COMFORT GLOVES BERHAD
(852-D)

Innovative Ideas for a Brighter Future

Annual Report 2017

Innovative Ideas for a Brighter Future

Comfort Gloves Berhad is leading by many visionaries with great talents. The company aims to increase its global expansion for the purpose to achieve economies of scale and exchange of information from different plants around the world. To attain a position as an influential leader in the glove manufacturing industry, Comfort Gloves Berhad never ceases to go beyond its limitations. With innovative ideas, Comfort Gloves Berhad aims for a brighter future.

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Management Discussion and Analysis

Dear Valued Shareholders,

The Board of Directors of Comfort Gloves Berhad 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 31 January 2017.

Group's Business and Operations

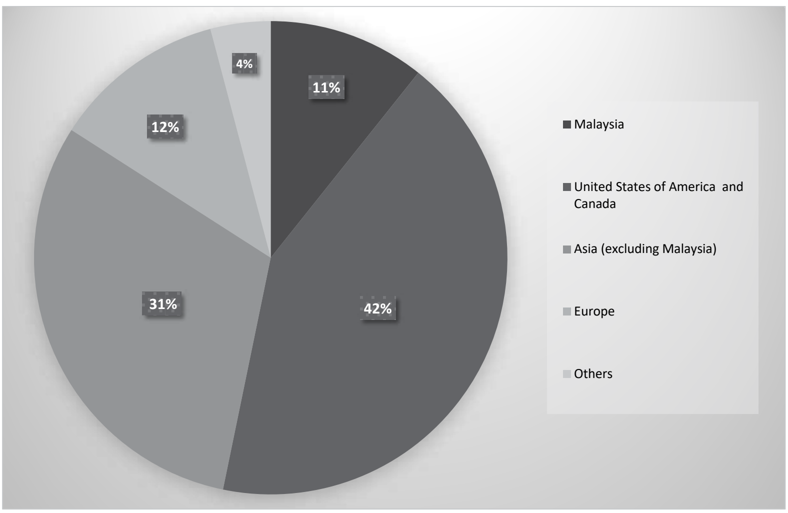
Our Group is involved in the manufacture and trading of natural and synthetic speciality examination gloves. Our Group has two plants located in Simpang and Matang, Taiping, consisting of 40 production lines.

- **Vision & Strategies**

  Our Group's vision is to be the premium manufacturer of natural and synthetic speciality examination gloves. The Group believes that by working together with our customers we can develop speciality products that can provide superior protection for specific applications. Through a strong emphasis on research & development and flexible manufacturing we can deliver the right protection in the right quantities to the right customers.

- **Key Market**

  Our key markets are as follows:



United States of America and Canada	42%
Asia (excluding Malaysia)	31%
Europe	12%
Malaysia	11%
Others	4%

Financial Review

	2017	2016	Increase	
Financial Results	**RM'000**	**RM'000**	**RM'000**	**%**
Revenue	262,988	229,838	33,150	14
Gross Profit	38,722	33,364	5,358	16
Profit before tax	25,673	22,780	2,893	13
Profit after tax	25,867	22,978	2,889	13

	2017	2016
Margin & Earnings per share	**%**	**%**
Group profit margin	15	15
Profit before tax margin	10	10
	Sen	**Sen**
Earnings per share	4.63	5.13

In this financial year, the Group's revenue increased by 14% to RM263 million driven by strong market demand for premium speciality gloves. Approximately three quarters of our revenue was derived from synthetic premium speciality gloves, while the remainder was from natural rubber gloves.

During FYE 2017, the Group recorded a net profit of RM25.9 million compared to RM23 million in FYE 2016, an increase of 13%. Gross and net margin were consistent year on year at 15% and 10% respectively.

- **Significant events during the year**

  Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") temporarily halted operations on 4 March 2016 due to a fire on the finished goods and work in progress warehouse. Subsequently, the Company resumed its business operations on 7 March 2016. The Company incurred a loss of RM12.8 million, due to lost inventory and building. The Company subsequently received insurance compensation of RM12.1 million.

- **Selling and marketing**

  The increase of selling and marketing expenses by RM0.99 million mainly due to the incidental costs incurred from additional sales generated from higher manufacturing capacity.

- **Administrative expenses**

  Administrative expenses for the Group increased by RM14.4 million in FYE 2017, which includes a one off increase of RM12.8 million due to losses from the above mentioned fire.

- **Other income**

  Interest income increased by RM0.3 million from additional funds placed in short term financial instruments. Other miscellaneous income increased by RM12.5 million, of which RM12.1 million was insurance compensation from the above mentioned fire.

- **Finance costs**

  The Group incurred finance cost of RM0.036 million in FYE 2017, reduced 77% from RM0.15 million in FYE 2016. This decrease is attributable to lower utilisation of the Group's financial facilities.

Financial Review (Cont'd)

- **Liquidity and capital resources**

  As at 31 January 2017, the Group has deposits, other cash and cash equivalents amounting to RM23.41 million as well as unutilised banking facilities amounting to RM18.8 million.

  The Group has no long-term borrowings and has sufficient funds for working capital.

  Capital expenditure are driven by increased demand for natural and synthetic premium speciality gloves. The Group's capital expenditure for FYE 2017 amounted to RM47.45 million, including RM4.4 million on reconstruction of warehousing facilities lost in the above mentioned fire.

Managing Risks

The operations of the Group are exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Group has adopted policies on financial risk management as disclosed in the Statement on Risk Management and Internal Control.

Operation Review

During FYE 2017, the Group completed a new facility that contained 11 new manufacturing lines making a total of 40 lines. This addition will increase the Group's annual manufacturing capacity by 30% to 4 billion pieces. These new manufacturing lines are part of the Group's continued effort to design more flexible and capable lines to deliver improved capabilities and capacity to our partners. With these lines, the Group is able to expand its range of premium speciality examination gloves to newer materials and more challenging specifications.

The addition of new manufacturing capacity did help the Group recover from fire damage at our subsidiary, CRG. We are thankful that the incident did not lead to any injuries or loss of life. While the loss of building and inventory was unfortunate, the Group managed to recover a significant amount from insurance. To mitigate the probability and damage of any future incidents, the Group has reviewed and improved OSHA policies and facility safety features.

Forward Looking Statement

Our emphasis on natural and synthetic premium speciality gloves will continue to provide the Group opportunities for growth and improvement. However, it will not mitigate the Group from volatility in raw materials or increased energy cost from subsidy rationalisation. The new facilities the Group has constructed provide a blueprint for flexible and capable manufacturing to manage these future risks. The Group will continue to emphasise research and development as the key method.

- **Dividend Policy**

  No dividend has been paid or declared by the Group since the end of the previous financial year. The Directors are of the opinion that the Group should plow the earnings back into further expansion and growth.

In appreciation

Our sincere gratitude and thanks to our team members for their hard work and dedication. We also wish to record our utmost appreciation to our valued customers, vendors and business associates for your support and strong confidence.

To our shareholders, we thank you for your interest and support in our Company.

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

Thank you.

Corporate Information

DIRECTORS

Lau Chee Meng
Chairman – Independent Non-Executive Director

Cheang Phoy Ken
Managing Director

Sean Kar Seng Cheang
Executive Director

Lau Joo Yong
Executive Director

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

Lau Joo Pern
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii *(Chairman)*
Lau Chee Meng
Lau Joo Pern

NOMINATION COMMITTEE

Lau Chee Meng *(Chairman)*
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
Lau Joo Pern

REMUNERATION COMMITTEE

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii *(Chairman)*
Lau Chee Meng
Lau Joo Pern

EMPLOYEE SHARE SCHEME (ESS) COMMITTEE

Sean Kar Seng Cheang
Lau Joo Yong
Lau Chee Meng

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 : 03-7849 0777
Facsimile No : 03-7841 8151

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan
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
Hong Kong and Shanghai Banking Corporation (HSBC) Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code: 2127
Stock Short Name: COMFORT

Group Structure

COMFORT GLOVES BERHAD (852-D)

- **100%** COMFORT RUBBER GLOVES INDUSTRIES SDN BHD
  - **100%** GALLANT QUALITY SDN BHD
- **100%** I QUALITY RUBBER INDUSTRIES SDN BHD
- **100%** PBT SDN BHD

Profile of Directors

LAU CHEE MENG

Chairman, Independent Non-Executive Director
Malaysian, aged 62, Male

Lau Chee Meng was appointed to the Board of Directors of Comfort Gloves Berhad as an Independent Non-Executive Director on 1 July 2016 and was also appointed as the Chairman of the Board of Directors. He is also the Chairman of the Nomination Committee and a member of the Audit Committee, Remuneration Committee and ESS Committee respectively.

Lau Chee Meng is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He has nine years working experience in the field of external auditing and corporate advisory and more than sixteen years of extensive experience in the area of finance in the corporate environment including plantations, properties and manufacturing sector.

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 and has not been convicted for any offence within the past 5 years.

He attended 2 out of 2 Board Meetings held during the financial year.

CHEANG PHOY KEN

Managing Director
Malaysian, aged 64, Male

Cheang Phoy Ken was appointed to the Board of Directors of Comfort Gloves Berhad as Managing Director on 11 January 2013.

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

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 Sean Kar Seng Cheang, a Director of the Company. He has no conflict of interest with the Company and has not been convicted for any offence within the past 5 years.

He attended all five (5) Board Meetings held during the financial year.

SEAN KAR SENG CHEANG

Executive Director
American, aged 29, Male

Sean Kar Seng Cheang was appointed to the Board of Directors of Comfort Gloves Berhad as an Executive Director on 11 January 2013. He is a member of the ESS Committee.

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 to 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 Organisation's purchasing.

He is the son of Cheang Phoy Ken who is a Director and substantial shareholder of the Company. He has no conflict of interest with the Company and has not been convicted for any offence within the past 5 years.

He attended 4 out of 5 Board Meetings held during the financial year.

DATO' HAJI AHMAD KAMAL BIN ABDULLAH AL-YAFII

Independent Non-Executive Director
Malaysian, aged 79, Male

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

Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii 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 bin Abdullah Al-Yafii also contributed his experience to many organisations, 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.

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 and has not been convicted for any offence within the past 5 year.

He attended all five (5) Board Meetings held during the financial year.

LAU JOO YONG

Executive Director
Malaysian, aged 30, Male

Lau Joo Yong was appointed to the Board of Directors of Comfort Gloves Berhad as an Executive Director on 9 September 2014 and also a member of the ESS Committee.

Lau Joo Yong 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 also a trustee of Lau Eng Guang Dialysis Charitable Foundation.

He is the son of Dato' Lau Eng Guang and brother of Lau Joo Kien, Brian, who are the substantial shareholders of the Company. He has no conflict of interest with the Company and has not been convicted for any offence within the past 5 years.

He attended all five (5) Board Meetings held during the financial year.

LAU JOO PERN

Non-Independent Non-Executive Director
Malaysian, aged 36, Male

Lau Joo Pern was appointed to the Board of Directors of Comfort Gloves Berhad as Non-Independent Non-Executive Director on 30 January 2015. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Lau Joo Pern graduated with a Bachelor of Accounting and Financial Management from University of Sheffield, United Kingdom. He is a Fellow of the Association of Certified Chartered Accountants (FCCA) and a Member of the Malaysian Institute of Accountants. His experience 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 Mr. Lau Eng Guang and cousin of Lau Joo Kien, Brian and Lau Joo Yong who are the substantial shareholders of the Company. He has no conflict of interest with the Company and has not been convicted for any offence within the past 5 years.

He attended 4 out of 5 Board Meetings held during the financial year.

Profile of Key Senior Management

CHEANG PHOY KEN

Managing Director
Malaysian, aged 64, Male

Refer to the Profile of Directors on page 7.

SEAN KAR SENG CHEANG

Executive Director
American, aged 29, Male

Refer to the Profile of Directors on page 8.

