COMFORT GLOVES BERHAD
(852-D)

EXPANSION OF MANUFACTURING
EXCELLENCE

Annual Report 2018

Expansion of Manufacturing Excellence

The icon signifies the company's determination in strengthening its foundation while, the different segments in the icon represent the manufacturing capacity of the company. Through the synergy of a dynamic team of visionaries, global expansion plans and a mission to accomplish market leadership, Comfort Gloves Bhd. will bring a promise of quality excellence in its coming expansion.

CONTENTS

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-Seventh Annual General Meeting ("77th AGM") of the Company will be held at Legend Inn Hotel, No. 2, Jalan Long Jaafar, 34000 Taiping, Perak Darul Ridzuan on Monday, 9 July 2018 at 9.00 a.m.

A G E N D A

As **ORDINARY BUSINESS:**

1.	To receive the Audited Financial Statements for the financial year ended 31 January 2018, together with the Directors' and Auditors' Reports thereon.	**(Please refer to Note 2)**
2.	To approve the payment of a final single tier dividend of 1.0 sen per share in respect of the financial year ended 31 January 2018.	**(Ordinary Resolution 1)**
3.	To approve the payment of Directors' Fee of RM223,000 in respect of the financial year ended 31 January 2018.	**(Ordinary Resolution 2)**
4.	To approve the payment of Directors' benefits (excluding Directors' Fees) to Non-Executive Directors up to an amount of RM85,000 from 10 July 2018 until the next AGM of the Company.	**(Ordinary Resolution 3)**
5.	To re-elect the following Director who retires by rotation in accordance with Article 77 of the Company's Articles of Association:	
	Lau Joo Pern	**(Ordinary Resolution 4)**
6.	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:	
	Ng Seik Wah	**(Ordinary Resolution 5)**
7.	To re-appoint Baker Tilly Monteiro Heng as Auditors of the Company for the financial year ending 31 January 2019 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. **Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act 2016** **(Ordinary Resolution 7)**

   "That, subject to the Companies Act 2016 and the Company's Articles of Association and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities"), Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in 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 to be issued pursuant to this resolution does not exceed 10% of the total issued shares of the Company for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER THAT such authority shall continue to be in force until the conclusion of the Annual General Meeting of the Company held next after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier."

9. **Proposed Share Buy Back up to Ten Percent (10%) of the Total Issued Shares of the Company** **(Ordinary Resolution 8)**

"That, subject to the Companies Act 2016, the provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:

a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the Retained Profits of the Company. Based on its latest audited financial statements as at 31 January 2018, the Retained Profits of the Company is RM46,434,781.

c) approval and authority be and are given to the Directors of the Company, in their absolute discretion:

   i) to deal with the shares so purchased in the following manner:

      (A) to cancel such shares;
      (B) to retain such shares as treasury shares;
      (C) to retain any part of such shares as treasury shares and cancel the remainder of such shares; and/or
      (D) in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force,

   and such authority to deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company; and

   ii) to deal with the existing treasury shares of the Company in the following manner:

      (A) to cancel all or part of such shares;
      (B) to distribute all or part of such shares as dividends to shareholders;
      (C) to resell all or part of such shares on Bursa Securities in accordance with the relevant rules of Bursa Securities;
      (D) to transfer all or part of such shares for the purposes of or under an employees' share scheme;
      (E) to transfer all or part of such shares as purchase consideration; and/or
      (F) in any other manner as may be prescribed by applicable law and/or any other relevant authority for the time being in force,

   and such authority be deal with such shares shall continue to be valid until all such shares have been dealt with by the Directors of the Company.

9. **Proposed Share Buy Back up to Ten Percent (10%) of the Total Issued Shares of the Company (Cont'd)** **(Ordinary Resolution 8)**

That any authority conferred by this resolution may only continue to be in force until:

i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever occurs first;

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act 2016, the provisions of the Memorandum and Articles of Association of the Company and the Main LR and/or guidelines of Bursa Securities and all other relevant government and/or regulatory authorities."

10. **Proposed Allocation of Awards to Lau Joo Kien Brian** **(Ordinary Resolution 9)**

"That pursuant to the existing Employees' Share Scheme ("ESS") as approved by the shareholders at the Extraordinary General Meeting held on 9 September 2014 and the approvals of all relevant authorities, if applicable, the Company and the Directors be and hereby authorised specifically to offer and grant to Lau Joo Kien Brian, the Executive Director of the Company's subsidiaries, options to subscribe for up to a maximum of 8,000,000 new Ordinary Shares in the Company pursuant to the ESS in accordance with By-Law and to allot and issue from time to time new Shares pursuant to the acceptance of the offer and to the exercise of such options, subject always to any adjustments which may be made in accordance with the By-Laws governing.

