing warrants so far as unexercised. Consequently, the exercise price of the unexercised Warrants was adjusted from RM0.25 each to RM0.50 each and the number of unexercised warrants was adjusted to 118,405,240.

As per the provisions of the Deed Poll, the Company had on 4 November 2014 issued a notice of adjustment to the warrantholders of IRCB with regards to the aforementioned adjustment.

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 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year 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 36 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: 28 May 2015

## Statements of Financial Position

as at 31 January 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	64,056,854	52,357,222	10,214,968	10,325,714
Prepaid lease payments	5	-	-	-	-
Investment in subsidiaries	6	-	-	85,500,004	2
<b>Total non-current assets</b>		64,056,854	52,357,222	95,714,972	10,325,716
<b>Current assets</b>					
Inventories	7	22,062,999	17,695,760	-	-
Trade receivables	8	23,499,970	14,573,560	-	-
Other receivables, deposits and prepayments	9	2,962,519	5,082,952	38,188	112,453
Amount due by subsidiaries	10	-	-	32,431,600	59,192,450
Tax recoverable		44,280	48,381	10,239	4,050
Cash and bank balances	11	10,070,214	19,059,790	3,263,440	13,602,666
<b>Total current assets</b>		58,639,982	56,460,443	35,743,467	72,911,619
<b>TOTAL ASSETS</b>		122,696,836	108,817,665	131,458,439	83,237,335



## Statements of Financial Position

as at 31 January 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	43,301,308	118,405,240	43,301,308	118,405,240
Warrant reserves	13	10,609,110	10,609,110	10,609,110	10,609,110
Other reserves	14	26,929,575	11,319,230	26,929,575	11,319,230
Revaluation reserves	15	10,776,017	11,497,712	1,793,872	1,842,186
Accumulated profits/(losses)		3,752,767	(115,519,925)	48,044,881	(105,517,535)
<b>Total equity attributable to owners of the parent</b>		<b>95,368,777</b>	<b>36,311,367</b>	<b>130,678,746</b>	<b>36,658,231</b>
<b>Non-current liabilities</b>					
Loans and borrowings	16	23,896	43,045	-	-
Deferred tax liabilities	17	1,621,769	1,849,673	298,797	314,054
<b>Total non-current liabilities</b>		<b>1,645,665</b>	<b>1,892,718</b>	<b>298,797</b>	<b>314,054</b>
<b>Current liabilities</b>					
Trade payables	18	15,575,492	10,266,007	-	-
Other payables and accruals	19	6,727,734	37,892,321	444,793	23,828,947
Derivative financial liabilities	20	174,402	-	-	-
Amount owing to a director	21	36,103	22,436,103	36,103	22,436,103
Loans and borrowings	16	3,168,663	19,149	-	-
<b>Total current liabilities</b>		<b>25,682,394</b>	<b>70,613,580</b>	<b>480,896</b>	<b>46,265,050</b>
<b>Total liabilities</b>		<b>27,328,059</b>	<b>72,506,298</b>	<b>779,693</b>	<b>46,579,104</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>122,696,836</b>	<b>108,817,665</b>	<b>131,458,439</b>	<b>83,237,335</b>

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 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Continuing Operations</b>					
Revenue	22	155,216,603	134,698,212	-	-
Cost of sales		(145,374,713)	(134,594,591)	-	-
<b>Gross profit</b>		9,841,890	103,621	-	-
<b>Other items of income</b>					
Interest income	23	100,160	1,045,373	89,023	1,042,384
Other income	24	2,934,853	28,225,934	40,513,748	-
<b>Other items of expense</b>					
Selling and marketing expenses		(2,066,698)	(2,085,625)	-	-
Administrative expenses		(6,739,938)	(44,761,783)	(1,397,513)	(15,344,035)
<b>Operating profit/(loss)</b>		4,070,267	(17,472,480)	39,205,258	(14,301,651)
Finance costs	25	(37,265)	(1,973,263)	-	(5,856)
<b>Profit/(loss) before tax</b>	26	4,033,002	(19,445,743)	39,205,258	(14,307,507)
Taxation	27	224,408	179,785	15,257	7,946
<b>Profit/(loss) net of tax</b>		4,257,410	(19,265,958)	39,220,515	(14,299,561)
<b>Other comprehensive income for the financial year, net of tax</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
- Revaluation of property, plant and equipment, net of tax		-	12,071,245	-	1,890,500
- Realisation of revaluation reserve		721,695	-	48,314	-
<b>Total comprehensive income/ (loss) for the financial year</b>		4,979,105	(7,194,713)	39,268,829	(12,409,061)





## Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 January 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		4,257,410	(19,265,958)	39,220,515	(14,299,561)
<b>Total comprehensive income/ (loss) attributable to:</b>					
Owners of the parent		4,979,105	(7,194,713)	39,268,829	(12,409,061)
<b>Earnings/(loss) per ordinary share attributable to owners of the parent (sen)</b>					
- Basic	28	0.98	(3.25)		
- Diluted	28	0.98	(3.11)		

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

## Statements of Changes in Equity

for the financial year ended 31 January 2015

Group	← Attributable to Owners of the Parent →						Distributable Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Warrant Reserves RM	Revaluation Reserves RM	Other Reserves RM		
At 1 February 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 loss for the financial year	-	-	-	-	12,071,245	-	(19,265,958)	(7,194,713)
Realisation of revaluation reserve	-	-	-	-	(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
Profit net of tax	-	-	-	-	-	-	4,257,410	4,257,410
Realisation of revaluation reserve	-	-	-	-	(721,695)	-	721,695	-
Total comprehensive income for the financial year	-	-	-	-	(721,695)	-	4,979,105	4,257,410
<b>Transactions with owners:</b>								
First tranche subscription shares pursuant to Advance Capitalisation	44,800,000	-	8,110,345	-	-	-	(8,110,345)	44,800,000
Par value reduction and consolidation of shares	(122,403,932)	-	-	-	-	-	122,403,932	-
Second tranche subscription shares pursuant to Advance Capitalisation	2,500,000	11,120,690	(3,620,690)	-	-	-	-	10,000,000
At 31 January 2015	43,301,308	11,120,690	4,489,655	10,609,110	10,776,017	11,319,230	3,752,767	95,368,777



Statement of Changes in Equity  
for the financial year ended 31 January 2015

Company	← Attributable to Owners of the Parent →						Distributable Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Warrant Reserves RM	Revaluation Reserves RM	Other Reserves RM		
At 1 February 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 loss for the financial year	-	-	-	-	1,890,500	-	(14,299,561)	(12,409,061)
Transfer to accumulated loss	-	-	-	-	(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
Profit net of tax	-	-	-	-	-	-	39,220,515	39,220,515
Realisation of revaluation reserve	-	-	-	-	(48,314)	-	48,314	-
Total comprehensive income for the financial year	-	-	-	-	(48,314)	-	39,268,829	39,220,515
<b>Transactions with owners:</b>								
First tranche subscription shares pursuant to Advance Capitalisation	44,800,000	-	8,110,345	-	-	-	(8,110,345)	44,800,000
Par value reduction and consolidation of shares	(122,403,932)	-	-	-	-	-	122,403,932	-
Second tranche subscription shares pursuant to Advance Capitalisation	2,500,000	11,120,690	(3,620,690)	-	-	-	-	10,000,000
At 31 January 2015	43,301,308	11,120,690	4,489,655	10,609,110	1,793,872	11,319,230	48,044,881	130,678,746