KOK SOKE KUEN

Chief Financial Controller
Malaysian, aged 37, Female

Kok Soke Kuen was appointed as Chief Financial Controller of Comfort Gloves Berhad on 29 September 2014. She is a Member of the Malaysian Institute of Accountants.

Kok Soke Kuen has more than ten years of accounts and finance related experience gained from various listed commercial organisations, mainly on construction and manufacturing. From 2011 to 2012, she was appointed as Specialist in University Tunku Abdul Rahman, lecturing on Performance Management and Management Accounting.

She does not have any family relationship with any other Director and/or major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted for any offence within the past 5 years.

She does not hold any directorship of public companies and listed issuers.

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 (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").

1. BOARD LEADERSHIP AND EFFECTIVENESS

The Principal Responsibilities

The Group is led by the Board who is responsible for the long-term success of the Group and the delivery of sustainable value to its stakeholders.

The Board is responsible for the Group's overall strategic direction and objectives while exercising oversight on management, 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.

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.cgb.com.my.

Board Composition and Independence

The Board comprises a Managing Director, two Executive Directors, 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 utilisation 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 three 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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") of having at least one-third of the Board members as Independent Non-Executive Directors.

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

1. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Roles and Responsibilities of the Board

The positions of the Chairman and Managing Director are held by different individuals. 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 instilling good corporate governance practices, leadership and effectiveness of the Board, ensuring Board carries out its responsibilities in the best interest of the Company and that all key issues are disclosed in a timely manner. The Chairman is also tasked with facilitating active discussion and participation by all the Directors. 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 practice "hands on" management in his specific areas of responsibilities.

In addition, to ensure the effective discharge of its functions and responsibilities, the Board delegates the day-to-day management of the Group's business to the Management and had set and approved business authority limits which set out relevant matters. This authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

The Non-Executive Directors are credible professionals of caliber, 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 Executive 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 practice 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.

Key matters which are reserved for the Board's approval are as follows:

- Review and Approval of corporate, strategic directions and financial plans of the Group
- Monitor financial performance including approval of annual and interim financial reports
- Approval of annual budgets
- Approval of material acquisitions, and disposal of undertaking and properties or any significant transaction 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, Chief Financial Officer and the Company Secretary
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, the MMLR of Bursa Securities and the Company's Articles of Association
- Internal Control System
- Succession planning for senior management
- Assume responsibility for good corporate governance

The Board also delegates and confers some of its authorities and discretion to the Executive Directors as well as relevant Board Committees. The Board Committees are entrusted by the Board with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). Any key issues and decisions arising from the Board Committees will be reported and tabled to the Board for approval, if required.

1. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board 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 of Directors	Number of Meetings Attended
Lau Chee Meng (appointed on 1 July 2016) Chairman, Independent Non-Executive Director	2 of 2
Cheang Phoy Ken Managing Director	5 of 5
Sean Kar Seng Cheang Executive Director	4 of 5
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii Independent Non-Executive Director	5 of 5
Lau Joo Yong Executive Director	5 of 5
Lau Joo Pern Non-Independent Non-Executive Director	4 of 5
Lim Boon Huat (resigned on 1 July 2016)	2 of 3

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

Access to Information and Advice

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 five business day 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 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 and all Board members would ensure the Minutes of Meetings accurately reflected the deliberations and decision of the Board, including any directors abstained from voting or deliberating on a particular matter.

The Directors are notified of any corporate announcements released to Bursa Securities. They are also notified of the impending restriction in dealing with the securities of the Company at least thirty (30) days prior to the targeted released date of the quarterly financial results announcement.

1. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Access to Information and Advice (Cont'd)

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.cgb.com.my:

- Board Charter
- Code of Conduct
- Sustainability Policy

Qualified and Competent Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association, Board's policy and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. They are responsible for developing and maintaining the processes that enable the Board to fulfil its role. They 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 Company Secretaries also highlight all issues which they feel ought to be brought to the Board's attention.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at Board and Board Committee meetings are well captured and minuted.

Recruitment or Appointment of Directors

For the recruitment or appointment of new Directors, the Nomination Committee has its own review criteria that needs to be met before making recommendations to the Board. These include the review of skills, experience and strength in the qualities necessary for the discharge of responsibilities in an effective and competent manner. Other factors considered by the Committee includes the candidates' ability to commit sufficient time and energy to Board matters, and the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism. Diversity of the Board's composition is also important to facilitate optimal decision-making by harnessing different insights and perspectives.

Re-Appointment and Re-Election of Directors

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.

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.

1. BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

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 conferences, seminars and training programmes and during the financial year ended 31 January 2017, the following training programmes and seminars were attended by the Directors:

i) Lau Chee Meng
- August 3-4, 2016: "Mandatory Accreditation Programme (MAP) for the PLC"
- November 16, 2016: "Amendments to Bursa Malaysia's Listing Requirement – With Latest Cases on Directors Duties"

ii) Cheang Phoy Ken
- December 16, 2016: "Highlighting of the Companies Act 2016"

iii) Sean Kar Seng Cheang
- November 10, 2016: "Training within Industry (TWI)"

iv) Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii
- September 21, 2016: "The AGM – A Practical Insight and Managing Shareholders' Expectations"

v) Lau Joo Yong
- August 24, 2016: "The AGM – A Practical Insight and Managing Shareholders' Expectations"
- November 18, 2016: "Designing Directors' Performance Assessment for Directors' Independence & Effectiveness"

vi) Lau Joo Pern
- July 28, 2016: "The Inside Story of the Annual Report: What Directors must know"
- August 22, 2016: "The Companies Act 2016"
- November 16, 2016: "Amendments to Bursa Malaysia's Listing Requirement – With Latest Cases on Directors' Duties"

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

2. STRENGTHEN COMPOSITION

BOARD COMMITTEES

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

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Committee for the review of press releases or public announcements

The Audit Committee ("AC")

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

Details of the composition, the activities of the AC during the financial year are set out under the Audit Committee Report on pages 26 to 28.

Nomination Committee ("NC")

The members of the NC during the financial year, composed majority of Independent Non-Executive Directors, were as follows:

Name of Member

(i) Lau Chee Meng
Independent Non-Executive Director (Chairman)

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

(iii) 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 NC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a Director of the Company.

The activities of the NC during the financial year are as follows:

- Recommend to the Board, candidates for all directorship to be filled in the Board and Board Committees.
- Reviewed the performance of the Directors who are due for re-election/re-appointment at the next Annual General Meeting.
- Assessed the independence of the Independent Directors.
- Reviewed the training needs of Directors.
- Reviewed the terms of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with terms of reference.

2. STRENGTHEN COMPOSITION (Cont'd)

Nomination Committee ("NC") (Cont'd)

- Ensuring there is proper succession planning for the Group Chief Executive Officer and Key Management.
- Review the annual assessment of the effectiveness of the Board, committees and individual directors annually using a set of customised self-assessment questionnaires to be completed by each Director with the following criteria used:

  <u>Audit Committee</u>

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

  <u>Board of Directors</u>

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

The results of the self-assessment by Directors and Board's effectiveness as a whole were tabled to the Board for review and deliberation. The NC upon its assessment carried out for the financial year ended 31 January 2017 was satisfied:

- with its current board size and the effectiveness of the Board and Board Committees that have appropriate mix of knowledge;

- the Independent Non-Executive Directors comply with the definition of Independent Non-Executive Directors as defined by the Listing Requirements; and

- the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Company, as none of them hold more than 5 directorships in public listed companies.

The NC meets when necessary and two (2) meetings were held during the financial year under review.

Remuneration Committee ("RC")

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

Name of Members

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

(ii) Lau Chee Meng
Independent Non-Executive Director

(iii) Lau Joo Pern
Non-Independent Non-Executive Director

2. STRENGTHEN COMPOSITION (Cont'd)

Remuneration Committee ("RC") (Cont'd)

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 RC meets when necessary and one (1) meeting was held during the financial year under review.

Committee for the Review of Press Releases or Public Announcements

The Committee for the review of press releases or public announcements, comprising the Managing Director, Cheang Phoy Ken or the Executive Director, Sean Kar Seng Cheang, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.

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.

a) Aggregate remuneration of Directors categorised into the appropriate components:

Executive Directors Remuneration	Group (RM)	Company (RM)
Salaries	1,560,000	456,000
Fees	75,000	75,000
Other Emoluments	14,250	14,250
Defined Contribution	233,661	66,059
Benefits-in-kind	–	–
Total	1,882,911	611,309

Non-Executive Directors Remuneration	Group (RM)	Company (RM)
Fees	148,000	148,000
Other Emoluments	30,900	30,900
Total	178,900	178,900

2. STRENGTHEN COMPOSITION (Cont'd)

DIRECTORS' REMUNERATION (Cont'd)

The Level and Make-up of Remuneration (Cont'd)

b) Analysis of Remuneration:

The number of Directors of the Company whose total remuneration falls within the respective band for the financial year ended 31 January 2017 is as follows:

	Number of Directors	
Range of Remuneration	**Executive**	**Non-Executive**
Company		
RM0 - RM50,000	–	3
RM50,001 – RM100,000	–	1
RM100,001 – RM150,000	1	–
RM200,001 – RM250,000	1	–
RM250,001 – RM300,000	1	–
Group		
RM0 - RM50,000	–	3
RM50,001 – RM100,000	–	1
RM200,001 – RM250,000	1	–
RM500,001 – RM550,000	1	–
RM1,100,001 – RM1,150,000	1	–

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.

SUSTAINABILITY POLICY

The Group recognises the importance and benefits of integrating Economic, Environmental and Social (EES) sustainability into its business. These include working within the law in order to be innovative and demonstrating initiative to meet the requirements of various stakeholders.

Community

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. We have visited and sponsored some basic necessities such as food and school supplies (uniforms, shoe, socks and etc) to the orphanage home in Taiping and also provided basketball jerseys to a local high school. In addition to this we have contributed to the nursing home at Rumah Seri Kenangan Taiping.

2. STRENGTHEN COMPOSITION (Cont'd)

SUSTAINABILITY POLICY (Cont'd)

Workplace

In an effort to provide employees with more convenient means of addressing health needs, the Group has established an in-house medical clinic in Matang factory. During the year, the Group has conducted free health screening, Malaria and TB test and hearing test for employees. Regular health talks were conducted to create health awareness among employees.

Employees working in production factory were provided with hearing protectors and helmets. The Group has modified the structure of the production factory to minimise the noise exposure level.

Waste Management

The Group has endeavoured to reduce its water usage and recycle as much of its process water as is feasible. We are also targeting to reduce the amount of waste material we send to landfill by working with companies to repurpose our scrap gloves to be used as an alternative fuel source for power generation in other industries.

Energy

Solar power panel system was installed as a renewable source of energy to reduce the usage of electricity. This system serves as a generator of independent source of renewable energy and has effectively reduced the carbon footprint. We have also managed to recover and reuse part of our waste process heat which will help reduce our CO2 footprint.

Corporate Disclosure

To ensure timely and high quality disclosure, the Company has implemented a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investment and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid individual or selective disclosure.

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.

2. STRENGTHEN COMPOSITION (Cont'd)

SHAREHOLDERS (Cont'd)

Dialogue between the Company and Investors (Cont'd)

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

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

Annual General Meeting

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst Shareholders, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda. 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 EA will be present to answer any questions that they may have.

3. 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 2016.

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.

The Board is assisted by the AC in overseeing the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy, adequacy and authenticity of the reporting. The Board also review and ensure the appropriateness of the Group's accounting policies and the changes to these policies as well as ensure these financial statements comply and are prepared in accordance to applicable Financial Reporting Standards ("FRS") and other regulatory/statutory requirements and to give a true and fair view of the financial position of the Group and the Company.

In addition to providing financial reports on an annual basis, the Group's financial results are also presented to shareholders on a quarterly basis through the link to Bursa Securities known as BURSA Link. Before their release to Bursa Securities, the quarterly financial results are reviewed by the AC and approved by the Board of Directors.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 32 of this Annual Report.