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

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

Ipoh, Perak Darul Ridzuan, Malaysia
31 May 2018

NOTES:

1. PROXY

Only members whose names appear on the Record of Depositors as at 29 June 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and 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. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

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 or emailed copies are not acceptable.

Pursuant to Paragraph 8.29A of Bursa Malysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote on a poll.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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 Annual General Meeting and does not require shareholders' approval. Hence, Agenda 1 will not be put forward for voting.

NOTES: (Cont'd)

3. FINAL DIVIDEND

Section 131 of the Companies Act 2016 states that a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. The Board of Directors having considered the available profits has decided to recommend the proposed final single tier dividend for the shareholders' approval.

The Board of Directors is satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

The final single tier dividend of 1.0 sen per share in respect of the financial year ended 31 January 2018, if approved by the shareholders, will be paid on 26 September 2018 to depositors who are registered in the Record of Depositors at the close of business on 12 September 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 September 2018 in respect of ordinary transfers; and
b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

4. 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 2: Payment of Directors' Fees

The Directors' fees include fees payable to the Chairman and members of the Board.

Based on the Remuneration Committee's recommendation, the Board decided that the Directors' fees in respect of the financial year ended 31 January 2018 shall remain unchanged.

Resolution 3: Payment of Directors' Benefits

The Directors' benefits (excluding Directors' Fees) comprises the Meeting Allowances payable to the Chairman and members of the Board and are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

5. RE-ELECTION OF DIRECTORS

Lau Joo Pern and Ng Seik Wah are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election at this 77th AGM.

The Board has via the Nominating 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 11 to 13 of the Annual Report 2018.

NOTES: (Cont'd)

6. RE-APPOINTMENT OF AUDITORS

The Audit Committee ("AC") has on 28 March 2018 carried out an assessment of the suitability and independence of the external auditors, Baker Tilly Monteiro Heng and was satisfied with the suitability of Baker Tilly Monteiro Heng based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC in its assessment also found Baker Tilly Monteiro Heng to be sufficiently objective and independent.

The Board therefore approved the AC's recommendation on the re-appointment of Baker Tilly Monteiro Heng as external auditors of the Company for the financial year ending 31 January 2019 be put forward for the shareholders' approval at the 2018 AGM.

7. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The Ordinary Resolution proposed under item 8 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 percent (10%) of the issued share capital of the Company ("Share Mandate"). This Share Mandate will expire at the conclusion of the next AGM of the Company, unless revoked or varied at a general meeting. With this Share Mandate, the Company will be able to raise capital from the equity market in a shorter period of time compared to a situation without the Share Mandate. The Share Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from and cost involved in convening an Extraordinary General Meeting ("EGM") to approve such issuance of shares should be eliminated. The Company will have to seek shareholders' approval at an EGM to be convened in the event that the proposed issuance of shares exceeds the 10% threshold contained in the Share Mandate.

This Share Mandate is a renewal of the mandate obtained from the shareholders of the Company at the AGM held on 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.

8. PROPOSED SHARE BUY BACK UP TO TEN PERCENT (10%) OF THE TOTAL ISSUED SHARES OF THE COMPANY

The Ordinary Resolution proposed under item 9, if passed, will empower the Directors to purchase the Company's shares through Bursa Malaysia Securities Berhad up to 10% of the issued shares of the Company. Details of the Proposed Share Buy Back is set out in the Share Buy Back Statement of the Company, which is sent out together with the Company's 2018 Annual Report.

NOTES: (Cont'd)

9. PROPOSED ALLOCATION OF AWARDS TO LAU JOO KIEN BRIAN

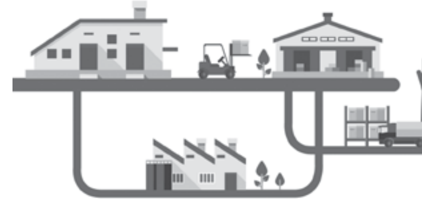
a) The Proposed ESS is made pursuant to the Company's ESS which had been approved by the shareholders at the Extraordinary General Meeting held on 9 September 2014. The ESS shall be in force for a period of 5 years from 9 September 2014 and would expire on 9 September 2019. However, the Board of Directors of the Company had approved the extension of the ESS for another 5 years until 9 September 2024.