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

## Statements of Cash Flows

for the financial year ended 31 January 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>OPERATING ACTIVITIES:</b>				
Profit/(loss) before tax	4,033,002	(19,445,743)	39,205,258	(14,307,507)
Adjustments for:				
Allowance for impairment in subsidiary companies	-	-	-	12,067,812
Bad debts recovered	(7,082)	(21,246)	-	-
Impairment loss on deposits	-	5,513,000	-	-
Interest expense	37,265	1,973,263	-	5,856
Interest income	(100,160)	(1,045,373)	(89,023)	(1,042,384)
Net fair value loss on derivative	174,402	-	-	-
Property, plant and equipment				
- net gain on disposal	(71,997)	(900)	-	-
- depreciation	5,267,070	7,739,097	359,246	316,786
- written off	980,847	3,937,412	-	-
- impairment loss	-	23,407,087	-	-
Reversal of allowance for impairment on amount due by a subsidiary	-	-	(40,401,688)	-
Unrealised gain on foreign exchange	(1,354,357)	(286,873)	-	-
Waiver of debts				
- financial lenders	-	(22,615,956)	-	-
- trade and other payables	(52,378)	(3,067,473)	-	-
<b>Operating cash flows before changes in working capital</b>	<b>8,906,612</b>	<b>(3,913,705)</b>	<b>(926,207)</b>	<b>(2,959,437)</b>
Changes in Working Capital:				
Inventories	(4,367,239)	(4,169,977)	-	-
Receivables	(5,574,294)	(5,639,579)	74,265	1,920,901
Payables	(3,507,558)	7,249,076	(984,154)	1,010,786
Bills payables	2,991,992	-	-	-
<b>Cash flows used in operations carried forward</b>	<b>(1,550,487)</b>	<b>(6,474,185)</b>	<b>(1,836,096)</b>	<b>(27,750)</b>



## Statements of Cash Flows

for the financial year ended 31 January 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash flows used in operations brought forward</b>		(1,550,487)	(6,474,185)	(1,836,096)	(27,750)
Interest received		100,160	1,045,373	89,023	1,042,384
Interest paid		(33,446)	(1,485,090)	-	(5,856)
Tax refund		12,512	-	-	-
Tax paid		(11,907)	(7,181)	(6,189)	-
<b>Net cash flows (used in)/from operating activities</b>		(1,483,168)	(6,921,083)	(1,753,262)	1,008,778
<b>INVESTING ACTIVITIES:</b>					
Purchase of property, plant and equipment	4	(17,947,552)	(21,323,953)	(248,500)	-
Proceeds from disposal of property, plant and equipment		72,000	900	-	-
Acquisition of a subsidiary		-	-	(2)	-
Net change in amount due by subsidiaries		-	-	(18,337,462)	(71,260,262)
Net change in deposits pledged		-	5,000,000	-	5,000,000
<b>Net cash flows used in investing activities carried forward</b>		(17,875,552)	(16,323,053)	(18,585,964)	(66,260,262)

## Statements of Cash Flows

for the financial year ended 31 January 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Net cash flows used in investing activities brought forward</b>		(17,875,552)	(16,323,053)	(18,585,964)	(66,260,262)
<b>FINANCING ACTIVITIES:</b>					
Advance from a director		-	22,436,103	-	22,436,103
Advance from a payable		-	22,436,103	-	22,436,103
Proceeds from second tranche subscription shares pursuant to Advance Capitalisation		10,000,000	-	10,000,000	-
Repayment of hire purchase liabilities		(19,149)	(19,147)	-	-
Repayment of loans and borrowings		-	(33,375,483)	-	-
Interest paid		(3,819)	(488,173)	-	-
<b>Net cash flows from financing activities</b>		9,977,032	10,989,403	10,000,000	44,872,206
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		(9,381,688)	(12,254,733)	(10,339,226)	(20,379,278)
Effect of exchange rate changes		392,112	-	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		19,059,790	31,314,523	13,602,666	33,981,944
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	11	10,070,214	19,059,790	3,263,440	13,602,666

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 (“RM”).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 May 2015.

## 2. SUMMARY OF 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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

##### Amendments/Improvements to MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

##### New IC Int

IC Int 21	Levies
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The adoption of the above amendments/improvements to MFRSs and new IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

##### *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 through 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 MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

##### *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. This Amendments only impacts the presentation in the financial statements but has no impact on the financial results and positions of the Group and of the Company.





## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

###### *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.

###### *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. The adoption of IC Int 21 has no significant impact to the financial statements of the Group and of the Company.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (b) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs 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:-

		<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<u>Amendments/Improvements to MFRSs</u>		
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 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

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



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2. New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (cont'd)

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

##### *MFRS 9 Financial Instruments*

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

##### Classification and measurement

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity’s business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

##### Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

##### Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2. New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations (“IC Int”) (cont'd)

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

###### *MFRS 15 Revenue from Contracts with Customers*

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

###### *Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*

Amendments to MFRS 1 relates to the IASB’s Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

###### *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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

##### *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.

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 5 Non-current Assets Held for Sale and Discontinued Operations*

Amendments to MFRS 5 introduces specific guidance when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

##### *Amendments to MFRS 7 Financial Instruments: Disclosures*

Amendments to MFRS 7 provides additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The Amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

##### *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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

###### *Amendments to MFRS 11 Joint Arrangements*

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets / liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

###### *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.

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 101 Presentation of Financial Statements*

Amendments to MFRS 101 improves the effectiveness of disclosures. The Amendments clarifies guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

###### *Amendments to MFRS 116 Property, Plant and Equipment*

Amendments to MFRS 116 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 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

###### *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).

In addition, the Amendments clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

###### *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.

###### *Amendments to MFRS 127 Separate Financial Statements*

Amendments to MFRS 127 allows a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

###### *Amendments to MFRS 138 Intangible Assets*

Amendments to MFRS 138 introduces a rebuttable presumption that the revenue-based amortisation method is inappropriate (for the same reasons as per the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:-

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

###### *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.

###### *Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture*

With the Amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

###### *Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures*

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3 Business Combinations. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.





## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

###### *Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures*

These Amendments addresses the following issues that have arisen in the application of the consolidation exception for investment entities:-

- Exemption from presenting consolidated financial statements:- the Amendments clarifies that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities:- the Amendments clarifies that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures:- the Amendments allows a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

#### 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 MFRS 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 MFRS 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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (a) Basis of Consolidation

###### (i) Subsidiaries

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

The Group controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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

###### (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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

##### (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.

##### (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.

##### (vi) 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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (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.

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	10% - 25%
Motor vehicles	16% - 25%
Office equipment, furniture and fittings	8% - 15%
Infrastructure	10%

The depreciable amount is determined after deducting the residual value.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

##### (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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (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.

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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (d) Impairment (cont'd)

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

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

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

##### (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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (e) Revaluation of Assets (cont'd)

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.

##### (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.





## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

###### **Financial assets at fair value through profit or loss (cont'd)**

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

###### **Loans and Receivables**

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

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

###### **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. SUMMARY OF 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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF 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. SUMMARY OF 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.

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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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.

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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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.

###### (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.



## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (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.

##### (s) Fair Value Measurements

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.