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.

3. ACCOUNTABILITY AND AUDIT (Cont'd)

Financial Reporting (Cont'd)

Assessment of Suitability and Independence of External Auditors ("EA")

The AC had on 29 March 2017 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within the Group's timeline. The AC then decided to recommend for the Board's approval the re-appointment of Messrs. Baker Tilly Monteiro Heng ("Baker Tilly") as EA of the Company for the financial year ending 31 January 2018. At the same time, the AC further undertook an annual assessment of the quality of audit, which encompassed the performance of the EA, Baker Tilly, and the quality of their communications with the AC and the Group, based on the feedback obtained via assessment questionnaires from the Company's personnel who had regular contact with the EA team, Baker Tilly throughout the year. The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at private meetings, which demonstrated their independence, objectivity and professionalism. Baker Tilly had also confirmed their independence throughout the conduct of their audit engagement with CGB Group in accordance with the independence criteria set.

The AC was satisfied with the suitability of Baker Tilly based on their quality of service and sufficiency of resources. Having regard to the outcome of the evaluations and the annual assessment of EA which supported the AC's recommendation on the suitability and independence of the EA, the Board approved the AC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the appointment of Baker Tilly as EA of the Company for the financial year ending 31 January 2018.

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 24 to 25 of the Annual Report.

In accordance with the Code and the MMLR of Bursa Securities, the Board has established an internal audit function which reports directly to the AC. 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 24 to 25 of the Annual Report.

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the auditors' professional requirements. The AC 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 AC and the EA. The auditors have continued to highlight to the AC and Board of Directors matters that require the Board's attention.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the Year Ended 31 January 2017

Details of the Recurrent Related Party Transactions

There was no related party transaction during the financial year end.

Utilisation of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

Imposition of Sanctions/Penalties

There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year ended 31 January 2017 is as follows:

	Group	**Company**
	RM	**RM**
Audit Fees	138,000	78,000
Non-Audit Fees	9,000	9,000
	147,000	**87,000**

Material Contracts and Contract Relating to Loan awarded to Directors, Chief Executive and Substantial Shareholders

There were no materials contracts and contracts relating to loans entered into by the Company and its subsidiaries which involve the Directors, Chief Executive who is not a Director and substantial shareholders entered into since the end of the previous financial year.

Statement of Risk Management and Internal Control

INTRODUCTION

The Board of Directors is committed to maintain a sound system of risk management and internal control in accordance to the Malaysian Code on Corporate Governance to safeguard shareholders' investment and the 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 Listed Issuers on the Statement on Risk Management and Internal Control.

BOARD RESPONSIBILITIES

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 identifying key business risks, determining risk tolerance, and deploying of internal control to address the identified risks.

The Board is committed to monitor and refine its internal control system to ensure its continuing effectiveness. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust.

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 failure 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.

RISK MANAGEMENT AND INTERNAL CONTROL

Management is responsible for establishing and developing an adequate system of internal controls to manage risk. The controls are embedded in the culture, processes and structures of the company to minimise incidences of possible fraud, wastage and abuse. Management has adopted an on-going process for identifying, evaluating and managing significant risks that may prevent the achievement of business objectives.

The active subsidiary of the Group has ISO 9001:2008, ISO 13485:2003, EN ISO 13485:2012 and Directive 89/686/EEC accreditation for its operation processes. These policies and procedures form part of our Quality Management System that is certified by International Organisation for Standardisation (ISO). This system assists management in assessing risks and building in processes to address those problems immediately before they arise. The 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 is 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 are identified together with details of corrective action to be taken.

The operations of the Group are exposed to a variety of risks. The nature of these risks and measures taken by the Group to minimise those risks are disclosed below:

(a) Credit risk
The Group is exposed to credit risk that leads to financial loss if trade receivables fail to pay when due. The management has a credit policy in place to monitor and minimise the exposure to default. Credit evaluations are performed on all customers requiring credit terms.

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

(b) Foreign currency risk
The Group incurs foreign currency risk on sales and purchases that are denominated in United States Dollar. Material foreign currency transaction exposures are managed through forward foreign currency contracts.

(c) Interest rate risk
The Group's exposure to interest rate risk arises primarily from their short term borrowings and short term deposits classified as cash and cash equivalents. The Group does not use derivative financial instruments to hedge its risk. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Group.

(d) Liquidity risk
The Group's exposure to liquidity risk arises principally from its various payables. 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.

INTERNAL AUDIT FUNCTION AND ITS ACTIVITIES

The Board recognises that the internal audit function is an integral part of the governance process. The Board has engaged an external independent party to perform the internal audits on material controls, including financial, operational and compliance controls. The Internal Auditor has a clear line of reporting to the Audit Committee and its performance is reviewed by the Audit Committee on an annual basis. Thus, the Internal Auditor is independent of the operational and management activities they audit.

The Internal Auditor develops risk-based audit plans to determine the priorities of the internal audit activities, consistent with the Group's objectives and activities. The Internal Auditor reports to the Audit Committee on the adequacy 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 corrective actions is verified by the Internal Auditor through its follow-up reviews.

For this current financial year, the internal auditors have reviewed the internal processes on the packing department including sorting, stamping and packing.

CONCLUSION

The Board has received assurance from the Managing Director ("MD") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

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. 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.

The Board maintains an on-going commitment to strengthening the Group's internal control and risk management environment and processes.

Audit Committee Report

The Board of Directors ("the Board") of Comfort Gloves Berhad ("CGB" or "the Company") is pleased to present the report on the Audit Committee ("AC") for the financial year ended 31 January 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In performing their duties and discharging their responsibilities, the AC is guided by its terms of reference. The AC's Terms of Reference is available at the Company's website at www.cgb.com.my.

1. COMPOSITION AND ATTENDANCE

Members of the Audit Committee

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

Mr Lau Chee Meng - Member
(Independent Non-Executive Director)

Mr Lau Joo Pern - Member
(Non-Independent Non-Executive Director)

The AC comprised three members of the Board and has complied with the MMLR and the Malaysian Code on Corporate Governance which require the AC to have no fewer than 3 members and all members to be non-executive directors and the majority being Independent Directors.

The Chairman, Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii, is not the Chairman of the Board. He also meets the requirement of paragraph 15.09(c)(i) of the MMLR of 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 AC. Minutes of each meeting shall be distributed to each Board member. The Company Secretary is also the Secretary of the AC.

The NC reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference ("TOR"), supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards. The TOR of the AC had been reviewed and amended during the year to reflect the changes in line with the recent amendments to the MMLR.

The AC convened a total of five (5) meetings during the financial year ended 31 January 2017.

Audit Committee Members	Number of Meetings Attended
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5 of 5
Lau Joo Pern	4 of 5
Lau Chee Meng (appointed on 1 July 2016)	2 of 2
Lim Boon Huat (resigned on 1 July 2016)	2 of 3

1. COMPOSITION AND ATTENDANCE (Cont'd)

The Chief Financial Controller was invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operation. Minutes of each AC Meeting were recorded and tabled for confirmation at the next following AC Meeting and subsequently presented to the Board for notation.

The Group's External Auditors ("EA") were in attendance at two meetings during the financial year where discussion between the AC and EA were held without the presence of the Group Executives.

2. SUMMARY OF ACTIVITIES

During the financial year, the AC carried out its duties as set out in the terms of reference. The main activities performed by the AC during the financial year ended 31 January 2017 were as follows:

a) External Audit

(i) Reviewed the scope of work and the Audit Planning Memorandum of the EA, includes reporting responsibilities and deliverables, audit approach, scope and audit and non-audit fees for statutory audits of the Group account and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 January 2017 prior recommending to the Board for approval.

(ii) Reviewed with the EA the results of the audit and management's responses to their audit findings, including corrective actions taken by the management on outstanding audit issues highlighted in the previous audit.

(iii) Met with the EA without the presence of management including the Managing Director ("MD"). The EA do not have any areas of concern to highlight to the AC and they have received full co-operation from the management.

(iv) Reviewed and evaluated the performance of the EA and their independence, objectivity and professionalism and assessment questionnaires were used as a tool for the assessment and made recommendations to the Board on their re-appointment. The EA provided assurance that they were and had been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

b) Financial Reporting

(i) Reviewed the Group's unaudited quarterly financial statements, ensuring they were prepared in accordance with the Malaysian Financial Reporting Standards 134, Interim Financial Reporting and Paragraph 9.22 of the MMLR before recommending them to the Board for approval.

(ii) Reviewed the audited financial statements of the Group and the Company with the EA to ensure compliance with the provisions of the Companies Act 2016 and the applicable accounting standards prior to submission to the Board for approval.

2. SUMMARY OF ACTIVITIES (Cont'd)

(c) Internal Audit

(i) Reviewed and approved the internal audit plan, including the scopes and audit approach.

(ii) Reviewed and deliberated on the internal audit reports from the Internal Audit Unit and management's response to the recommendations and presented the reports to the Board of Directors.

(iii) Carried out an annual review of performance of the Internal Audit Unit including assessment of their suitability and independence in performing their obligations by completing a formal evaluation form.

(d) Related Party Transactions

(i) Reviewed the related party transactions to ensure they are transacted within the limits prescribed under the MMLR.

(e) Annual Report

(i) Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the Annual Report.

(ii) Presented the AC Report to the Board for approval and inclusion in the Annual Report.

3. GROUP INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to AlphaOne Governance Sdn. Bhd., a professional internal audit service provider and reports directly to the AC and assist the Board in reviewing the adequacy and integrity of the internal control systems to manage risks exposures over key processes within the Group.

The role of the internal audit function is to support the AC 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 AC 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 covering the business processes/audit areas as detailed in the Statement on Risk Management and Internal Control;

- Reported on findings of assessment on internal control, highlighted the risks and implications and recommended improvements to the management on weaknesses found;

- Reviewed and reported on the follow-up status of previous audit findings taken by the Management; and

- Presented the Internal Audit Plan to the AC for approval.

The cost incurred for the Internal Audit function of the Group for the financial year ended 31 January 2017 was RM15,000/-.

Statistics on Shareholdings
as at 2 May 2017

Total Number of Shares Issued	: 558,790,443
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary shares

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	368	4.43	11,273	0.00
100 - 1,000	2,362	28.46	1,036,444	0.19
1,001 - 10,000	3,083	37.15	16,572,597	2.97
10,001 - 100,000	2,077	25.02	70,714,578	12.65
100,001 - 27,939,521 (*)	408	4.92	300,924,001	53.85
27,939,522 And Above (**)	2	0.02	169,531,550	30.34
Total	**8,300**	**100.00**	**558,790,443**	**100.00**

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

Directors' Shareholdings

No.	Name of Directors	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
1	Cheang Phoy Ken	101,031,550	18.08	50,000*	0.01	101,081,550	18.09
2	Sean Kar Seng Cheang	50,000	0.01	–	–	50,000	0.01
3	Lau Joo Yong	36,377,050	6.51	–	–	36,377,050	6.51

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

Other than above, none of the other Directors had any interest in shares in the Company's related corporations.

Substantial Shareholdings

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company.