b) Lau Joo Kien Brian was appointed as the Director of the Subsidiary Companies, Comfort Rubber Gloves Industries Sdn. Bhd. and Gallant Quality Sdn. Bhd. on 01 September 2015 and 01 October 2015 respectively and is entitled to participate in the ESS. The ESS is to recognise and reward him for his contributions to group of companies, and also to provide him with an opportunity to participate in the equity of the Company.

c) The proposed Ordinary Resolution 9, if passed, will authorise the ESS Committee to offer and grant options to Lau Joo Kien Brian to subscribe for new Ordinary Shares in the Company under the ESS.

d) The new ordinary shares to be allotted upon any exercise of the awards shall, upon issue and allotment rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividend, right, allotment and/or distribution, the entitlement date of which is before the date of allotment of such new ordinary shares.

e) Lau Joo Kien Brian will abstain from voting in respect of his direct and/or indirect shareholdings in the Company, on the Ordinary Resolution pertaining to the Proposed Allocation of Awards to him to be tabled at the forthcoming Annual General Meeting. He will also ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the Ordinary Resolution approving the Proposed Allocation of Awards to him to be tabled at the forthcoming Annual General Meeting.



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

Lau Joo Pern
Non-Independent Non-Executive Director

Ng Seik Wah
Independent Non-Executive Director

REMUNERATION COMMITTEE

Ng Seik Wah *(Chairman)*
Lau Chee Meng
Lau Joo Pern

AUDIT COMMITTEE

Ng Seik Wah *(Chairman)*
Lau Chee Meng
Lau Joo Pern

NOMINATING COMMITTEE

Lau Chee Meng *(Chairman)*
Ng Seik Wah
Lau Joo Pern

EMPLOYEES' SHARE SCHEME COMMITTEE

Sean Kar Seng Cheang
Lau Joo Yong
Lau Chee Meng

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS

Cheang Phoy Ken
Sean Kar Seng Cheang

CORPORATE/ OPERATIONAL OFFICE

Comfort Rubber Gloves Industries Sdn Bhd
Lot 821, Jalan Matang
34750 Matang
Taiping, Perak, Malaysia
Tel No. : 05-8472 777
Fax 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,
Malaysia
Tel No. : 03-7849 0777
Fax No. : 03-7841 8151

REGISTERED OFFICE

55A, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh, Perak Darul Ridzuan,
Malaysia
Tel No. : 05-5474 833
Fax 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
Fax No. : 03-2282 9980

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd
Hong Kong and Shanghai Banking Corporation (HSBC) Bank Malaysia Berhad

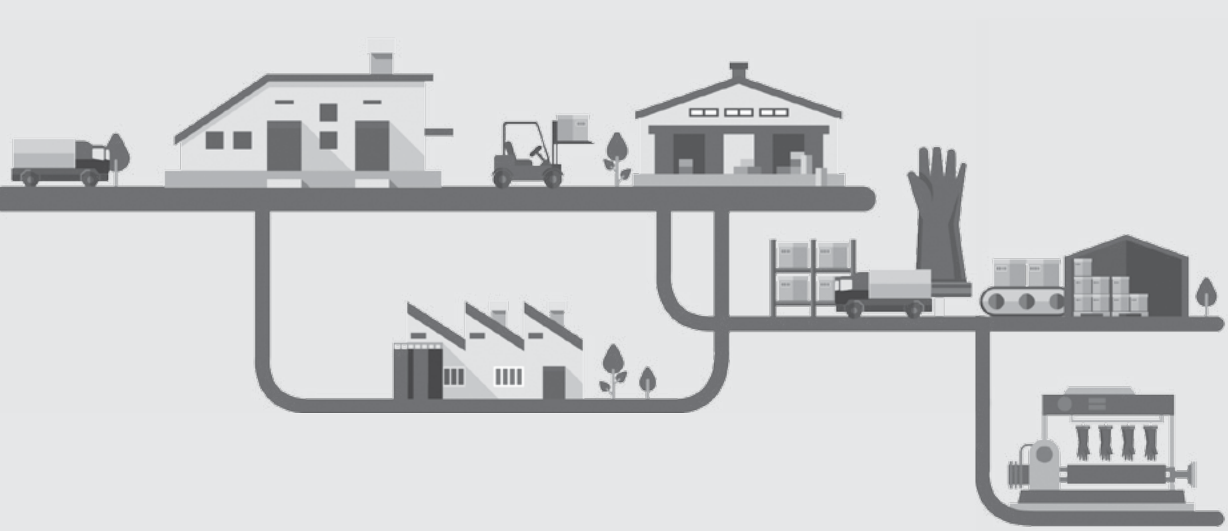
STOCK EXCHANGE LISTING

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 63, Male

Date of Appointment:	1 July 2016
Length of Services (as at 31 May 2018):	1 year 11 months
Date of Last Re-Election:	21 June 2017
Board Meeting Attended:	5/5
Board Committees Memberships:	• Audit Committee • Nominating Committee • Remuneration Committee • Employee Share Scheme Committee

Academic/Professional Qualifications

- Chartered Accountant, The Malaysian Institute of Accountants (MIA)

Present Directorship

Listed Entity: Nil
Public Entity: Nil

Past Directorships and/or Appointment(s)/Working Experience:

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.