## Notes to the Financial Statements (cont'd)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

##### (s) Fair Value Measurements (cont'd)

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input used in the valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

### 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.

During the financial year, the Group conducted an operational efficiency review at one of its plants, which resulted in changes in the expected usage of certain items of plant and equipment. The depreciation rate of former has been revised from 66.66% to 25.00%.

The revision in estimate has been applied prospectively from 1 February 2014. The change in the estimated useful lives has decreased depreciation charges of the Group by RM1,375,448/- for the current financial year. The financial effect for the change in depreciation rate in the financial year 2016 is estimated to decrease the depreciation by RM988,000/-, if there are no disposals and additions of these assets.

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

The Company tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. The impairment made on investment in subsidiaries entail an allowance for doubtful debts to be made to the amount due from these subsidiaries.

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

As a result of the impairment assessment made by the directors, the Company recognised an impairment loss of RM98,600,001/- in the investment in subsidiaries in the previous financial year.

## Notes to the Financial Statements (cont'd)

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

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

##### (iii) Impairment of Non-Current Assets

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

##### (iv) 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.

##### (v) 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.

##### (vi) 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.

##### (vii) 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.



## Notes to the Financial Statements (cont'd)

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

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

##### (viii) 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
<b>Group 2015</b>								
<b>Cost/Valuation</b>								
At 1 February 2014	14,200,000	15,680,054	275,850	83,056,840	1,588,712	887,148	9,867,899	125,556,503
Additions	-	280,500	411,000	5,034,393	-	99,149	12,122,510	17,947,552
Transfer	-	5,471,500	-	10,531,373	-	-	(16,002,873)	-
Disposal	-	-	-	-	(523,238)	-	-	(523,238)
Written off	-	-	-	(4,405,880)	-	-	(30,000)	(4,435,880)
At 31 January 2015	14,200,000	21,432,054	686,850	94,216,726	1,065,474	986,297	5,957,536	138,544,937
Representing:								
- At cost	-	8,232,054	686,850	94,216,726	1,065,474	986,297	5,957,536	111,144,937
- At valuation	14,200,000	13,200,000	-	-	-	-	-	27,400,000
	14,200,000	21,432,054	686,850	94,216,726	1,065,474	986,297	5,957,536	138,544,937



## 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
<b>Group 2015</b>								
<b>Depreciation and impairment loss</b>								
At 1 February 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
Depreciation for the financial year	-	1,923,467	48,135	3,154,228	21,587	119,653	-	5,267,070
Disposal	-	-	-	-	(523,235)	-	-	(523,235)
Written off	-	-	-	(3,455,033)	-	-	-	(3,455,033)
	-	1,923,467	48,135	(300,805)	(501,648)	119,653	-	1,288,802
At 31 January 2015								
Accumulated depreciation	-	3,390,647	57,588	45,840,344	1,011,032	781,385	-	51,080,996
Accumulated impairment loss	-	-	-	23,407,087	-	-	-	23,407,087
	-	3,390,647	57,588	69,247,431	1,011,032	781,385	-	74,488,083
<b>Net Carrying Amount at 31 January 2015</b>	14,200,000	18,041,407	629,262	24,969,295	54,442	204,912	5,957,536	64,056,854
Representing:								
- At cost	-	7,401,615	629,262	24,969,295	54,442	204,912	5,957,536	39,217,062
- At valuation	14,200,000	10,639,792	-	-	-	-	-	24,839,792
	14,200,000	18,041,407	629,262	24,969,295	54,442	204,912	5,957,536	64,056,854

## 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
<b>Group 2014</b>								
<b>Cost</b>								
At 1 February 2013	5,900,000	17,465,542	-	81,260,514	1,766,062	1,103,264	22,250	107,517,632
Additions	-	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
<b>Group 2014</b>								
<b>Depreciation and impairment loss</b>								
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

## Notes to the Financial Statements (cont'd)

## 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
<b>Group 2014</b>								
<b>Net Carrying Amount at 31 January 2014</b>	14,200,000	14,212,874	266,397	13,508,604	76,032	225,416	9,867,899	52,357,222
Representing:								
- At cost	-	1,866,277	266,397	13,508,604	76,032	225,416	9,867,899	25,810,625
- At valuation	14,200,000	12,346,597	-	-	-	-	-	26,546,597
	14,200,000	14,212,874	266,397	13,508,604	76,032	225,416	9,867,899	52,357,222





## Notes to the Financial Statements (cont'd)

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

	<b>Freehold land RM</b>	<b>Factory Buildings RM</b>	<b>Infrastructure RM</b>	<b>Total RM</b>
<b>Company 2015</b>				
<b>Cost/Valuation</b>				
At 1 February 2014	4,400,000	6,100,000	-	10,500,000
Additions	-	58,500	190,000	248,500
At 31 January 2015	4,400,000	6,158,500	190,000	10,748,500
Representing:				
- At cost	-	58,500	190,000	248,500
- At valuation	4,400,000	6,100,000	-	10,500,000
	4,400,000	6,158,500	190,000	10,748,500
<b>Accumulated depreciation</b>				
At 1 February 2014	-	174,286	-	174,286
Depreciation for the financial year	-	349,746	9,500	359,246
At 31 January 2015	-	524,032	9,500	533,532
<b>Net carrying amount at 31 January 2015</b>	4,400,000	5,634,468	180,500	10,214,968
Representing:				
- At cost	-	57,325	180,500	237,825
- At valuation	4,400,000	5,577,143	-	9,977,143
	4,400,000	5,634,468	180,500	10,214,968

## Notes to the Financial Statements (cont'd)

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

Company	<b>Freehold land RM</b>	<b>Factory Buildings RM</b>	<b>Total RM</b>
<b>2014</b>			
<b>Cost/Valuation</b>			
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	-
<b>Accumulated depreciation</b>			
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
<b>Net carrying amount at 31 January 2014</b>	4,400,000	5,925,714	10,325,714
Representing:			
- At valuation	4,400,000	5,925,714	10,325,714

## (i) Assets held under hire purchase arrangements

The net carrying amount of motor vehicles of a subsidiary acquired under hire purchase arrangements were RM45,865/- (2014: RM65,724/-).



## Notes to the Financial Statements (cont'd)

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

#### (ii) Security

The net carrying amounts of properties pledged to the licensed banks to secure credit facilities granted to the subsidiary as disclosed in Note 16 to the financial statements are as follows:

	2015 RM
Freehold land	4,400,000
Buildings	5,577,143
	<hr/>
	9,977,143
	<hr/>

#### (iii) 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.

#### (iv) Change in accounting estimates

During the financial year, the Group conducted an operational efficiency review at one of its plants, which resulted in changes in the expected usage of certain items of plant and equipment. The depreciation rate of former has been revised from 66.66% to 25.00%.

The revision in estimate has been applied prospectively from February 2014. The change in the estimated useful lives has decreased depreciation charges of the Group by RM1,375,448/- for the current financial year. The financial effect for the change in depreciation rate in the financial year 2016 is estimated to decrease the depreciation by RM988,000/-, if there are no disposals and additions of these assets.

#### (v) Impairment loss of property, plant and equipment

The Group had engaged an independent professional valuer in the previous 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 in the previous 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.

#### (vi) Revaluation of freehold lands and buildings

The freehold lands and buildings were revalued by directors in the previous 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.