No.	Name of Substantial Shareholders	Direct Interest (A)	%	Indirect Interest (B)	%	Total Interest (A+B)	%
1	Cheang Phoy Ken	101,031,550	18.08	50,000*	0.01	101,081,550	18.09
2	Keen Setup Sdn Bhd	68,500,000	12.26	-	-	68,500,000	12.26
3	Lau Eng Guang	39,763,200	7.12	68,500,000	12.26	108,263,200	19.38
4	Lau Joo Kien, Brian	-	-	68,500,000	12.26	68,500,000	12.26
5	Goh Kim Kooi	22,225,000	3.98	70,233,700	12.57	92,458,700	16.55

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

List of Top 30 Holders as at 2 May 2017

No.	Name	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	101,031,550	18.08
2	Keen Setup Sdn Bhd	68,500,000	12.26
3	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for Credit Suisse	21,000,008	3.76
4	Lau Eng Guang	13,138,450	2.35
5	Melati Angsana Sdn Bhd	12,500,000	2.24
6	Panduan Jitu Sdn Bhd	12,500,000	2.24
7	Warisan Diprima Sdn Bhd	12,500,000	2.24
8	Lau Joo Yong	8,040,800	1.44
9	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	7,448,750	1.33
10	Lau Joo Yong	7,336,250	1.31
11	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB Capital Fund	6,890,000	1.23
12	Cheang Swee Chee	6,820,000	1.22
13	Lau Geok Jade	6,514,600	1.17
14	Impian Semarak Sdn Bhd	6,120,000	1.10
15	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHBIslamic)	6,100,000	1.09
16	HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (SingaporeJPMPB)	5,000,000	0.89
17	Seow Hoon Hin	4,213,400	0.75
18	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Normah Binti Mohamad Arip	4,088,100	0.73
19	Lau Geok Hong	3,445,050	0.62
20	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gurjeet Singh A/L Chanan Singh	3,068,500	0.55
21	Cheang Swee Chee	2,876,200	0.51
22	Lau Joo Heng	2,865,550	0.51
23	Cartaban Nominees (Tempatan) Sdn Bhd TMF Trustees Malaysia Berhad for RHB Private Fund - Series 6	2,764,000	0.49
24	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd (Singapore Bch)	2,736,100	0.49
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Eng Guang	2,549,500	0.46
26	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Berhad for Yew Hong Hong	2,500,000	0.45
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Kam Poh	2,175,000	0.39
28	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chua Meng Keat	2,153,400	0.39
29	Normah Binti Mohamad Arip	2,016,000	0.36
30	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Affin Hwang Asset Management Berhad	2,000,000	0.36
	Total Percentage	**340,891,208**	**61.01**

List of Properties Held
as at 31 January 2017

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book Value (RM)	Age of Building (Years)	Year of Acquisition
PERAK DARUL RIDZUAN							
GM 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 natural rubber gloves	8,397,024	21	1993
GM 1723, Lot No. 6858 Jebong District Larut & Matang Perak	Freehold	2.46	–	Three storey factory building and warehouse use	12,410,764	4	1999
				Single storey factory building occupied for offline chlorination processes	1,087,985		
(Held under master title) H.S. (D) KN4809 Mukim Gunung Semangol 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	37,620	18	2000
GM 1461, Lot No. 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	9,381,525	16	2010
GM 1725, Lot No. 6860, Jebong District Larut & Matang Perak	Freehold	3.40	–	Agricultural land	7,156,590	2	2015
GM 1726, Lot No. 6861, Jebong District Larut & Matang Perak	Freehold	0.55	–	Agricultural land	900,359	2	2015

Directors' Responsibilities Statement

The Directors are required by the Companies Act 2016 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;

- 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; and

- 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 2016 and the applicable approved accounting standards in Malaysia.

The Directors are also 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.

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 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company is 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/(loss) for the financial year, net of tax	25,866,908	(334,258)
Attributable to:		
Owners of the Company	25,866,908	(334,258)

DIVIDENDS

No dividend has been 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 2017.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHOD

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstance 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Cheang Phoy Ken	
Sean Kar Seng Cheang	
Lim Boon Huat	(Resigned on 1 July 2016)
Dato Haji Ahmad Kamal bin Abdullah Al-Yafii	
Lau Joo Yong	
Lau Joo Pern	
Lau Chee Meng	(Appointed on 1 July 2016)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.2.2016	**Bought**	**Sold/Transfer**	**At 31.1.2017**
The Company				
Comfort Gloves Berhad				
Direct interest				
Cheang Phoy Ken	116,191,650	–	(15,160,100)	101,031,550
Sean Kar Seng Cheang	50,000	–	–	50,000
Lau Joo Yong	36,377,050	21,000,000	(21,000,000)	36,377,050
Deemed interest				
Cheang Phoy Ken *	50,000	–	–	50,000

* *Deemed interest held through children*

DIRECTORS' INTERESTS (Cont'd)

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Directors' Remuneration and Note 23 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.

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

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in Note 23 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, there were no indemnity given to or insurance effected for, any director, officer or auditor of the Company.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 31 to the financial statements.

Directors' Report (Cont'd)

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....

CHEANG PHOY KEN
Director

....

SEAN KAR SENG CHEANG
Director

Taiping

Date: 11 May 2017

Statements of Financial Position

as at 31 January 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**123,655,837**	90,075,470	**9,524,025**	9,844,471
Investment in subsidiaries	6	**–**	–	**85,500,004**	85,500,004
Total non-current assets		**123,655,837**	90,075,470	**95,024,029**	95,344,475
Current assets					
Inventories	7	**43,950,298**	23,847,929	**–**	–
Trade receivables	8	**50,858,239**	32,174,790	**–**	–
Other receivables, deposits and prepayments	9	**5,793,618**	5,154,638	**168,508**	91,472
Amount due by subsidiaries	10	**–**	–	**96,686,815**	61,756,998
Tax recoverable		**52,298**	28,958	**–**	6,097
Derivative financial assets	11	**–**	515,194	**–**	–
Cash and cash equivalents	12	**23,408,471**	47,887,748	**77,525**	35,173,015
Total current assets		**124,062,924**	109,609,257	**96,932,848**	97,027,582
TOTAL ASSETS		**247,718,761**	199,684,727	**191,956,877**	192,372,057
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	**139,451,838**	55,879,044	**139,451,838**	55,879,044
Other reserves	14	**3,041,379**	86,614,173	**3,041,379**	86,614,173
Revaluation reserve	15	**9,373,038**	10,054,322	**1,697,244**	1,745,558
Retained earnings		**54,236,112**	27,687,920	**47,143,341**	47,429,285
Total equity attributable to owners of the Company		**206,102,367**	180,235,459	**191,333,802**	191,668,060

Statements of Financial Position (Cont'd)
as at 31 January 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current liability					
Deferred tax liabilities	16	**1,165,961**	1,393,865	**268,283**	283,540
Total non-current liability		**1,165,961**	1,393,865	**268,283**	283,540
Current liabilities					
Trade payables	17	**30,598,664**	11,521,482	**–**	–
Other payables and accruals	18	**9,560,287**	6,533,921	**344,004**	420,457
Provision for taxation		**–**	–	**10,788**	–
Derivative financial liabilities	11	**291,482**	–	**–**	–
Total current liabilities		**40,450,433**	18,055,403	**354,792**	420,457
Total liabilities		**41,616,394**	19,449,268	**623,075**	703,997
TOTAL EQUITY AND LIABILITIES		**247,718,761**	199,684,727	**191,956,877**	192,372,057

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 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Continuing Operations					
Revenue	19	**262,987,738**	229,838,180	**–**	–
Cost of sales		**(224,265,988)**	(196,474,409)	**–**	–
Gross profit		**38,721,750**	33,363,771	**–**	–
Other income	20	**14,660,756**	1,852,753	**1,288,804**	887,944
Selling and marketing expenses		**(3,918,172)**	(2,932,550)	**–**	–
Administrative expenses		**(23,755,869)**	(9,345,713)	**(1,623,585)**	(1,802,569)
Operating profit/(loss)		**25,708,465**	22,938,261	**(334,781)**	(914,625)
Finance costs	21	**(35,754)**	(158,204)	**–**	–
Profit/(loss) before tax	22	**25,672,711**	22,780,057	**(334,781)**	(914,625)
Taxation	24	**194,197**	197,943	**523**	15,257
Profit/(loss) for the financial year		**25,866,908**	22,978,000	**(334,258)**	(899,368)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the financial year		**25,866,908**	22,978,000	**(334,258)**	(899,368)
Profit/(loss) attributable to:					
Owners of the Company		**25,866,908**	22,978,000	**(334,258)**	(899,368)
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	25	**4.63**	5.13		
- Diluted	25	**4.46**	4.80		

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

Consolidated Statement of Changes in Equity

for the Financial Year Ended 31 January 2017

Group	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Warrant Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
	← Attributable to Owners of the Company						*Distributable*	→
At 1 February 2015	43,301,308	11,120,690	4,489,655	10,609,110	11,319,230	10,776,017	3,752,767	95,368,777
Profit net of tax and total comprehensive income for the financial year	-	-	-	-	-	-	22,978,000	22,978,000
Transferred to retained earnings upon expiry of Warrants 2010/2015	-	-	-	(235,458)	-	-	235,458	-
Realisation of revaluation reserve	-	-	-	-	-	(721,695)	721,695	-
Transactions with owners:								
Exercise of Warrants 2010/2015	11,577,736	56,684,598	-	(10,373,652)	-	-	-	57,888,682
Second tranche subscription shares pursuant to Advance Capitalisation	1,000,000	4,448,276	(1,448,276)	-	-	-	-	4,000,000
At 31 January 2016	55,879,044	72,253,564	3,041,379	-	11,319,230	10,054,322	27,687,920	180,235,459
Profit net of tax and total comprehensive income for the financial year	-	-	-	-	-	-	25,866,908	25,866,908
Realisation of revaluation reserve	-	-	-	-	-	(681,284)	681,284	-
Transition to no-par value regime ^	83,572,794	(72,253,564)	-	-	(11,319,230)	-	-	-
At 31 January 2017	**139,451,838**	**-**	**3,041,379**	**-**	**-**	**9,373,038**	**54,236,112**	**206,102,367**

^ Refer to Note 13 for details

Statement of Changes in Equity

for the Financial Year Ended 31 January 2017

Company	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Warrant Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
	← Attributable to Owners of the Company →						*Distributable*	
At 1 February 2015	43,301,308	11,120,690	4,489,655	10,609,110	11,319,230	1,793,872	48,044,881	130,678,746
Loss net of tax and total comprehensive loss for the financial year	–	–	–	–	–	–	(899,368)	(899,368)
Transferred to retained earnings upon expiry of Warrants 2010/2015	–	–	–	(235,458)	–	–	235,458	–
Realisation of revaluation reserve	–	–	–	–	–	(48,314)	48,314	–
Transactions with owners:								
Exercise of Warrants 2010/2015	11,577,736	56,684,598	–	(10,373,652)	–	–	–	57,888,682
Second tranche subscription shares pursuant to Advance Capitalisation	1,000,000	4,448,276	(1,448,276)	–	–	–	–	4,000,000
At 31 January 2016	55,879,044	72,253,564	3,041,379	–	11,319,230	1,745,558	47,429,285	191,668,060
Loss net of tax and total comprehensive loss for the financial year	–	–	–	–	–	–	(334,258)	(334,258)
Realisation of revaluation reserve	–	–	–	–	–	(48,314)	48,314	–
Transition to no-par value regime ^	83,572,794	(72,253,564)	–	–	(11,319,230)	–	–	–
At 31 January 2017	**139,451,838**	**–**	**3,041,379**	**–**	**–**	**1,697,244**	**47,143,341**	**191,333,802**

^ Refer to Note 13 for details

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

Statements of Cash Flows

for the Financial Year Ended 31 January 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Cash flows from operating activities					
Profit/(loss) before tax		**25,672,711**	22,780,057	**(334,781)**	(914,625)
Adjustments for:					
Impairment loss on					
- trade receivable		**–**	214,958	**–**	–
- amount due by a subsidiary		**–**	–	**–**	14,763
Interest expense		**35,754**	158,204	**–**	–
Interest income		**(728,444)**	(416,279)	**(238,804)**	(287,944)
Net fair value loss/(gain) on derivatives		**806,676**	(689,596)	**–**	–
Property, plant and equipment					
- net loss/(gain) on disposal		**63,770**	(10,498)	**–**	–
- depreciation		**8,457,436**	6,189,023	**372,000**	370,497
- written off		**5,032,630**	6,279	**–**	–
Unrealised (gain)/loss on foreign exchange		**(607,336)**	1,037,082	**–**	–
Inventories written off		**7,724,007**	–	**–**	–
Operating profit/(loss) before changes in working capital		**46,457,204**	29,269,230	**(201,585)**	(817,309)
Changes in working capital:					
Inventories		**(27,826,376)**	(1,784,930)	**–**	–
Receivables		**(18,697,872)**	(11,981,148)	**(77,036)**	(53,284)
Payables		**22,150,944**	(4,218,800)	**(76,453)**	(24,336)
Bills payables		**–**	(3,149,514)	**–**	–
Net cash flows from/(used in) operations carried forward		**22,083,900**	8,134,838	**(355,074)**	(894,929)