Family Relationship

He does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

CHEANG PHOY KEN

Managing Director
Malaysian, aged 65, Male

Date of Appointment:	11 January 2013
Length of Services (as at 31 May 2018):	5 years 4 months
Date of Last Re-Election:	23 June 2016
Board Meeting Attended:	5/5
Board Committees Memberships:	-

Academic/Professional Qualifications

- Bachelor of Business Administration, University of Houston

Present Directorship

Listed Entity: Nil
Public Entity: Nil

Past Directorships and/or Appointment(s)/Working Experience:

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. He 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.

Family Relationship

He is the father to Sean Kar Seng Cheang, a Director of the Company.

Conviction of Offence

He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

SEAN KAR SENG CHEANG

Executive Director
American, aged 30, Male

Date of Appointment:	11 January 2013
Length of Services (as at 31 May 2018):	5 years 4 months
Date of Last Re-Election:	23 June 2016
Board Meeting Attended:	3/5
Board Committees Memberships:	• Employee Share Scheme Committee

Academic/Professional Qualifications
- Bachelor of Arts, George Washington University

Present Directorship
Listed Entity: Nil
Public Entity: Nil

Past Directorships and/or Appointment(s)/Working Experience:
He was a Foreign Markets Analyst with Homeland Security Intelligence, Inc, responsible for producing weekly global markets impact review. From 2011 to 2012, he was in Management Consultant for Operations with Accenture, conducting strategic sourcing exercises at a major global airline. From 2012 until 2013, he was the Marketing Manager of Pacewell International Inc, establishing strategic marketing initiative focused on state, local and federal government Integrated Delivery Networks and Group Purchasing Organisation's purchasing.

Family Relationship
He is the son of Cheang Phoy Ken, who is a Director and substantial shareholder of the Company.

Conviction of Offence
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

LAU JOO YONG

Executive Director
Malaysian, aged 31, Male

Date of Appointment:	9 September 2014
Length of Services (as at 31 May 2018):	3 years 8 months
Date of Last Re-Election:	21 June 2017
Board Meeting Attended:	5/5
Board Committees Memberships:	• Employee Share Scheme Committee

Academic/Professional Qualifications
- Bachelor of Business Administration, East London University

Present Directorship
Listed Entity: Nil
Public Entity : Nil

Past Directorships and/or Appointment(s)/Working Experience:
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.

Family Relationship
He is the son of both Dato' Lau Eng Guang and Datin Goh Kim Kooi and also brother of Lau Joo Kien, Brian, who are the substantial shareholders of the Company.

Conviction of Offence
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

LAU JOO PERN

Non-Independent Non-Executive Director
Malaysian, aged 37, Male

Date of Appointment:	30 January 2015
Length of Services (as at 31 May 2018):	3 years 4 months
Date of Last Re-Election:	28 July 2015
Board Meeting Attended:	5/5
Board Committees Memberships:	• Audit Committee • Nominating Committee • Remuneration Committee

Academic/Professional Qualifications
- Bachelor of Accounting and Financial Management, University of Sheffield, United Kingdom
- Fellow of the Association of Certified Accountants (FCCA)
- Member of the Malaysian Institute of Accountants (MIA)

Present Directorship
Listed Entity: Nil
Public Entity: Nil

Past Directorships and/or Appointment(s)/Working Experience:
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.

Family Relationship
He is a nephew of Dato' Lau Eng Guang and cousin of Lau Joo Kien, Brian and Lau Joo Yong who are the substantial shareholders of the Company.

Conviction of Offence
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

NG SEIK WAH

Independent Non-Executive Director
Malaysian, aged 64, Male

Date of Appointment:	18 December 2017
Length of Services (as at 31 May 2018):	5 months
Date of Last Re-Election:	-
Board Meeting Attended:	1/1
Board Committees Memberships:	• Audit Committee • Nominating Committee • Remuneration Committee

Academic/Professional Qualifications
- Member of Institute of Financial Accountants (IFA)

Present Directorship
Listed Entity: Nil
Public Entity: Nil

Past Directorships and/or Appointment(s)/Working Experience:
He has 38 years working experience in the field as a company secretary in ensuring organisations comply with statutory requirements, standard financial practice and corporate governance and extensive experience in the area of taxation, accounting and finance.