## Notes to the Financial Statements (cont'd)

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

## (vi) Revaluation of freehold lands and buildings (cont'd)

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
<b>Group</b>			
<b>2015</b>			
Freehold lands	6,800,000	-	6,800,000
Buildings	12,126,714	(6,564,681)	5,562,033
	<u>18,926,714</u>	<u>(6,564,681)</u>	<u>12,362,033</u>
<b>2014</b>			
Freehold lands	6,800,000	-	6,800,000
Buildings	12,126,714	(5,977,950)	6,148,764
	<u>18,926,714</u>	<u>(5,977,950)</u>	<u>12,948,764</u>
<b>Company</b>			
<b>2015</b>			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(1,140,000)	4,560,000
	<u>9,000,000</u>	<u>(1,140,000)</u>	<u>7,860,000</u>
<b>2014</b>			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(855,000)	4,845,000
	<u>9,000,000</u>	<u>(855,000)</u>	<u>8,145,000</u>



## Notes to the Financial Statements (cont'd)

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

#### (vii) 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 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>2015</b>			
<b>Group</b>			
Freehold lands	-	14,200,000	-
Buildings	-	10,639,792	-
<b>Company</b>			
Freehold land	-	4,400,000	-
Buildings	-	5,577,143	-
<b>2014</b>			
<b>Group</b>			
Freehold lands	-	14,200,000	-
Buildings	-	12,346,597	-
<b>Company</b>			
Freehold land	-	4,400,000	-
Buildings	-	5,925,714	-

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.

## Notes to the Financial Statements (cont'd)

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

#### (vii) Fair value information (cont'd)

##### 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.

There is no transfer between levels of fair value hierarchy during the financial year.

##### 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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Cost/ Net Carrying Amount		
At 1 February	-	5,513,000
Reclassification (to)/from deposits (Note 9)	-	(5,513,000)
	<hr/>	<hr/>
At 31 January	-	-
	<hr/>	<hr/>

There was a deposit paid in the prior 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 prior years, 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.

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



## Notes to the Financial Statements (cont'd)

### 5. PREPAID LEASE PAYMENTS (cont'd)

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 previous financial year and full impairment had been provided for.

### 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	184,100,005	98,600,003
Less: Impairment loss	(98,600,001)	(98,600,001)
	<u>85,500,004</u>	<u>2</u>

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		Principal Activities
	2015 %	2014 %	
<b>Direct subsidiaries</b>			
Comfort Rubber Gloves Industries Sdn. Bhd.	100	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd.	100	100	Dormant
I Quality Rubber Industries Sdn. Bhd.	100	-	Dormant
<b>Indirect subsidiary held through Comfort Rubber Gloves Industries Sdn. Bhd.</b>			
Gallant Quality Sdn. Bhd.	100	100	Trading of latex gloves

## Notes to the Financial Statements (cont'd)

### 6. INVESTMENT IN SUBSIDIARIES (cont'd)

During the financial year, the following events occurred:

- (i) On 14 July 2014, the Company subscribed for additional 65,500,000 ordinary shares of RM1/- each in its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") by way of capitalisation of debts.
- (ii) On 31 July 2014, the Company subscribed for additional 20,000,000 ordinary shares of RM1/- each in its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") by way of capitalisation of debts.
- (iii) On 30 January 2015, the Company acquired two (2) ordinary shares of RM1/- each representing 100% of the issued and paid-up capital of I Quality Rubber Industries Sdn. Bhd.

As a result of the acquisition, I Quality Rubber Industries Sdn. Bhd. became a wholly-owned subsidiary of the Company.

### 7. INVENTORIES

Cost	Group	
	2015 RM	2014 RM
Finished goods	5,891,831	2,077,881
Work-in-progress	12,247,506	10,533,299
Raw materials	3,445,171	4,619,484
Packing materials	408,040	397,209
Chlorination chemicals	29,188	35,117
Treatment plant chemicals	41,263	32,770
	22,062,999	17,695,760

The cost of inventories recognised as an expense amounted to RM83,558,109/- (2014: RM81,601,852/-).

### 8. TRADE RECEIVABLES

	Group	
	2015 RM	2014 RM
Trade receivables	23,499,970	18,684,550
Less: Allowance for impairment	-	(4,110,990)
	23,499,970	14,573,560





## Notes to the Financial Statements (cont'd)

### 8. TRADE RECEIVABLES (cont'd)

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 90 days (2014: 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:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Neither past due nor impaired	15,396,387	9,180,937
Past due 1 - 30 days not impaired	5,595,491	4,088,827
Past due 31 - 120 days not impaired	696,036	226,620
Past due more than 120 days not impaired	1,812,056	1,077,176
	8,103,583	5,392,623
Impaired	-	4,110,990
	<u>23,499,970</u>	<u>18,684,550</u>

#### Receivables that are neither past due nor impaired

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

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

#### Receivables that are past due but not impaired

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

#### Receivables that are impaired

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Individually impaired		
Trade receivables (nominal amounts)	-	4,110,990
Less : Allowance for impairment	-	(4,110,990)
	<u>-</u>	<u>-</u>

## Notes to the Financial Statements (cont'd)

## 8. TRADE RECEIVABLES (cont'd)

Movement in allowance accounts:

	Group	
	2015 RM	2014 RM
At 1 February	4,110,990	4,132,236
Bad debts recovered	(7,082)	(21,246)
Reversal of impairment losses	(4,103,908)	-
	<hr/>	<hr/>
At 31 January	-	4,110,990

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	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables	23,499,970	14,573,560	-	-
Other receivables (Note 9)	192	60,581	-	55,992
Deposits (Note 9)	1,290,470	4,175,946	-	-
Amount due by subsidiaries (Note 10)	-	-	32,431,600	59,192,450
Cash and bank balances (Note 11)	10,070,214	19,059,790	3,263,440	13,602,666
	<hr/>	<hr/>	<hr/>	<hr/>
Total loans and receivables	34,860,846	37,869,877	35,695,040	72,851,108



## Notes to the Financial Statements (cont'd)

### 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables	1,022,260	1,082,649	-	55,992
Deposits	6,803,470	9,688,946	-	-
Prepayments	1,671,857	846,425	38,188	56,461
	9,497,587	11,618,020	38,188	112,453
Less: Allowance for impairment	(6,535,068)	(6,535,068)	-	-
	2,962,519	5,082,952	38,188	112,453

Included in deposits of the Group are refundable deposits paid to Gas Malaysia Berhad and Tenaga Nasional Berhad of RM379,030/- and RM816,800/- respectively.

In the previous financial year, the deposits paid of RM5,513,000 had been impaired as the directors are of the opinion that the recoverability of the amount is in doubt at this stage as disclosed in Note 5 to the financial statements.