Statements of Cash Flows (Cont'd)
for the Financial Year Ended 31 January 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Net cash flows from/(used in) operations brought forward		**22,083,900**	8,134,838	**(355,074)**	(894,929)
Income tax paid		**(69,458)**	(54,485)	**(4,866)**	(5,706)
Income tax refund		**12,411**	39,846	**7,017**	9,848
Interest received		**728,444**	416,279	**238,804**	287,944
Interest paid		**(35,754)**	(148,205)	**–**	–
Net cash flows from/(used in) operating activities		**22,719,543**	8,388,273	**(114,119)**	(602,843)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(47,522,091)**	(32,213,920)	**(51,554)**	–
Proceeds from disposal of property plant and equipment		**387,888**	10,500	**–**	–
Net change in amount due by subsidiaries		**–**	–	**(34,929,817)**	(29,340,161)
Net cash flows used in investing activities		**(47,134,203)**	(32,203,420)	**(34,981,371)**	(29,340,161)
Cash flows from financing activities					
Repayment to a director		**–**	(36,103)	**–**	(36,103)
Exercise of Warrants 2010/2015		**–**	57,888,682	**–**	57,888,682
Proceeds from second tranche subscription shares pursuant to Advance Capitalisation		**–**	4,000,000	**–**	4,000,000
Repayment of hire purchase liabilities		**–**	(43,045)	**–**	–
Interest paid		**–**	(9,999)	**–**	–
Net cash flows from financing activities		**–**	61,799,535	**–**	61,852,579

Statements of Cash Flows (Cont'd)
for the Financial Year Ended 31 January 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents		**(24,414,660)**	37,984,388	**(35,095,490)**	31,909,575
Cash and cash equivalents at the beginning of the financial year		**47,887,748**	10,070,214	**35,173,015**	3,263,440
Effect of exchange rate changes on cash and cash equivalents		**(64,617)**	(166,854)	**–**	–
Cash and cash equivalents at the end of the financial year	12	**23,408,471**	47,887,748	**77,525**	35,173,015

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

Notes to the Financial Statements

1. CORPORATE INFORMATION

Comfort Gloves Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is 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, Jalan Matang, 34750 Matang Taiping, Perak.

The principal activities of the Company is 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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 May 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of Amendments/Improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

2. BASIS OF PREPARATION (Cont'd)

2.2 Adoption of Amendments/Improvements to MFRSs (Cont'd)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-Based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

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

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- 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 statements 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 statements of financial position.

- 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.

- 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.

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:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) 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.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

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

MFRS 16 Leases

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 1 First-time Adoption of MFRSs

Amendments to MFRS 1 deleted the short-term exemptions that relate to MFRS 7 *Financial Instruments: Disclosure*, MFRS 119 *Employee Benefits* and MFRS 10 *Consolidated Financial Statements* because they are no longer applicable.

Amendments to MFRS 2 Share-Based Payment

Amendments to MFRS 2 provide specific guidance on the accounting for:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to MFRS 4 Insurance Contracts

Amendments to MFRS 4 introduce two additional voluntary options, namely an overlay approach and a deferral approach to be applied subject to certain criteria being met, which help to address temporary volatility in reported results of entities dealing with insurance contracts. The overlay approach involves option to recognise the possible volatility in other comprehensive income, instead of profit or loss, whilst the deferral approach provides temporary exemption from applying the Standard on Financial Instruments for entities whose activities are predominantly connected with insurance.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of MFRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int") that have been issued, but yet to be effective (Cont'd)

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, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and Presentation Currency

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

2.5 Basis of Measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of Estimate and Judgement

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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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 that are significant to the financial statements are disclosed in Note 4.

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 land 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 land 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 3(d) to the financial statements.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and business combinations

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group losses control of the acquirees.

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.

The Group applies the acquisition method to account for business combinations from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Consolidation (Cont'd)

(i) Subsidiaries and business combinations (Cont'd)

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss 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 associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Transactions eliminated on consolidation

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

(iii) Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3(h)(ii).

(b) 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.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Financial Instruments (Cont'd)

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 when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

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 costs.

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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h)(i). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h)(i). Gains and losses are recognised in profit or loss through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Financial Instruments (Cont'd)

(i) Financial assets (Cont'd)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. Interest income is 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. Dividends on an available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial Liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(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 recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Financial Instruments (Cont'd)

(iv) Regular way purchase or sale of financial assets

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

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

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

(v) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liabilities simultaneously.

(c) Property, Plant and Equipment

(i) Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(h)(ii) to the financial statements.

Cost of assets 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, direct labour and any other direct attributable costs but excludes internal profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Property, Plant and Equipment (Cont'd)

(i) Recognition and Measurement (Cont'd)

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.

(ii) Subsequent costs

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.

(iii) Depreciation

Freehold land has an infinite life and therefore is not depreciated. 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 other 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%
Plant, machinery and formers	5% - 33.33%
Motor vehicles	10% - 16%
Office equipment, furniture and fittings	8% - 50%
Infrastructure	10%

The depreciable amount is determined after deducting the residual value.

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate 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.

(iv) Derecognition

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Revaluation of Assets

Land 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 land and buildings and the excess of the deficit is charged to the profit and loss.

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

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(i) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leases (Cont'd)

(ii) Lessor Accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

(f) Inventories

Inventories are measured 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) 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.

(h) Impairment of Assets

(i) Impairment and uncollectibility 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 financial asset that can be reliably estimated. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of Assets (Cont'd)

(i) Impairment and uncollectibility of financial assets (Cont'd)

Loan and receivables and held-to-maturity

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of Assets (Cont'd)

(i) Impairment and uncollectibility of financial assets (Cont'd)

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(ii) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal 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 risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Impairment of Assets (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(i) Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

(j) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(k) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Foreign Currencies Transactions (Cont'd)

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

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

(l) Revenue and Other Income

(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 using the effective interest method.

(iii) Dividend income

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

(m) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has the 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) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

(o) 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.

(p) Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised 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 statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Income Tax (Cont'd)

(ii) Deferred tax (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(q) 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.

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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Fair Value Measurements (Cont'd)

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

(r) 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 event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Depreciation and Useful Lives of Property, Plant and Equipment

As disclosed in Note 3(c), the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

(b) Revaluation of Assets

The Group carries its freehold land 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 land 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.

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

(c) 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.

(d) Impairment of Non-Financial 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.

(e) Impairment of Loans and Receivables

The Group makes allowance 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.

(f) Write-down of Obsolete or Slow Moving 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.

(g) Income Tax

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 tax provisions in the period in which such determination is made.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land 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
2017								
Cost/Valuation								
At 1 February 2016	21,367,738	27,443,234	1,114,485	107,376,999	1,382,221	974,875	10,879,684	170,539,236
Additions	889,211	433,602	214,355	9,771,911	1,751,736	317,165	34,144,111	47,522,091
Transfer	–	–	–	37,078,201	–	941,582	(38,019,783)	–
Disposal	–	–	–	–	(602,263)	–	–	(602,263)
Written off	–	(3,327,000)	–	(969,089)	–	(64,396)	(885,980)	(5,246,465)
At 31 January 2017	22,256,949	24,549,836	1,328,840	153,258,022	2,531,694	2,169,226	6,118,032	212,212,599
Representing:								
- At cost	8,056,949	11,349,836	1,328,840	153,258,022	2,531,694	2,169,226	6,118,032	184,812,599
- At valuation	14,200,000	13,200,000	–	–	–	–	–	27,400,000
	22,256,949	24,549,836	1,328,840	153,258,022	2,531,694	2,169,226	6,118,032	212,212,599

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

Group	Freehold land 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
2017								
Depreciation and impairment loss								
At 1 February 2016								
Accumulated depreciation	–	5,408,005	135,251	49,790,851	956,006	766,566	–	57,056,679
Accumulated impairment loss	–	–	–	23,407,087	–	–	–	23,407,087
	–	5,408,005	135,251	73,197,938	956,006	766,566	–	80,463,766
Depreciation for the financial year	–	2,054,638	121,160	6,000,285	171,405	109,948	–	8,457,436
Disposal	–	–	–	–	(150,605)	–	–	(150,605)
Written off	–	(27,725)	–	(182,815)	–	(3,295)	–	(213,835)
	–	2,026,913	121,160	5,817,470	20,800	106,653	–	8,092,996
At 31 January 2017								
Accumulated depreciation	–	7,434,918	256,411	55,608,321	976,806	873,219	–	65,149,675
Accumulated impairment loss	–	–	–	23,407,087	–	–	–	23,407,087
	–	7,434,918	256,411	79,015,408	976,806	873,219	–	88,556,762

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

Group	Freehold land 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
2017								
Net carrying amount at 31 January 2017	22,256,949	17,114,918	1,072,429	74,242,614	1,554,888	1,296,007	6,118,032	123,655,837
Representing:								
- At cost	8,056,949	9,631,931	1,072,429	74,242,614	1,554,888	1,296,007	6,118,032	101,972,850
- At valuation	14,200,000	7,482,987	–	–	–	–	–	21,682,987
	22,256,949	17,114,918	1,072,429	74,242,614	1,554,888	1,296,007	6,118,032	123,655,837

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

Group	Freehold land 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
2016								
Cost/Valuation								
At 1 February 2015	14,200,000	21,432,054	686,850	94,216,726	1,065,474	986,297	5,957,536	138,544,937
Additions	7,167,738	120,000	427,635	2,853,834	416,747	108,199	21,119,767	32,213,920
Transfer	–	5,891,180	–	10,306,439	–	–	(16,197,619)	–
Disposal	–	–	–	–	(100,000)	–	–	(100,000)
Written off	–	–	–	–	–	(119,621)	–	(119,621)
At 31 January 2016	21,367,738	27,443,234	1,114,485	107,376,999	1,382,221	974,875	10,879,684	170,539,236
Representing:								
- At cost	7,167,738	14,243,234	1,114,485	107,376,999	1,382,221	974,875	10,879,684	143,139,236
- At valuation	14,200,000	13,200,000	–	–	–	–	–	27,400,000
	21,367,738	27,443,234	1,114,485	107,376,999	1,382,221	974,875	10,879,684	170,539,236

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

Group	Freehold land 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
2016								
Depreciation and impairment loss								
At 1 February 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
Depreciation for the financial year	–	2,017,358	77,663	3,950,507	44,972	98,523	–	6,189,023
Disposal	–	–	–	–	(99,998)	–	–	(99,998)
Written off	–	–	–	–	–	(113,342)	–	(113,342)
								-
	–	2,017,358	77,663	3,950,507	(55,026)	(14,819)	–	5,975,683
At 31 January 2016								
Accumulated depreciation	–	5,408,005	135,251	49,790,851	956,006	766,566	–	57,056,679
Accumulated impairment loss	–	–	–	23,407,087	–	–	–	23,407,087
	–	5,408,005	135,251	73,197,938	956,006	766,566	–	80,463,766

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

Group	Freehold land 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
2016								
Net carrying amount at 31 January 2016	21,367,738	22,035,229	979,234	34,179,061	426,215	208,309	10,879,684	90,075,470
Representing:								
- At cost	7,167,738	12,998,997	979,234	34,179,061	426,215	208,309	10,879,684	66,839,238
- At valuation	14,200,000	9,036,232	–	–	–	–	–	23,236,232
	21,367,738	22,035,229	979,234	34,179,061	426,215	208,309	10,879,684	90,075,470