Family Relationship
He does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence
He has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

Profile of Key Senior Management

KOK SOKE KUEN
Chief Financial Controller
Malaysian, aged 38, Female

Date of Appointment:	29 September 2014

Academic/Professional Qualifications
- A member of Malaysia Institute of Accountants (MIA)

Present Directorship
Listed Entity: Nil
Public Entity: Nil

Working Experience:
She 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.

Family Relationship
She does not have any family relationship with any Director and/or major shareholder of the Company.

Conviction of Offence
She has not been convicted for any offence within the past 5 years and have not been imposed any penalty by relevant regulatory bodies during the financial year.

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 31st January 2018.

Group's Business and Operations

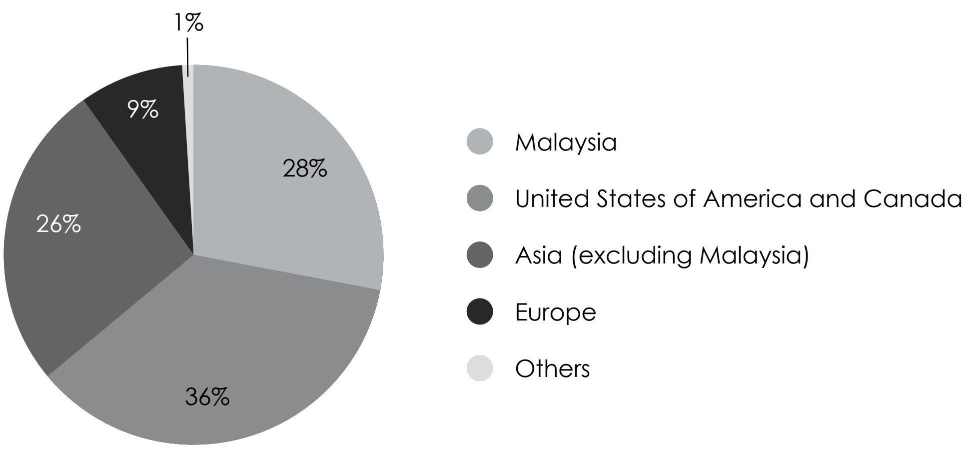
Our Group is involved in the manufacture and trading of natural and synthetic speciality examination gloves. Our Group has two plants located in Simpang and Matang, Taiping, consisting of 43 production lines.

- **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 the customers the Group can develop speciality products that can provide superior protection for specific applications. Through a strong emphasis on research & development and flexible manufacturing the Group can deliver the right protection in the right quantities to the right customers.

- **Key Market**

  Our key markets are as follows:



Malaysia	28%
United States of America and Canada	36%
Asia (excluding Malaysia)	26%
Europe	9%
Others	1%

Financial Review

Financial Results	2018 RM 000	2017 RM 000	Increase/(Decrease) RM 000	%
Revenue	**421,176**	262,988	158,188	60%
Gross profit	**58,517**	38,722	19,795	51%
Profit before tax	**41,124**	25,673	15,451	60%
Profit after tax	**35,897**	25,867	10,030	39%

Margin	2018 %	2017 %
Gross profit margin	**14%**	15%
Profit before tax margin	**10%**	10%
Profit after tax margin	**9%**	10%

Earnings per share	2018 Sen	2017 Sen
Basic earnings per share	**6.42**	4.63
Diluted earnings per share	**5.88**	4.46

In this financial year, the Group's revenue increased by 60% from RM263 million to RM421.2 million driven by strong market demand for premium speciality gloves. Approximately 85% of our revenue was derived from synthetic premium speciality gloves, while the remainder was from natural rubber gloves.

During FYE 2018, the Group recorded a net profit of RM35.9 million as compared to RM25.9 million in FYE 2017, an increase of 39%. The Group reported gross margins of 14% and net margins of 9%.

- **Significant events during the year**

  There were no significant events during the current financial year that may materially impact the financial results of the Group.

- **Selling and marketing**

  The selling and marketing expenses for FYE 2018 increased by RM1.4 million or 36% the FYE 2017 figure. This increases was in tandem to the 60% increase in sales revenue during this financial year.

- **Administrative expenses**

  In FYE 2017, the Group accounted for losses related to the fire incident under administrative expenses, however, if this one off item is excluded, the administrative expenses in FYE 2017 would be RM11 million. In FYE 2018, administrative expenses was RM4.2 million higher than the adjusted FYE 2017 figure of RM11million (net one off fire loss), due to the distribution of RM3.4 million in shares through the Employees' Share Scheme. These shares were distributed to employees as a token of appreciation in recognition of their contributions to the company.