### 10. AMOUNT DUE BY SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Non-trade amounts	33,812,545	100,975,083
Less : Allowance for impairment	(1,380,945)	(41,782,633)
	32,431,600	59,192,450

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

### 11. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed deposits placed with a licensed bank	-	10,000,000	-	10,000,000
Short term deposits placed with licensed banks	-	4,400,000	-	3,300,000
Cash at banks and on hand	10,070,214	4,659,790	3,263,440	302,666
Cash and cash equivalents	10,070,214	19,059,790	3,263,440	13,602,666

## Notes to the Financial Statements (cont'd)

## 12. SHARE CAPITAL

	Note	2015		2014	
		Number of Shares Unit	RM	Number of Shares Unit	RM
Authorised:					
At 1 February		1,000,000,000	200,000,000	1,000,000,000	200,000,000
Created during the year at RM0.20/- each	(i)	1,000,000,000	200,000,000	-	-
Par value reduction		-	(200,000,000)	-	-
At 31 January		2,000,000,000	200,000,000	1,000,000,000	200,000,000
Issued and fully paid:					
At 1 February		592,026,200	118,405,240	592,026,200	118,405,240
First tranche subscription	(ii)	224,000,000	44,800,000	-	-
Capital reduction	(iii)	816,026,200	163,205,240	592,026,200	118,405,240
Consolidation of shares	(iv)	-	(122,403,932)	-	-
Second tranche subscription	(v),(vi)	(408,013,120)	-	-	-
At 31 January		25,000,000	2,500,000	-	-
At 31 January		433,013,080	43,301,308	592,026,200	118,405,240

During the financial year, the following transactions were completed:

- (i) On 9 September 2014, the Company increased its authorised share capital from RM200,000,000/- to RM400,000,000/- by the creation of an additional of 1,000,000,000 ordinary shares of RM0.20 each.
- (ii) On 9 October 2014, the Company increased its issued and paid-up capital by the allotment of 224,000,000 ordinary shares of RM0.20 each at RM0.20 per share, being the First Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").
- (iii) On 16 October 2014, the Company reduced its share capital by the cancellation of RM0.15 of the par value of every ordinary share of RM0.20 each pursuant to the Capital Reduction.
- (iv) On 31 October 2014, the Company reduced its number of ordinary shares by consolidating every two (2) shares of RM0.05 each into one (1) new ordinary share of RM0.10 each pursuant to the Capital Consolidation.
- (v) On 10 December 2014, the Company increased its issued and paid-up capital by the allotment of 10,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").
- (vi) On 26 December 2014, the Company increased its issued and paid-up capital by the allotment of 15,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").

The new ordinary shares ranked pari passu with the existing shares of the Company.



## 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)	0.1156
Exercise price (RM)	0.5000
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 RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Non-distributable</b>				
Share premium	11,120,690	-	11,120,690	-
Share-based option reserve	4,489,655	-	4,489,655	-
Other reserve	11,319,230	11,319,230	11,319,230	11,319,230
<b>Distributable</b>				
Accumulated profits/(losses)	3,752,767	(115,519,925)	48,044,881	(105,517,535)
	<u>30,682,342</u>	<u>(104,200,695)</u>	<u>74,974,456</u>	<u>(94,198,305)</u>

#### Share premium

The share premium is arrived at after accounting for the premium received over the nominal value of shares issued to the public, less the subsequent capitalisation for bonus issue of the Company, if any.

#### Share-based option reserve

The share-based option reserve arising from Second Tranche Subscription pursuant to Advance Capitalisation Agreement ("Advance Capitalisation"). The fair value of the warrants is measured using the Trinomial Option Price model with the following inputs:-

Fair value of rights at date (RM)	0.2100
Share price at date (RM)	0.3704
Subscription price per share at date (RM)	0.2000
Expiry date	23 May 2019
Interest free rate	4.05%

## Notes to the Financial Statements (cont'd)

### 14. OTHER RESERVES (cont'd)

#### Other reserve

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

#### Retained earnings

The Company may distribute dividends of its entire retained earnings under single tier system.

### 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

	Note	Group	
		2015 RM	2014 RM
<b>Current</b>			
Secured:			
Hire purchase payables	16.1	19,149	19,149
Short term borrowings	16.2	3,149,514	-
		3,168,663	19,149
<b>Non-current</b>			
Secured:			
Hire purchase payables	16.1	23,896	43,045
Total loans and borrowings		3,192,559	62,194

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

	Group	
	2015 RM	2014 RM
On demand or within one year	3,168,663	19,149
More than 1 year and less than 2 years	23,896	43,045
	3,192,559	62,194



## Notes to the Financial Statements (cont'd)

### 16. LOANS AND BORROWINGS (cont'd)

#### 16.1. Hire purchase payables

	Group	
	2015	2014
	RM	RM
<b>Future minimum hire purchase payments:</b>		
Not later than one year	22,971	22,968
Later than one year but not later than five years	28,667	51,638
	<hr/>	<hr/>
	51,638	74,606
Less: Future finance charges	(8,593)	(12,412)
	<hr/>	<hr/>
Present value of hire purchase payables	43,045	62,194
	<hr/>	<hr/>
<b>Analysis of present value of hire purchase payables:</b>		
<b>Current</b>		
Not later than one year	19,149	19,149
<b>Non-current</b>		
Later than one year but not later than five years	23,896	43,045
	<hr/>	<hr/>
	43,045	62,194
	<hr/>	<hr/>

#### 16.2. Short term borrowings

	Group	
	2015	2014
	RM	RM
<b>Current</b>		
Bill payables	3,149,514	-
	<hr/>	<hr/>

The bills payables are secured by way of:-

- (i) A third party all monies first legal charge over a long term freehold land and buildings of the Company; and
- (ii) Corporate guarantee by the Company for RM9,600,000/-.

The bill payables bear interest at 1.75% per annum.

## Notes to the Financial Statements (cont'd)

## 17. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 February	1,849,673	292,486	314,054	-
Recognised in other comprehensive income	-	1,736,972	-	322,000
Recognised in profit or loss (Note 27)	(227,904)	(179,785)	(15,257)	(7,946)
At 31 January	1,621,769	1,849,673	298,797	314,054

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

**Deferred tax liabilities**

	Property, plant and equipment RM	Revaluation of property, plant and equipment RM	Others RM	Total RM
<b>Group</b>				
At 1 February 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
Recognised in profit or loss	-	(227,904)	-	(227,904)
At 31 January 2015	-	1,371,067	250,702	1,621,769
<b>Company</b>				
At 1 February 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
Recognised in profit or loss	-	(15,257)	-	(15,257)
At 31 January 2015	-	298,797	-	298,797





## Notes to the Financial Statements (cont'd)

### 17. DEFERRED TAX LIABILITIES (cont'd)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unutilised tax losses	19,062,747	18,913,424	10,184,538	10,088,063
Deductible temporary differences	7,211,689	8,592,568	10,907	10,907
	<u>26,274,436</u>	<u>27,505,992</u>	<u>10,195,445</u>	<u>10,098,970</u>

### 18. 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 (2014: 30 days to 90 days) from the date of invoice.

The classification of financial liabilities is as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables	15,575,492	10,266,007	-	-
Other payables and accruals (Note 19)	6,727,734	37,892,321	444,793	23,828,947
Derivative financial liabilities	174,402	-	-	-
Total loans and borrowings (Note 16)	3,192,559	62,194	-	-
	<u>25,670,187</u>	<u>48,220,522</u>	<u>444,793</u>	<u>23,828,947</u>
Total financial liabilities carried at amortised cost				

### 19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Current</b>				
Other payables	4,073,965	31,644,565	107,645	22,608,130
Accruals	2,653,769	6,247,756	337,148	1,220,817
	<u>6,727,734</u>	<u>37,892,321</u>	<u>444,793</u>	<u>23,828,947</u>

## Notes to the Financial Statements (cont'd)

### 19. OTHER PAYABLES AND ACCRUALS (cont'd)

In the previous financial year, 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"). 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.

During the financial year, advances amounting to RM22,400,000/- were capitalised via the allotment of 112,000,000 ordinary shares of RM0.20 each, being the First Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement ("Advance Capitalisation").