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

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Total RM
2017				
Cost/Valuation				
At 1 February 2016	**4,400,000**	**6,158,500**	**190,000**	**10,748,500**
Additions	**–**	**51,554**	**–**	**51,554**
At 31 January 2017	**4,400,000**	**6,210,054**	**190,000**	**10,800,054**
Representing:				
- At cost	**–**	**110,054**	**190,000**	**300,054**
- At valuation	**4,400,000**	**6,100,000**	**–**	**10,500,000**
	4,400,000	**6,210,054**	**190,000**	**10,800,054**
Accumulated depreciation				
At 1 February 2016	**–**	**875,529**	**28,500**	**904,029**
Depreciation for the financial year	**–**	**353,000**	**19,000**	**372,000**
At 31 January 2017	**–**	**1,228,529**	**47,500**	**1,276,029**
Net carrying amount at 31 January 2017	**4,400,000**	**4,981,525**	**142,500**	**9,524,025**
Representing:				
- At cost	**–**	**101,525**	**142,500**	**244,025**
- At valuation	**4,400,000**	**4,880,000**	**–**	**9,280,000**
	4,400,000	**4,981,525**	**142,500**	**9,524,025**

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

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Total RM
2016				
Cost/Valuation				
At 1 February 2015/ 31 January 2016	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
Accumulated depreciation				
At 1 February 2015	–	524,032	9,500	533,532
Depreciation for the financial year	–	351,497	19,000	370,497
At 31 January 2016	–	875,529	28,500	904,029
Net carrying amount at 31 January 2016	4,400,000	5,282,971	161,500	9,844,471
Representing:				
- At cost	–	54,400	161,500	215,900
- At valuation	4,400,000	5,228,571	–	9,628,571
	4,400,000	5,282,971	161,500	9,844,471

(a) Assets pledged as security

Freehold land and buildings with a carrying amount of RM9,381,525/- (2016: RM9,682,971/-) has been pledged as security to secure credit facilities granted to the subsidiary.

(b) 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.

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

(c) Impairment loss of property, plant and equipment

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

(d) Revaluation of freehold land and buildings

The freehold land 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.

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

Group	Cost RM	Accumulated depreciation RM	Net carrying amount RM
2017			
Freehold land	**6,800,000**	**-**	**6,800,000**
Buildings	**12,126,714**	**(7,588,586)**	**4,538,128**
	18,926,714	**(7,588,586)**	**11,338,128**
2016			
Freehold land	6,800,000	-	6,800,000
Buildings	12,126,714	(7,093,385)	5,033,329
	18,926,714	(7,093,385)	11,833,329
Company			
2017			
Freehold land	**3,300,000**	**-**	**3,300,000**
Buildings	**5,700,000**	**(1,710,000)**	**3,990,000**
	9,000,000	**(1,710,000)**	**7,290,000**
2016			
Freehold land	3,300,000	-	3,300,000
Buildings	5,700,000	(1,425,000)	4,275,000
	9,000,000	(1,425,000)	7,575,000

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

(e) Fair value information

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

(i) Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1)
(ii) 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)
(iii) 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 land 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)**
2017			
Group			
Freehold land	**–**	**14,200,000**	**–**
Buildings	**–**	**7,482,987**	**–**
Company			
Freehold land	**–**	**4,400,000**	**–**
Buildings	**–**	**4,880,000**	**–**
2016			
Group			
Freehold land	–	14,200,000	–
Buildings	–	9,036,232	–
Company			
Freehold land	–	4,400,000	–
Buildings	–	5,228,571	–

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 feet of comparable properties.

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

(e) 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.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM	**RM**
Unquoted shares, at cost	**184,100,005**	184,100,005
Less: Impairment losses	**(98,600,001)**	(98,600,001)
	85,500,004	85,500,004

Details of the subsidiaries which are all incorporated in Malaysia are as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2017	**2016**	
	%	**%**	
Comfort Rubber Gloves Industries Sdn. Bhd. ("CRGISB")	**100**	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd. ("PBTSB")	**100**	100	Dormant
I Quality Rubber Industries Sdn. Bhd. ("IQRISB")	**100**	100	Dormant
Subsidiary of CRGISB			
Gallant Quality Sdn. Bhd. ("GQSB")	**100**	100	Trading of latex gloves

7. INVENTORIES

At cost	Group 2017 RM	Group 2016 RM
Finished goods	**11,673,586**	6,576,325
Work-in-progress	**18,169,249**	10,817,259
Raw materials	**13,017,601**	5,912,931
Packing materials	**1,015,597**	464,304
Chlorination chemicals	**45,060**	30,225
Treatment plant chemicals	**29,205**	46,885
	43,950,298	23,847,929

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM141,455,239/- (2016: RM120,509,271/-).

The cost of inventories recognised as an expenses in administrative expenses during the financial year in respect of write-down of inventories was RM7,724,007/- (2016: RM nil) as a result of the fire outbreak occurred.

8. TRADE RECEIVABLES

	Group 2017 RM	Group 2016 RM
Trade receivables	**50,858,239**	32,389,748
Less: Impairment loss	–	(214,958)
	50,858,239	32,174,790

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 120 days (2016: 30 to 90 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.

8. TRADE RECEIVABLES (Cont'd)

Ageing analysis of trade receivables

The Group maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2017	2016
	RM	RM
Neither past due nor impaired	**38,944,874**	24,740,522
Past due 1 - 30 days not impaired	**5,442,322**	2,733,820
Past due 31 - 120 days not impaired	**4,963,314**	2,630,512
Past due more than 120 days not impaired	**1,507,729**	1,854,978
	11,913,365	7,219,310
Impaired individually	**–**	214,958
	50,858,239	32,174,790

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 reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2017	2016
	RM	RM
Impaired individually		
Trade receivables (nominal amounts)	–	214,958
Less: Impairment loss	–	(214,958)
	–	–

8. TRADE RECEIVABLES (Cont'd)

Movement in the allowance account are as follows:

	Group	
	2017	2016
	RM	RM
At 1 February	**214,958**	–
Charged for the financial year	**–**	214,958
Written off	**(214,958)**	–
At 31 January	**–**	214,958

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

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other receivables	**–**	–	**–**	547,944
Deposits	**1,501,952**	6,890,152	**107,900**	–
Prepayments	**1,049,859**	2,170,759	**60,608**	53,878
Refundable GST	**3,241,807**	2,117,077	**–**	–
	5,793,618	11,177,988	**168,508**	601,822
Less: Impairment loss	**–**	(6,023,350)	**–**	(510,350)
	5,793,618	5,154,638	**168,508**	91,472

Movement in the allowance account are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 February	**6,023,350**	6,023,350	**510,350**	510,350
Charged for the financial year	**-**	-	**-**	-
Written off	**(6,023,350)**	-	**(510,350)**	-
At 31 January	**-**	6,023,350	**-**	510,350

10. AMOUNT DUE BY SUBSIDIARIES

	Company	
	2017	**2016**
	RM	**RM**
Non-trade amounts	**98,082,523**	63,152,706
Less: Impairment loss	**(1,395,708)**	(1,395,708)
	96,686,815	61,756,998

The amount due by subsidiaries are unsecured, interest free, repayable on demand and is expected to be settled by cash.

11. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	Group			
	2017		**2016**	
	RM	**RM**	**RM**	**RM**
	Contract/ Notional Amount	**(Liabilities)**	**Contract/ Notional Amount**	**Assets**
Non-hedging derivative:				
Current				
Forward exchange contracts	**17,981,095**	**(291,482)**	11,296,215	515,194

The Group use 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 RM806,676/- arising from fair value changes of derivative. 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 29(b) to the financial statements.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Fixed deposits placed with a licensed bank	–	35,039,663	–	35,039,663
Short term deposits placed with licensed bank	**16,090,557**	–	–	–
Cash at banks and on hand	**7,317,914**	12,848,085	**77,525**	133,352
	23,408,471	47,887,748	**77,525**	35,173,015

13. SHARE CAPITAL

	2017		2016	
	Number of Shares		Number of Shares	
	Unit	RM	Unit	RM
Authorised:				
At 31 January	–	–	2,000,000,000	200,000,000
Issued and fully paid:				
At 1 February	**558,790,443**	**55,879,044**	433,013,080	43,301,308
Second tranche subscription	–	–	10,000,000	1,000,000
Exercise of Warrants 2010/2015	–	–	115,777,363	11,577,736
Transition to no-par value regime ^	–	**83,572,794**	–	–
At 31 January	**558,790,443**	**139,451,838**	558,790,443	55,879,044

^ With the new Companies Act 2016 (the "Act") which came into effect on 31 January 2017, the credit standing in the share premium account and other reserve of RM72,253,564/- and RM11,319,230/- respectively have been transferred to the share capital account. Pursuant to the new Act, the Company may exercise its right to use the amount standing to the credit of its share premium account within twenty-four months upon the commencement of the new Act.

There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

14. OTHER RESERVES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Non-distributable				
Share premium	–	72,253,564	–	72,253,564
Share-based option reserve	**3,041,379**	3,041,379	**3,041,379**	3,041,379
Other reserve	–	11,319,230	–	11,319,230
Distributable				
Retained earnings	**54,236,112**	27,687,920	**47,143,341**	47,429,285
	57,277,491	114,302,093	**50,184,720**	134,043,458

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 rights is measured using the Trinomial Option Price model with the following inputs:

Fair value of share-based option and assumptions

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

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 land and buildings of the Group and of the Company carried in the previous financial years and is not available for distribution to the shareholders by way of dividends.

16. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 February	**1,393,865**	1,621,769	**283,540**	298,797
Recognised in profit or loss (Note 24)	**(227,904)**	(227,904)	**(15,257)**	(15,257)
At 31 January	**1,165,961**	1,393,865	**268,283**	283,540

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

	Revaluation of property, plant and equipment	Others	Total
	RM	RM	RM
Group			
At 1 February 2015	1,371,067	250,702	1,621,769
Recognised in profit or loss	(227,904)	-	(227,904)
At 31 January 2016	1,143,163	250,702	1,393,865
Recognised in profit or loss	(227,904)	-	(227,904)
At 31 January 2017	**915,259**	**250,702**	**1,165,961**
Company			
At 1 February 2015	298,797	-	298,797
Recognised in profit or loss	(15,257)	-	(15,257)
At 31 January 2016	283,540	-	283,540
Recognised in profit or loss	(15,257)	-	(15,257)
At 31 January 2017	**268,283**	**-**	**268,283**

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised tax losses	**18,710,674**	18,755,945	**10,094,590**	10,092,503
Deductible temporary differences	**(4,682,822)**	1,665,413	**10,907**	10,907
	14,027,852	20,421,358	**10,105,497**	10,103,410

17. 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 (2016: 30 days to 90 days) from the date of invoice.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other payables	**4,446,730**	3,507,139	**54,874**	62,057
Accruals	**5,113,557**	3,026,782	**289,130**	358,400
	9,560,287	6,533,921	**344,004**	420,457

19. REVENUE

	Group	
	2017	2016
	RM	RM
Sales of latex gloves	**262,987,738**	229,838,180

20. OTHER INCOME

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest income	**728,444**	416,279	**238,804**	287,944
Gain on disposal of property, plant and equipment	**–**	10,498	**–**	–
Gain on foreign exchange				
- realised	**1,140,224**	289,067	**–**	–
- unrealised	**607,336**	–	**–**	–
Insurance compensation	**12,142,697**	214,734	**–**	–
Management fees	**–**	–	**1,050,000**	600,000
Net fair value gain on derivatives	**–**	689,596	**–**	–
Miscellaneous	**42,055**	232,579	**–**	–
	14,660,756	1,852,753	**1,288,804**	887,944