Financial Review (Cont'd)

- **Other income**

  Interest income has decreased by RM0.3 million during FYE 2018 as compared to FYE 2017 due to the increase in production and sales during FYE 2018 which required the company to purchase more raw materials resulting in less available funds placed into short term financial instruments.

  Other miscellaneous income in FYE 2018 was lower by RM11 million as in FYE 2017, the company received one off insurance payment of RM12.1 million as compensation from the fire incident.

- **Finance costs**

  The increase in production and sales during FYE 2018, required higher utilisation of the Group's short term financing facilities with finance cost increasing by RM0.26 million as compared to FYE 2017 for financing the purchase of raw materials necessary for increase glove production.

- **Liquidity and capital resources**

  As at 31 January 2018, the Group has deposits, other cash and cash equivalents amounting to RM28.6 million as well as unutilised banking facilities amounting to RM37.6 million.

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

  Capital expenditure are driven by increased demand for synthetic premium speciality gloves. The Group's capital expenditure for FYE 2018 amounted to RM30.8 million for construction of a warehouse and a new production plant.

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

To enable the Group to meet its vision of becoming a more capable and more flexible manufacturer, significant emphasis was placed this year on developing techniques to improve operational efficiency and realise more flexible methods of manufacturing. To practice and refine these ideas, the Group has finished the additional 3 new highly flexible and customisable production lines that will enable the Group to produce an additional 360 million pieces of speciality gloves. With this additional capabilities from these new lines, the Group is able to further challenge the capabilities of a diverse range of materials to serve more challenging market demands.

The Group has further undertaken steps to upgrade its operational capabilities through strategic investments in technology and higher efficiency equipment. These improvements include implementation of a new IT backbone for Group wide operations and enhancements to energy efficiency across all manufacturing areas. This will help the Group continue to coordinate and manage more rapid and complex growth.

Management Discussion and Analysis (Cont'd)

Financial Review (Cont'd)

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 Group will continue to emphasise research and development as the key method to expand the market offerings and grow our sales.

Prospects for the rubber glove manufacturing sector remain strong with increasing demand arising from switching trends towards nitrile glove. Nitrile glove now accounts for 61% of Malaysian rubber glove export. As overall demand for nitrile gloves increases, the market is seeing increase segmentation and differentiation leading to an increase demand for specialty gloves. Through dedication to process rationalisation and improving operational agility, the Group is confident in capturing greater market share and strengthening margins. The Group is confident that meeting customer expectations and continuous innovation will strengthen the Group position as the bespoke specialty glove manufacturer.

- **Dividend**

  A final single tier dividend of 1 sen per ordinary share, in respect of the current financial year has been recommended by the Directors which is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The date of payment of the recommended final dividend shall be determine by the Directors and announced at a later date.

In appreciation

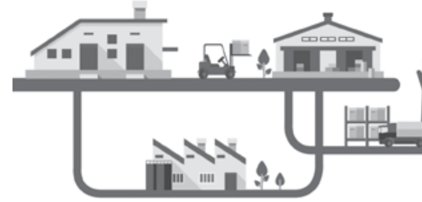
Our sincere gratitude and thanks to our team members for their hard work and dedication. We also wish to record our utmost appreciation to our valued customers, vendors and business associates for your support and strong confidence.

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 results.

Thank you.

Corporate Governance Overview Statement



INTRODUCTION

The Board of Directors acknowledges the importance of practicing good corporate governance throughout the Group as fundamental part of discharging its responsibilities to protect and enhance shareholder's value and to continue delivering sustainable performance. The overview takes guidance from the key Corporate Governance principles as set out in the Malaysian Code on Corporate Governance (the "Code" or "MCCG"). The Group will continue to endeavor its efforts in evaluating its governance practices in response to the evolving best practices and the changing requirements. The Board is pleased to present this report on how the Company and Group have applied the following three (3) principles as set out in the MCCG 2017 during the financial year:

- Principle A: Board Leadership and Effectiveness
- Principle B: Effective Audit and Risk Management
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Principal Responsibilities of the Board

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

The Board is responsible for the Group's overall strategy direction and objectives whiles 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. The Charter is available at the Company's website at www.comfort-rubber.com.my.