### 20. DERIVATIVE FINANCIAL LIABILITIES

	Group			
	2015		2014	
	RM	RM	RM	RM
	Contract/ Notional Amount	Liabilities	Contract/ Notional Amount	Liabilities
<b>Non- hedging derivative:</b>				
<b>Current</b>				
Forward exchange contracts	6,799,760	174,402	-	-

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

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's sales denominated in United States Dollar ("USD"). The forward exchange contracts have maturities of less than one year after the end of the reporting period.

During the financial year, the Group recognised a loss of RM174,402/- arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 33 to the financial statements.

### 21. AMOUNT OWING TO A DIRECTOR

The amount owing is unsecured, interest free and has no fixed terms of repayment.



## Notes to the Financial Statements (cont'd)

### 22. REVENUE

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Sales of latex gloves	155,216,603	134,698,212

### 23. INTEREST INCOME

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	RM	RM	RM	RM
Interest income from loans and receivables	100,160	1,045,373	89,023	1,042,384

### 24. OTHER INCOME

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	RM	RM	RM	RM
Bad debt recovered	7,082	21,246	-	-
Gain on disposal of property, plant and equipment	71,997	900	-	-
Gain on foreign exchange				
- realised	1,114,260	1,530,432	-	-
- unrealised	1,354,357	286,873	-	-
Insurance compensation	218,605	491,589	-	-
Miscellaneous	116,174	211,465	112,060	-
Reversal of allowance for impairment for amount due by a subsidiary	-	-	40,401,688	-
Waiver of debts:				
- financial lenders	-	22,615,956	-	-
- trade and other payables	52,378	3,067,473	-	-
	2,934,853	28,225,934	40,513,748	-

## Notes to the Financial Statements (cont'd)

## 25. FINANCE COSTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expenses				
- bankers' acceptance	-	131,369	-	-
- bank overdrafts	5	894,289	-	5,856
- hire purchase	3,819	3,819	-	-
- bill payables	18,931	-	-	-
- letter of credit	14,510	24,303	-	-
- revolving credit	-	435,129	-	-
- term loan	-	484,354	-	-
	37,265	1,973,263	-	5,856

## 26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
After charging:-				
Allowance for impairment:				
- amount due by subsidiaries	-	-	-	12,067,812
Auditors' remuneration		100,499		
- current year	100,300	82,500	61,000	48,000
- prior year	13,701	18,700	9,000	15,000
Impairment loss on deposits	-	5,513,000	-	-
Net fair value loss on derivative	174,402	-	-	-
Property, plant and equipment				
- depreciation	5,267,070	7,739,097	359,246	316,786
- impairment loss	-	23,407,087	-	-
- written off	980,847	3,937,412	-	-
Rental expenses	30,050	231,220	-	22,500
Staff cost:				
- salaries, wages and allowances	20,198,422	15,549,160	98,006	122,687
- defined contribution plan	593,437	649,254	13,711	14,761



## Notes to the Financial Statements (cont'd)

### 27. TAXATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Taxation				
- current year	(2,749)	-	-	-
- under accrual in prior year	(747)	-	-	-
Deferred taxation (Note 17)				
- current year	227,904	179,785	15,257	7,946
	<b>224,408</b>	<b>179,785</b>	<b>15,257</b>	<b>7,946</b>

The income tax is calculated at the Malaysian statutory rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 January 2015 has reflected these changes.

A reconciliation of income tax expense applicable to profit/(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	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(loss) before tax	4,033,002	(19,445,743)	39,205,258	(14,307,507)
Taxation at applicable statutory tax rate 25%	(1,008,251)	4,861,436	(9,801,315)	3,576,877
Tax effects arising from				
- non-deductible expenses	(307,154)	(3,152,210)	(226,627)	(3,837,404)
- non-taxable income	29,786	260,527	10,128,437	260,527
- deferred tax assets not recognised	1,231,556	(1,969,753)	(96,475)	-
- deferred tax recognised at different rate	51,314	-	(4,020)	-
- Crystallisation of deferred tax	227,904	179,785	15,257	7,946
- under accrual in prior year	(747)	-	-	-
	<b>224,408</b>	<b>179,785</b>	<b>15,257</b>	<b>7,946</b>

## Notes to the Financial Statements (cont'd)

## 28. EARNINGS/(LOSS) PER SHARE

## (a) Basic earnings per share

Basic earnings/(loss) per share amounts are calculated by dividing profit/(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.

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.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Profit/(loss) net of tax attributable to owners of the parent	4,257,410	(19,265,958)
	<b>Number of</b>	<b>Number of</b>
	<b>Shares</b>	<b>Shares</b>
	Unit	Unit
Weighted average number of ordinary share for basic earnings per share computation	433,013,080	592,026,200
Basic earnings/(loss) per ordinary share (sen)	0.98	(3.25)

## (b) Diluted earnings per share

Diluted earnings per share of the Group for the financial year is calculated by dividing profit/(loss) net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings per share is the same as basic earnings per share as the exercise price of warrants is higher than the average market price of the ordinary shares during the financial year.



## Notes to the Financial Statements (cont'd)

### 29. CAPITAL COMMITMENTS

	2015 RM	2014 RM
Property, plant and equipment		
- Authorised but not contracted for	4,890,820	-
- Contracted but not provided for	4,158,893	6,470,976
	<u>9,049,713</u>	<u>6,470,976</u>

### 30. FINANCIAL GUARANTEE

	Company	
	2015 RM	2014 RM
<b>Unsecured</b>		
Corporate guarantee given to licensed banks to secure banking facilities granted to a subsidiary	9,600,000	-
	<u>9,600,000</u>	<u>-</u>

### 31. SIGNIFICANT RELATED PARTY DISCLOSURES

#### (a) Identification of Related Parties

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

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

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

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

	Company	
	2015 RM	2014 RM
Amount due by subsidiaries		
- Comfort Rubber Gloves Industries Sdn. Bhd.	32,419,273	99,589,258
- PBT Sdn. Bhd.	1,389,774	1,385,825
- I Quality Rubber Industries Sdn. Bhd.	3,498	-
	<u>33,812,545</u>	<u>100,975,083</u>
Less: Impairment Loss	(1,380,945)	(41,782,633)
	<u>32,431,600</u>	<u>59,192,450</u>

## Notes to the Financial Statements (cont'd)

## 31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

## (c) Compensation of Key Management Personnel

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive:				
Salaries and other emoluments	934,916	637,500	195,983	157,500
Fees	35,960	208,000	35,960	208,000
Defined contribution plan	139,350	85,958	27,870	17,192
	1,110,226	931,458	259,813	382,692
Total executive directors' remuneration (including benefits-in-kind)	1,110,226	931,458	259,813	382,692
Non-executive:				
Fees	108,000	108,000	108,000	108,000
Other emoluments	29,700	30,150	29,700	30,150
Total non-executive directors' remuneration	137,700	138,150	137,700	138,150
Total directors' remuneration	1,247,926	1,069,608	397,513	520,842

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

## 32. 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 holding and provision of management services.
Others	:	Trading of latex gloves and dormant.