21. FINANCE COSTS

	Group	
	2017	2016
	RM	RM
Interest expense:		
- bank overdrafts	–	404
- hire purchase	–	9,999
- bill payables	**6,607**	68,283
- letter of credit	**29,147**	23,117
- term loan	–	56,401
	35,754	158,204

22. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- Audit fees				
- current year	**138,000**	125,000	**78,000**	72,000
- prior year	**13,000**	23,200	**6,000**	11,000
- Non-audit fees	**9,000**	9,000	**9,000**	9,000
Impairment loss on:				
- amount due by a subsidiary	–	–	–	14,763
- trade receivable	–	214,958	–	–
Inventory written off	**7,724,007**	–	–	–
Loss on foreign exchange				
- unrealised	–	1,037,082	–	–
Net fair value loss on derivaties	**806,676**	–	–	–
Property, plant and equipment:				
- depreciation	**8,457,436**	6,189,023	**372,000**	370,497
- loss on disposal	**63,770**	–	–	–
- written off	**5,032,630**	6,279	–	–
Rental expenses	**33,000**	27,710	–	–
Directors' remuneration (Note 23)	**2,750,912**	1,834,046	**790,209**	622,887
Staff cost:				
- salaries, wages, bonuses and allowances	**29,145,681**	25,908,938	**125,643**	158,724
- defined contribution plan	**702,572**	663,107	**13,026**	14,993

23. DIRECTORS' REMUNERATION

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive directors:				
Salaries and other emoluments	**2,182,250**	1,377,635	**470,250**	323,327
Fees	**75,000**	75,000	**75,000**	75,000
Defined contribution plan	**314,762**	202,061	**66,059**	45,210
	2,572,012	1,654,696	**611,309**	443,537
Non-executive directors:				
Fees	**148,000**	148,000	**148,000**	148,000
Other emoluments	**30,900**	31,350	**30,900**	31,350
	178,900	179,350	**178,900**	179,350
Total directors' remuneration	**2,750,912**	1,834,046	**790,209**	622,887

24. TAXATION

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current income tax				
- current year	**(44,379)**	(30,000)	**(20,814)**	–
- over accrual in prior year	**10,672**	39	**6,080**	–
Deferred tax (Note 16)				
- current year	**227,904**	227,904	**15,257**	15,257
	194,197	197,943	**523**	15,257

24. TAXATION (Cont'd)

The income tax is calculated at the Malaysian statutory rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	**25,672,711**	22,780,057	**(334,781)**	(914,625)
Taxation at applicable statutory tax rate 24% (2016: 24%)	**(6,161,451)**	(5,467,214)	**80,347**	219,510
Tax effects arising from				
- non-deductible expenses	**(451,824)**	(590,407)	**(135,573)**	(202,846)
- non-taxable income	**175,390**	36,948	**36,499**	–
- utilisation of previously unrecognised tax losses and capital allowance	**6,393,506**	5,990,673	**–**	–
- deferred tax assets not recognised	**–**	–	**(2,087)**	(16,664)
- crystallisation of deferred tax	**227,904**	227,904	**15,257**	15,257
- over accrual in prior year	**10,672**	39	**6,080**	-
	194,197	197,943	**523**	15,257

25. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit net of tax for the financial year attributable to owners of the Company 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.

25. EARNINGS PER SHARE (Cont'd)

(a) Basic earnings per share (Cont'd)

	2017 RM	2016 RM
Profit attributable to owners of the Company	**25,866,908**	22,978,000
Weighted average number of ordinary shares for basic earnings per share	**558,790,443**	457,482,745
Basic earnings per ordinary share (sen)	**4.63**	5.13

(b) Diluted earnings per share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2017 RM	2016 RM
Profit attributable to owners of the Company	**25,866,908**	22,978,000
Weighted average number of ordinary shares for basic earnings per share	**558,790,443**	457,482,745
Effect of dilution from:		
- share options	**21,000,000**	21,000,000
Weighted average number of ordinary shares for diluted earnings per share	**579,790,443**	478,482,745
Diluted earnings per ordinary share (sen)	**4.46**	4.80

26. CAPITAL COMMITMENTS

	Group	
	2017 RM	2016 RM
Property, plant and equipment		
- Authorised but not contracted for	**30,500,000**	1,240,200
- Contracted but not provided for	**1,051,719**	21,318,308
	31,551,719	22,558,508

27. RELATED PARTIES

(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 subsidiaries, directors and key management personnel.

(b) Significant Related Party Transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2017	2016
	RM	RM
Management fee		
Subsidiary	**1,050,000**	600,000

(c) Compensation of Key Management Personnel

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

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Directors' remuneration	23	**2,750,912**	1,834,046	**790,209**	622,887
Other Key Management Personnel *					
- Short term employee benefits		**110,934**	97,800	**110,934**	97,800
		2,861,846	1,931,846	**901,143**	720,687

* Other key management personnel comprise persons other than the directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

28. SEGMENT INFORMATION

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.

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 the basis that is 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.

28. SEGMENT INFORMATION (Cont'd)

2017	Manufacturing RM	Investment holding RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
Revenue						
Revenue from external customers	**234,561,285**	**–**	**28,426,453**	**–**		**262,987,738**
Inter-segment sales	**26,267,170**	**–**	**–**	**(26,267,170)**	**A**	**–**
Total revenue	**260,828,455**	**–**	**28,426,453**	**(26,267,170)**		**262,987,738**
Results						
Interest income	**480,975**	**238,804**	**8,665**	**–**		**728,444**
Interest expense	**(35,754)**	**–**	**–**	**–**		**(35,754)**
Depreciation	**(8,085,436)**	**(372,000)**	**–**	**–**		**(8,457,436)**
Property, plant and equipment written off	**(5,032,630)**	**–**	**–**	**–**		**(5,032,630)**
Inventory written off	**(7,724,007)**	**–**	**–**	**–**		**(7,724,007)**
Insurance compensation	**12,142,697**	**–**	**–**	**–**		**12,142,697**
Segment profit/ (loss)	**25,628,406**	**(334,784)**	**379,089**	**–**	**B**	**25,672,711**
Income tax expense	**–**	**–**	**(2,165)**	**–**		**(2,165)**
Income tax income	**195,839**	**523**	**–**	**–**		**196,362**
Profit for the financial year	**25,824,245**	**(334,261)**	**376,924**	**–**	**B**	**25,866,908**
Assets:						
Additions to non-current assets	**47,470,537**	**51,554**	**–**	**–**		**47,522,091**
Segment assets	**237,205,618**	**191,956,876**	**8,103,230**	**(189,599,261)**	**C**	**247,666,463**
Liabilities:						
Segment liabilities	**136,458,074**	**344,004**	**9,789,996**	**(106,141,641)**	**D**	**40,450,433**

28. SEGMENT INFORMATION (Cont'd)

2016	Manufacturing RM	Investment holding RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
Revenue						
Revenue from external customers	205,975,055	–	23,863,125	–		229,838,180
Inter-segment sales	22,087,199	–	–	(22,087,199)	A	–
Total revenue	228,062,254	–	23,863,125	(22,087,199)		229,838,180
Results						
Interest income	127,980	287,943	356	–		416,279
Interest expense	(158,204)	–	–	–		(158,204)
Depreciation	(5,818,526)	(370,497)	–	–		(6,189,023)
Segment profit/(loss)	23,145,632	(914,623)	688,234	(139,186)	B	22,780,057
Income tax income	182,647	15,257	39	–		197,943
Profit for the financial year	23,328,279	(899,366)	688,273	(139,186)	B	22,978,000
Assets						
Additions to non-current assets	32,213,920	–	–	–		32,213,920
Segment assets	154,368,467	192,365,960	4,314,841	(151,393,499)	C	199,655,769
Liabilities						
Segment liabilities	79,224,147	420,457	6,346,677	(67,935,878)	D	18,055,403

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.

28. SEGMENT INFORMATION (Cont'd)

Geographical Information

	Revenue RM	Non-current assets RM
2017		
Malaysia	**28,190,994**	**123,655,837**
United States of America and Canada	**111,805,520**	**–**
Asia (excluding Malaysia)	**81,110,517**	**–**
Europe	**31,089,640**	**–**
Others	**10,791,067**	**–**
	262,987,738	**123,655,837**
2016		
Malaysia	27,401,053	90,075,470
United States of America and Canada	85,428,352	–
Asia (excluding Malaysia)	75,108,901	–
Europe	31,803,136	–
Others	10,096,738	–
	229,838,180	90,075,470

Information about major customers

For the manufacturing segment, revenue from one customer represented RM24,098,833/- (2016: RM31,542,496/-) for the Group's total revenue.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Loans and receivables ("L&R")

(ii) Other financial liabilities ("FL")

At 31 January 2017	Carrying amount RM	L&R/ (FL) RM
Financial assets		
Group		
Trade receivables	**50,858,239**	**50,858,239**
Other receivables and deposits*	**1,501,952**	**1,501,952**
Cash and cash equivalents	**23,408,471**	**47,887,748**
	75,768,662	**100,247,939**

29. FINANCIAL INSTRUMENTS (Cont'd)

(a) Categories of financial instruments (Cont'd)

At 31 January 2017	Carrying amount RM	L&R/ (FL) RM
Financial assets		
Company		
Other receivables and deposits*	**107,900**	**107,900**
Amount owing by subsidiaries	**96,686,815**	**96,686,815**
Cash and cash equivalents	**77,525**	**77,525**
	96,764,340	**96,764,340**
Financial Liabilities		
Group		
Trade payables	**30,598,664**	**(30,598,664)**
Other payables and accruals	**9,560,287**	**(9,560,287)**
Derivatives financial liabilities	**291,482**	**(291,482)**
	40,450,433	**(40,450,433)**
Company		
Other payables and accruals	**344,004**	**(344,004)**
At 31 January 2016		
Financial assets		
Group		
Trade receivables	32,174,790	32,174,790
Other receivables and deposits*	866,802	866,802
Derivatives financial assets	515,194	515,194
Cash and cash equivalents	47,887,748	47,887,748
	81,444,534	81,444,534
Company		
Other receivables	37,594	37,594
Amount owing by subsidiaries	61,756,998	61,756,998
Cash and cash equivalents	35,173,015	35,173,015
	96,967,607	96,967,607

29. FINANCIAL INSTRUMENTS (Cont'd)

(a) Categories of financial instruments (Cont'd)

At 31 January 2016	Carrying amount RM	L&R/ (FL) RM
Financial liabilities		
Group		
Trade payables	11,521,482	(11,521,482)
Other payables and accruals	6,533,921	(6,533,921)
	18,055,403	(18,055,403)
Company		
Other payables and accruals	420,457	420,457

* *Exclude prepayments and refundable GST*

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables are reasonable approximate to their fair values due to the relatively short-term nature of these financial instruments.

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.

(c) Financial risk management

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk, foreign currency risk and market price 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.

29. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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
As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by their 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			
	2017		2016	
	RM	% of total	RM	% of total
By country:				
Malaysia	**4,672,853**	**9.3%**	2,504,112	7.7%
United States of America and Canada	**25,334,348**	**49.8%**	14,573,996	45.3%
Asia (excluding Malaysia)	**15,777,690**	**31.0%**	9,355,482	29.1%
Europe	**4,953,743**	**9.7%**	3,942,742	12.3%
Others	**119,605**	**0.2%**	1,798,458	5.6%
	50,858,239	**100.0%**	32,174,790	100.0%

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due nor impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 8 to the financial statements.

29. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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
As at the end of the reporting period, 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. An impairment loss of RM1,395,708/- has been provided for in the previous financial year.

Financial guarantees contract

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 risks amounts to RM38,100,000/- (2016: RM38,100,000/-) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 29(c)(ii). As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(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.

Risk management objective, policies and processes for managing the risk
The Group maintains a level of cash and cash equivalents 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.

29. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

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

	Group		Company	
On demand or within 1 year	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Trade payables	**30,598,664**	11,521,482	**–**	–
Other payables and accruals	**9,560,287**	6,533,921	**344,004**	420,457
Derivatives financial liabilities	**291,482**	–	**–**	–
Financial guarantee contracts	**–**	–	**38,100,000**	38,100,000
	40,450,433	18,055,403	**38,444,004**	38,520,457

(iii) 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 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:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Fixed rate instruments				
Financial assets	**–**	35,039,663	**–**	35,039,663

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

29. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(iv) Foreign Currency Risk

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

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

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

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

	Group	
	2017	**2016**
	RM	**RM**
Financial assets and liabilities not held in functional currency		
United States Dollar		
Trade receivables	**46,240,905**	30,082,481
Cash and cash equivalents	**3,283,768**	5,813,367
Trade payables	**8,294,836**	1,940,117

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 RM313,347/-. 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.

30. CAPITAL MANAGEMENT

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

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

	Group	
	2017	**2016**
	RM	**RM**
Trade payables (Note 17)	**30,598,664**	11,521,482
Other payables and accruals (Note 18)	**9,560,287**	6,533,921
Total liabilities	**40,158,951**	18,055,403
Less: Cash and cash equivalents (Note 12)	**(23,408,471)**	(47,887,748)
Net debt/(cash)	**16,750,480**	(29,832,345)
Total equity attributable to the owners of the Company	**206,102,367**	180,742,633
Capital and net debts	**222,852,847**	150,403,114
Gearing ratio	**8%**	0%

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.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 4 March 2016, a fire outbreak occurred at the Group's three storey warehouse located in Matang, Taiping. The three storey warehouse is owned by Comfort Rubber Gloves Industries Sdn. Bhd., a wholly-owned subsidiary of the Group. The fire destroyed the inventories and its related fixed assets and as a result of the event, a loss of RM12,756,636/- was recognised in the profit or loss.

The Group was insured for the fire outbreak and an insurance compensation of RM12,142,697/- was recognised in the profit or loss.

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 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.

The following analysis if realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 January 2017 and 31 January 2016 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared 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.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Total retained earnings of the Company and its subsidiaries				
- Realised	**46,385,478**	21,481,704	**47,143,341**	47,429,285
- Unrealised	**607,336**	(1,037,082)	**–**	–
	46,992,814	20,444,622	**47,143,341**	47,429,285
Consolidation adjustments	**7,243,298**	7,243,298	**–**	–
Total retained earnings	**54,236,112**	27,687,920	**47,143,341**	47,429,285

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **CHEANG PHOY KEN** and **SEAN KAR SENG CHEANG**, being two of the directors of Comfort Gloves Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 38 to 102 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 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 2017 and of the financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 103 to the financial statements has been prepared 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,* issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

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

……………………………………..…...........

CHEANG PHOY KEN
Director

……………………………………..…...........

SEAN KAR SENG CHEANG
Director

Taiping

Date: 11 May 2017

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, **KOK SOKE KUEN**, being the officer primarily responsible for the financial management of Comfort Gloves Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 38 to 102, and the supplementary information set out on page 103 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 Ipoh in the State of Perak Darul Ridzuan on 11 May 2017.

Before me,

....

Chong Tat Cheong (A234)
Commissioner for Oaths

Independent Auditors' Report
to the Members of Comfort Gloves Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Comfort Gloves Berhad, which comprise the statements of financial position as at 31 January 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2017, 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, plant and equipment and Inventories (Note 5, 7, 22 and 31 to the financial statements)

As at 31 January 2017, the carrying amount of property, plant and equipment and inventories were RM123,655,837/- and RM43,950,298/- respectively.

On 4 March 2016, a fire outbreak occurred at the Group's three storey warehouse located in Matang, Taiping. The three storey warehouse is owned by Comfort Rubber Gloves Industries Sdn. Bhd., a wholly-owned subsidiary of the Group. The fire destroyed the inventories and its related fixed assets and as a result of the event, a loss of RM12,756,636/- was recognised in the profit or loss.

The Group was insured for the fire outbreak and an insurance compensation of RM12,142,697/- was recognised in the profit or loss.

We focused on this area because the fire outbreak is a significant event that occurred during the financial year and the amount written-off and the insurance compensation recognised had a significant effect on the financial statements.

Key Audit Matters (Cont'd)

Property, plant and equipment and Inventories (Note 5, 7, 22 and 31 to the financial statements) (Cont'd)

Our response:

Our audit procedures included, among others:

- discussing with the directors on the procedures performed on the adequacy of loss recognised from the fire;
- assessing the carrying amounts of the property, plant and equipment written off;
- assessing the cost of inventories written-off;
- performing physical sighting of property, plant and equipment and inventories as at 31 January 2017;
- assessing the appropriateness of the related disclosures in the financial statements;
- assessing the adequacy of impairment on property, plant and equipment; and
- reviewing the net realisable value of the inventories.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Cont'd)

to the Members of Comfort Gloves Berhad
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out on page 103 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 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 266 of the Companies Act 2016 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. 02966/11/2018 J
Chartered Accountant

Kuala Lumpur

Date: 11 May 2017

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-Sixth Annual General Meeting ("76th AGM") of the Company will be held at Legend Inn Hotel, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak Darul Ridzuan on Wednesday, 21 June 2017 at 9.00 a.m.

A G E N D A

As **ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements for the year ended 31 January 2017, together with the Directors' and Auditors' Reports thereon. **(Please refer to Note 2)**
2. To approve payment of Directors' Fee of RM223,000/- for the financial year ended 31 January 2017. **(Ordinary Resolution 1)**
3. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM85,000/- from 1 February 2017 until the next AGM of the Company. **(Ordinary Resolution 2)**
4. To re-elect the following Director who retires in accordance with Article 77 of the Company's Articles of Association:

   Lau Joo Yong **(Ordinary Resolution 3)**
5. To re-elect the following Director who was appointed during the year and retires in accordance with Article 84 of the Company's Articles of Association:

   Lau Chee Meng **(Ordinary Resolution 4)**
6. To re-appoint the following as a Director of the Company:

   Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii **(Ordinary Resolution 5)**
7. To re-appoint Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As **SPECIAL BUSINESS**, to consider and, if thought fit, pass the following Resolutions -

8. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** **(Ordinary Resolution 7)**

   Subject to his re-appointment as Director, Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained, to continue to act as an Independent Non-Executive Director of the Company.
9. **AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016** **(Ordinary Resolution 8)**

   "That, subject to the Companies Act 2016 and the Articles of Association of the Company and approvals from all relevant authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 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 total issued shares 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."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

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

Ipoh, Perak Darul Ridzuan, Malaysia
29 May 2017

NOTES:

1. PROXY

Only members whose names appear on the Record of Depositors as at 13 June 2017 shall be entitled to attend the Annual General Meeting ("AGM") 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.

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.

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.

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 but the proportion of holdings to be represented by each proxy must be specified.

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.

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.

Faxed and emailed copies are not acceptable.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2017

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and not shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

3. **ORDINARY RESOLUTION 1 & 2 – DIRECTORS' FEES AND BENEFITS**

Section 230(1) of the Companies Act 2016 provides amongst others, that "fee" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for these payments in two separate resolutions as follows:

Resolution 1: Payment of Directors' Fee

The Directors' Fee includes fee payable to the Chairman and members of the Board.

Based on the Remuneration Committee's recommendation, the Board decided that the Directors' fee in respect of the financial year ended 31 January 2017 remained unchanged.

Resolution 2: Payment of Directors' benefits for the financial year ending 31 January 2018 and until the next AGM

The Directors' benefits comprises the Meeting Allowances payable to the Chairman and members of the Board.

4. **ORDINARY RESOLUTION 3 & 4 - RE-ELECTION OF DIRECTORS**

Lau Joo Yong and Lau Chee Meng are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this AGM.

The Board has via the Nomination Committee conducted an assessment on the effectiveness and contributions of the said retiring Directors including their skills, experience and strength in qualities and time commitment and has recommended for them to be re-elected to the Board. The profile of the retiring Directors is set out in the Profile of Directors on pages 7 to 9 of the Annual Report 2017.

5. **ORDINARY RESOLUTION 5 - RE-APPOINTMENT OF DATO' HAJI AHMAD KAMAL BIN ABDULLAH AL-YAFII**

Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii is above 70 years of age and pursuant to the resolution passed at the 2016 Annual General Meeting (AGM) held on 23 June 2016, he would be retiring at the forthcoming AGM. Section 129 of the Companies Act 1965, requires a Director who reach 70 years of age to retire annually but there is no age limit under the new Companies Act 2016. Hence, Director who has reached 70 years of age no longer needs to retire annually but will be subject to retirement by rotation pursuant to the Company's Articles of Association. The Board therefore will recommend the re-appointment of Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii as Director of the Company at the forthcoming AGM to hold office until his retirement in accordance with the Company's Articles of Association.

6. **ORDINARY RESOLUTION 6 - RE-APPOINTMENT OF EXTERNAL AUDITORS ("EA")**

The Audit Committee ("AC") had on 29 March 2017 deliberated the outcome of the annual assessment of the EA, which included an assessment of the engagement teams' qualifications, credentials and experience, particularly in the financial services sector, their audit work approach, and their ability to provide value added advice and services, as well as to perform the work within the Group's timeline. The Board has therefore on the AC's recommendation agreed that the re-appointment of Baker Tilly Monteiro Heng as EA of the Company for the financial year ending 31 January 2018 be put forward for shareholders' approval at the forthcoming AGM.

7. ORDINARY RESOLUTION 7 - RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Ordinary Resolution 7 proposed under item 8, if passed, will allow the Director, Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii to continue to hold office as Independent Director until the next AGM of the Company notwithstanding that he has served a cumulative term of more than nine (9) years.

In line with the Recommendation of the Malaysian Code on Corporate Governance, the Board on the recommendation of the Nomination Committee, after the annual assessment of the Directors' independence have recommended that Dato' Haji Ahmad Kamal Bin Abdullah Al-Yafii who has served as Director of the Company for a cumulative term of more than nine (9) years, be re-appointed as Independent Director of the Company based on the following justifications:

(i) He has fulfilled the criteria under the definition of Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(ii) He remains independent and actively participate in board discussions and provide an independent and objective voice on the Board.

(iii) He has in depth knowledge of the Company's business operations and he is committed to devote sufficient time and attention to the Company.

(iv) He acts in the best interest of all shareholders and will provide the check and balance to the Board.

8. ORDINARY RESOLUTION 8 - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The Ordinary Resolution proposed under item 9 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 total issued shares 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 21 June 2017. 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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COMFORT GLOVES BERHAD
(852-D)

Form of Proxy

No. of Shares held	
CDS A/C No.	
Telephone No.	

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

of ____
(FULL ADDRESS)

being a member(s) of Comfort Gloves 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-Sixth Annual General Meeting of the Company to be held on 21 June 2017 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Resolutions relating to:	**Resolution No.**	**For**	**Against**
To approve the payment of Directors' Fee	1		
To approve the payment of Directors' Benefits	2		
To re-elect Lau Joo Yong	3		
To re-elect Lau Chee Meng	4		
To re-appoint Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii	5		
To re-appoint Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
Special Business Retention of Independent Non-Executive Director	7		
Authority to allot and issue shares in general pursuant to Section 75 of the Companies Act 2016	8		

Please indicate with (√) and (X) 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 / Common Seal

NOTE:

1. Only members whose names appear on the Record of Depositors as at 13 June 2017 shall be entitled to attend the Annual General Meeting ("AGM") 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 but the proportion of holdings to be represented by each proxy must be specified.
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. Faxed and emailed copies are not acceptable.

fold

AFFIX
80 SEN
STAMP
(within Malaysia)

The Company Secretaries
COMFORT GLOVES BERHAD (852-D)

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

fold

COMFORT GLOVES BERHAD
(852-D)

Lot 821, Jalan Matang,
34750 Taiping,
Perak Darul Ridzuan.