In promoting good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which will be made available on the Company's website:

- Code of Conduct and Ethics
- Whistleblowing Policy and Procedures
- Sustainability Policy

The Board reviews the Board Charter as and when required to keep up to date with changes in Bursa Malaysia Securities Berhad's (Bursa Securities) Listing Requirements, other regulation and best practices and ensure its effectiveness and relevance to Board's objective and make necessary amendments to ensure in line with the needs of the Company and compliance with the regulations. In May 2018, the Board had reviewed and approved the amendments to the Board Charter, Code of Conduct and Ethics to be in line with the practices in the MCCG.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Board Composition and Independence

The Board currently comprises six (6) members, made up of a Managing Director, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) 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 ("LR") of Bursa Malaysia Securities Berhad pursuant to Paragraph 15.02(1) of having at least one-third (1/3) of the Board members as Independent Non-Executive Directors. The Independent Directors play a crucial role in the exercise of independent assessment and objective participation in Board deliberations and decision-making process. Hence, they do not participate and are not involved in any other relationships with the Company which could materially interfere with the exercise of their independent judgements.

The Company has taken note of Principle 4.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. However, the Company does not have term limits policy for independent directors but the Nominating Committee ("NC") annually assesses the independence of the Directors based on the criteria stipulated in Paragraph 1.01 of the Listing Requirements. Thus, the Board must justify and seek annual Shareholders' approval in the event it retains the director as an Independent Director beyond nine years.

The Board through the NC conducts an annual review of its size and composition from time to time to ensure its effectiveness and to determine if the Board has the right size and sufficient diversity with their ability to discharge their duties.

Gender Diversity Policy

With regards with Principle 4.5 of the gender diversity in the Board's composition, none of the Directors is a female. The Board has no immediate plan to implement a gender diversity policy or target as the Board views that any new appointment to the Board shall be based on the candidate's area of expertise, skills, educational background, gender, ethnicity as well as other factors that might provide the Board with a broader range of viewpoints and perspective. However, female representation in the Board will be considered when vacancies arise and suitable candidates are identified.

Foster Commitment

Paragraph 15.06 of Main LR provides that directors of listed company may not hold more than five (5) directorship in listed companies. None of the Board members of Comfort Gloves Berhad serve in more than five (5) listed companies. During the financial period, none of the Executive Directors of the Company serve as a director on other listed companies.

PRINCIPLE A: 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 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
- Overseeing the conduct of the business of the Group
- Approval of material acquisitions, and disposal of undertaking and properties or any significant which exceeds the authority limits delegated to the Managing Director or management
- Changes to the management and control structure within the Company and its subsidiaries
- Appointment of all other Board members, Board Committee members, CFO and the Company Secretary
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's Articles of Association
- Internal Control System
- Succession planning for senior management
- 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.

PRINCIPLE A: 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 *Chairman, Independent Non-Executive Director*	5 of 5
Cheang Phoy Ken *Managing Director*	5 of 5
Sean Kar Seng Cheang *Executive Director*	3 of 5
Lau Joo Yong *Executive Director*	5 of 5
Lau Joo Pern *Non-Independent Non-Executive Director*	5 of 5
Ng Seik Wah (appointed on 18 December 2017) *Independent Non-Executive Director*	1 of 1
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii *(adjudged bankrupt on 13 November 2017)*	4 of 4

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 (5) 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 full access to all staff for any information they require on the Group's affairs and to the advice and services of the Company Secretaries, independent professional advisers, and internal/external auditors in appropriate circumstances at the Company's expense, if required.

The Secretaries are charged with the duty of ensuring proper filing of all requisite documents and obtaining all the necessary information from the Directors, both for the Company's own records and for meeting statutory requirements and regulatory obligations. The Secretaries also highlight all issues which they feel ought to be brought to the Board's attention. All resolutions are recorded and confirmed at the next Board meeting 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 before the targeted released date of the quarterly financial results announcement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Recruitment or Appointment of Directors

For the recruitment or appointment of new Directors, the Nominating Committee ("NC") has its own review criteria that need 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 NC includes the candidates' ability to commit sufficient time 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

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 of Association, for re-election.

Where any Director is required to retire from office, the NC reviews the composition of the Board and decides whether to recommend such Director for-election taking into account the Director's attendance at their respective meetings, participation, contribution and time commitment. Upon its evaluation, the NC will make recommendation on the proposal to the Board for approval and the Board makes the final decision on the proposed appointment/re-election to be presented to shareholders for approval.

Continuous Directors' Training

The Board acknowledges the importance of continuous education and training broadens one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Board's skill and knowledge in discharging their duties. The Board has undertaken an assessment of the training needs of each Director.