## Notes to the Financial Statements (cont'd)

### 32. OPERATING SEGMENTS (cont'd)

#### **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)

## 32. OPERATING SEGMENTS (cont'd)

## Segment Information

	Manufacturing	Investment	Others	Inter-segment	Notes	Total
2015	RM	holding	RM	Eliminations		RM
Revenue		RM	RM	RM		
Revenue from						
external customers	147,943,261	-	7,273,342	-		155,216,603
Inter-segment sales	7,108,431	-	-	(7,108,431)	A	-
Total revenue	155,051,692	-	7,273,342	(7,108,431)		155,216,603
<b>Results</b>						
Segment profit/(loss)	11,567,286	39,475,483	(232,644)	(40,592,101)	B	10,218,024
Interest income						100,160
Interest expense						(37,265)
Depreciation						(5,267,070)
Property, plant and equipment written off						(980,847)
Profit before tax						4,033,002
Income tax income						224,408
Profit net of tax						4,257,410
<b>Assets</b>						
Additions to non-current assets other than financial instruments and deferred tax assets	17,699,052	248,500	-	-		17,947,552
Segment assets	109,583,129	131,448,200	2,185,576	(120,564,349)	C	122,652,556
<b>Liabilities</b>						
Segment liabilities	57,572,826	480,897	4,898,481	(37,245,914)	D	25,706,290
<b>Major customer</b>	20,493,574	-	-	-		20,493,574



## Notes to the Financial Statements (cont'd)

### 32. OPERATING SEGMENTS (cont'd)

#### Segment Information (cont'd)

2014	Manufacturing	Investment	Others	Inter-segment	Notes	Total
	RM	holding	RM	Eliminations		RM
		RM		RM		
<b>Revenue</b>						
Revenue from external customers	134,698,212	-	-	-		134,698,212
Inter-segment sales	2,931,000	-	-	(2,931,000)	A	-
<b>Total revenue</b>	<b>137,629,212</b>	<b>-</b>	<b>-</b>	<b>(2,931,000)</b>		<b>134,698,212</b>
<b>Results</b>						
Segment loss	26,377,506	(43,361,127)	(149,848)	39,212,212	B	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 plant and equipment						(23,407,087)
<b>Loss before tax</b>						<b>(19,445,743)</b>
Income tax income						179,785
<b>Loss net of tax</b>						<b>(19,265,958)</b>
<b>Assets</b>						
Additions to non-current assets other than financial instruments and deferred tax assets	19,111,453	2,212,500	-	-		21,323,953
<b>Segment assets</b>	<b>84,798,173</b>	<b>54,899,409</b>	<b>270,290</b>	<b>(30,858,576)</b>	<b>C</b>	<b>109,109,296</b>
<b>Liabilities</b>						
<b>Segment liabilities</b>	<b>123,946,097</b>	<b>46,265,050</b>	<b>3,277,803</b>	<b>(102,832,325)</b>	<b>D</b>	<b>70,656,625</b>
<b>Major customer</b>	<b>17,822,916</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>17,822,916</b>

**Note** Nature of eliminations to arrive at amounts reported in the consolidated financial statements.

- A Inter-segment revenues are eliminated on consolidation;
- B Inter-segment expenses and other operating income are eliminated on consolidation;
- C Inter-segment assets are eliminated on consolidation; and
- D Inter-segment liabilities are eliminated on consolidation.

## Notes to the Financial Statements (cont'd)

## 32. OPERATING SEGMENTS (cont'd)

## Geographical Information

	Revenues RM	Non-current assets RM
<b>2015</b>		
Malaysia	17,326,648	64,056,854
United States of America and Canada	44,922,232	-
Asia	52,723,442	-
Europe	26,209,499	-
Others	14,034,782	-
	155,216,603	64,056,854
<b>2014</b>		
Malaysia	14,404,081	52,357,222
United States of America and Canada	28,818,410	-
Asia	51,258,338	-
Europe	37,581,746	-
Others	2,635,637	-
	134,698,212	52,357,222

## 33. 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
<b>Financial Assets (current)</b>	
Trade receivables	8
Other receivables and deposits	9
Amount due by subsidiaries	10
Cash and bank balances	11
<b>Financial Liabilities (non-current)</b>	
Loans and borrowings	16
<b>Financial Liabilities (current)</b>	
Trade payables	18
Other payables, deposits and accruals	19
Derivative financial liabilities	20
Amount owing to a director	21
Loans and borrowings	16



## Notes to the Financial Statements (cont'd)

### 33. 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.

#### Derivatives

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

#### (b) Fair Value Hierarchy

The fair value of the hire purchase payables is calculated based on the present value of estimated settlement amounts.

The fair value of hire purchase payables together with the carrying amount shown in the statements of financial position, is as follows:

	2015		2014	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Group</b>				
Hire purchase payables	43,045	43,045	62,194	62,194

The table below analyses financial instruments not carried at fair value for which fair value is disclosed. The different levels have been defined as follows:

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
<b>Group</b>				
<b>2015</b>				
Financial liabilities				
Hire purchase payables	-	43,045	-	43,045
<b>2014</b>				
Financial liabilities				
Hire purchase payables	-	62,194	-	62,194

## Notes to the Financial Statements (cont'd)

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### (i) Credit Risk

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

#### Trade receivables

##### Risk management objective, policies and processes for managing the risk

The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

##### Exposure to credit risk

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

##### Credit risk concentration profile

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

	Group			
	2015 RM	% of total	2014 RM	% of total
By country:				
Malaysia	1,241,533	5.3%	1,047,139	7.2%
United States of America and Canada	9,275,028	39.4%	5,883,531	40.4%
Asia	4,627,534	19.7%	3,916,219	26.9%
Europe	6,150,230	26.2%	3,538,630	24.3%
Others	2,205,645	9.4%	188,041	1.3%
	23,499,970	100.0%	14,573,560	100.0%



## Notes to the Financial Statements (cont'd)

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

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

##### 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 RM Nil (2014: RM12,067,812) during the financial year.

#### **Financial guarantees**

##### Risk management objective, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the performance of the subsidiaries to meet the expectation of their customers in accordance with the original terms of a contract in due course.

##### Exposure to credit risk

The maximum exposure to credit risk is disclosed in Note 30 to the financial statements.

At the reporting date, there was no indication that the subsidiaries would fail to meet the terms as stated in the contract.

#### (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.

## Notes to the Financial Statements (cont'd)

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

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

## 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 2015 Financial Liabilities	On demand or within 1 Year RM	2 - 5 Years RM	More than 5 Years RM	Total RM
<b>Group</b>				
Trade payables	15,575,492	-	-	15,575,492
Other payables and accruals	6,727,734	-	-	6,727,734
Derivative financial liabilities	174,402	-	-	174,402
Amount owing to a director	36,103	-	-	36,103
Loans and borrowings	3,172,482	28,669	-	3,201,151
	25,686,213	28,669	-	25,714,882
<b>Company</b>				
Other payables and accruals	444,793	-	-	444,793
Amount owing to a director	36,103	-	-	36,103
	480,896	-	-	480,896
<b>At 31 January 2014 Financial Liabilities</b>				
<b>Group</b>				
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	22,968	51,638	-	74,606
	70,617,399	51,638	-	70,669,037
<b>Company</b>				
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)

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

#### (iii) Market Risk

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

#### Interest Rate Risk

##### Risk management objective, policies and processes for managing the risk

The Company and the Group manage the net exposure to interest rate risks by monitoring the exposure to such risks on an ongoing basis.

##### Exposure to interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings, 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.

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
<b>At 31 January 2015</b>					
<b>Group</b>					
<b>Financial liabilities</b>					
<b>Fixed rate</b>					
<b>Bank borrowings</b>					
Hire purchase payables	2.85	(19,149)	(23,896)	-	(43,045)
<hr/>					
<b>Floating rate</b>					
<b>Bank borrowings</b>					
Short term bank borrowings	1.75	(3,149,514)	-	-	(3,149,514)
<hr/>					

## Notes to the Financial Statements (cont'd)

## 34. 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
<b>At 31 January 2014</b>					
<b>Group</b>					
<b>Fixed rate Financial asset</b>					
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
<hr/>					
<b>Financial liabilities</b>					
<b>Bank borrowings</b>					
Hire purchase payables	2.85	(19,149)	(43,405)	-	(62,554)
<hr/>					
<b>Company</b>					
<b>Fixed rate Financial asset</b>					
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
<hr/>					

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

## (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.



## Notes to the Financial Statements (cont'd)

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

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

##### 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:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Financial assets and liabilities not held in functional currency		
<b><u>United States Dollar</u></b>		
Trade receivables	22,426,180	13,896,178
Cash and bank balances	5,359,282	3,382,003
Trade payables	1,719,131	2,816,001

##### 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 RM195,497/-. 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.

## Notes to the Financial Statements (cont'd)

## 35. 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.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	RM	RM
Total loans and borrowings (Note 16)	3,192,559	62,194
Trade payables (Note 18)	15,575,492	10,266,007
Other payables and accruals (Note 19)	6,727,734	37,892,321
	<hr/>	<hr/>
Total liabilities	25,495,785	48,220,522
Less : Cash and bank balances (Note 11)	(10,070,214)	(19,059,790)
	<hr/>	<hr/>
Net debt	15,425,571	29,160,732
	<hr/>	<hr/>
Total equity attributable to the owners of the parent	95,368,777	36,311,367
	<hr/>	<hr/>
Capital and net debts	110,794,348	65,472,099
	<hr/>	<hr/>
Gearing ratio	14%	45%
	<hr/>	<hr/>

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.



## Notes to the Financial Statements (cont'd)

### 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE FINANCIAL YEAR END

- (i) 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 transferred the case from Sessions Court to High Court and the Court has fixed this matter for Decision on 2 June 2015.

- (ii) On 9 September 2014, the Company increased its authorised share capital from RM200,000,000/- to RM400,000,000/- by the creation of an additional of 1,000,000,000 ordinary shares of RM0.20 each.
- (iii) On 14 July 2014, the Company subscribed for additional 65,500,000 ordinary shares of RM1/- each in its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. (“CRG”) by way of capitalisation of debts.
- (iv) On 31 July 2014, the Company subscribed for additional 20,000,000 ordinary shares of RM1/- each in its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. (“CRG”) by way of capitalisation of debts.
- (v) On 9 October 2014, the Company increased its issued and paid-up capital by the allotment of 224,000,000 ordinary shares of RM0.20 each at RM0.20 per share, being the First Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement (“Advance Capitalisation”).
- (vi) On 16 October 2014, the Company reduced its share capital by the cancellation of RM0.15 of the par value of every ordinary share of RM0.20 each pursuant to the Capital Reduction.

## Notes to the Financial Statements (cont'd)

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

- (vii) On 31 October 2014, the Company reduced its number of ordinary shares by consolidating every two (2) shares of RM0.05 each into one (1) new ordinary share of RM0.10 each pursuant to the Capital Consolidation.
- (viii) On 10 December 2014, the Company increased its issued and paid-up capital by the allotment of 10,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement (“Advance Capitalisation”).
- (ix) On 26 December 2014, the Company increased its issued and paid-up capital by the allotment of 15,000,000 ordinary shares of RM0.10 each at RM0.40 per share, being the Second Tranche Subscription Shares pursuant to the Advance Capitalisation Agreement (“Advance Capitalisation”).
- (x) On 30 January 2015, the Company acquired two (2) ordinary shares of RM1/- each representing 100% of the issued and paid-up capital of I Quality Rubber Industries Sdn. Bhd.

As a result of the acquisition, I Quality Rubber Industries Sdn. Bhd. became a wholly-owned subsidiary of the Company.



## 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 2015 are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries				
- Realised	70,750,852	(192,836,951)	47,996,567	(105,565,849)
- Unrealised	2,076,052	860,406	48,314	48,314
	72,826,904	(191,976,545)	48,044,881	(105,517,535)
Less: consolidated adjustment	(69,074,137)	76,456,620	-	-
Total retained earnings/ (accumulated losses) as per statements of financial position	3,752,767	(115,519,925)	48,044,881	(105,517,535)

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 37 to 117 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 118 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: 28 May 2015





## Statutory Declaration

I, **KOK SOKE KUEN**, 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 37 to 117 , and the supplementary information set out on page 118 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.

**KOK SOKE KUEN**

Subscribed and solemnly declared by the abovenamed at Taiping in the State of Perak Darul Ridzuan on 28 May 2015.

Before me,

**Toon Hoon Eng (A 218)**  
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 2015 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 37 to 117 .

#### *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 2015 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 118 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

**Heng Fu Joe**  
No. 2966/11/16 (J)  
Chartered Accountant

Kuala Lumpur

Date: 28 May 2015

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Seventy-Fourth Annual General Meeting (“74th AGM”) of the Company will be held at Legend Inn Hotel, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak Darul Ridzuan on Tuesday, 28 July 2015 at 10.00 a.m..

A G E N D A	RESOLUTION NO.
1. To receive the Audited Financial Statements for the year ended 31 January 2015, together with the Directors’ and Auditors’ Reports thereon.	
2. To approve payment of Directors’ Fee.	1
3. To re-elect the following Directors retiring in accordance with the Company’s Articles of Association:-	
Mr Lim Boon Huat	2
Mr Lau Joo Yong	3
Mr Lau Joo Pern	4
4. To consider and, if thought fit, to pass the following Resolution pursuant to Section 129(6) of the Companies Act, 1965:	5
“That Dato’ Haji Ahmad Kamal bin Abdullah Al-Yafii who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next AGM.”	
5. To appoint Auditors and authorise the Directors to fix their remuneration.	6
6. To transact any other business appropriate to an Annual General Meeting.	
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-	
<b>ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965</b>	7
“That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from all relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company.	
AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next AGM of the Company.”	

By Order of the Board  
**CHAN YOKE YIN**  
**CHAN EOI LENG**  
 Company Secretaries

Ipoh, Perak Darul Ridzuan, Malaysia  
 30 June 2015



## Notice of Annual General Meeting (cont'd)

### NOTE:

1. Only members whose names appear on the Record of Depositors as at 20 July 2015 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 2014. The Company did not utilise the mandate obtained at the last AGM and thus no proceeds were raised from the previous mandate.

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No. of shares held	
CDS A/C No.	

## Integrated Rubber Corporation Berhad (852-D) 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-Fourth Annual General Meeting of the Company to be held on 28 July 2015 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 directors:			
Mr Lim Boon Huat	2		
Mr Lau Joo Yong	3		
Mr Lau Joo Pern	4		
Re-appointment of the following Director under Section 129(6) Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5		
Appointment of Auditors and their remuneration	6		
<b>Special Business</b> Ordinary Resolution – Authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965	7		

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

Date:

\_\_\_\_\_  
Signature of Shareholder

NOTE:

1. Only members whose names appear on the Record of Depositors as at 20 July 2015 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.





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AFFIX  
80 SEN  
STAMP  
(within Malaysia)

The Company Secretaries  
**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.