All Directors receive updates from time to time, on relevant 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 2018, the following training programmes and seminars were attended by the Directors:

i) Lau Chee Meng
- 2018 MCCG Reporting & CG Guide

ii) Cheang Phoy Ken
- Are We Heading For Another Global Recession or Do We Care?

iii) Sean Kar Seng Cheang
- Rise of Lean Way, Definition of 5S, Work Standardization, Standardized Work Combination Table (SWCT), Standardized Work Chart (SWC), Necessary Manpower, Deciding Manpower, Fundamental of Takt Time, Fundamental of Line Balancing and OEE

iv) Lau Joo Yong
- Rise of Lean Way, Definition of 5S, Work Standardization, Standardized Work Combination Table (SWCT), Standardized Work Chart (SWC), Necessary Manpower, Deciding Manpower, Fundamental of Takt Time, Fundamental of Line Balancing and OEE

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Continuous Directors' Training (Cont'd)

All Directors receive updates from time to time, on relevant 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 2018, the following training programmes and seminars were attended by the Directors: (Cont'd)

v) Lau Joo Pern
- PwC Budget 2018 Seminar – Forging ahead

vi) Ng Seik Wah
- Mandatory Accreditation Program (MAP) for the PLC

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

Committees Established by the Board

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

- Audit Committee
- Nominating Committee
- Remuneration Committee
- Employees' Share Scheme (ESS) Committee
- Committee for the review of press releases or public announcements

Audit Committee ("AC")

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director, Mr. Ng Seik Wah.

Details of the composition and the activities of the Audit Committee during the financial year are set out under the Audit Committee Report.

Nominating Committee ("NC")

The members of the Nominating Committee during the financial year, comprises majority of Independent Non-Executive Directors, were as follows:

Name of Member
(i) Lau Chee Meng
Independent Non-Executive Director (Chairman)
(ii) Ng Seik Wah (appointed on 18 December 2017)
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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

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

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 mix of skills, independence, experience and other qualities of the Board.
- reviewed the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.
- ensuring there is a proper succession planning for the Group Chief Executive Officer and Key Management.
- reviewed the annual assessment of the effectiveness of the Board, Board committees and individual directors annually using a set of customised self-assessment questionnaires to be completed by each Director; with the following criteria:

  <u>Audit Committee</u>
  i) Quality and Composition;
  ii) Skills and Competencies; and
  iii) Meeting Administration and Conduct.

  <u>Board of Directors</u>
  i) Board Structure;
  ii) Board Operations; and
  iii) Board Roles and Responsibilities.

  The NC upon its assessment carried out was satisfied:

  - with its current board size and the effectiveness of the Board/Board Committees and with appropriate mix of knowledge;
  - the Independent Non-Executive Directors comply with the definition of Independent Non-Executive Directors as defined in the Listing Requirements;
  - 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; and
  - the results of the self-assessment by Directors and Board's effectiveness as a whole were tabled to the Board for review and deliberation.

Remuneration Committee ("RC")

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

Name of Member
(i) Ng Seik Wah (appointed on 18 December 2017)
Independent Non-Executive Director (Chairman)

(ii) Lau Chee Meng
Independent Non-Executive Director

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (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, based on overall employment market conditions and the capacity of the Company's financial standing.

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

Employees' Share Scheme (ESS) Committee

ESS Committee primarily responsible is to oversee the administration as well as to ensure proper implementation of ESS according to the By-Laws of the ESS. Currently, the ESS Committee comprises the following members:

(i) Sean Kar Seng Cheang
(ii) Lau Joo Yong
(iii) Lau Joo Pern

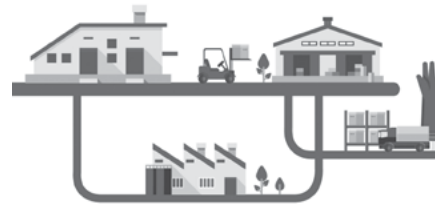
Committee for the Review of Press Releases or Public Announcements

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's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors needed to manage the Group successfully. In the case of Executive Directors, their remuneration is linked to their level of responsibilities, experience and contribution to the Group performance. For the Non-Executive Directors, the level of remuneration reflects the expertise, experience, skills and level of responsibilities undertaken by them.



DIRECTORS' REMUNERATION (Cont'd)

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

The details of the remuneration of the Directors (on named basis) for the financial year ended 31 January 2018 are as follows:

Executive Directors' Remuneration

Company

	Cheang Phoy Ken				
	Salary	**Fee**	**Other Emoluments**	**Defined Contribution**	**Benefits-in-kind**
Below 50,000		√	√	√	
150,001 – 200,000	√				
300,001 – 350,000					√

	Lau Joo Yong				
	Salary	**Fee**	**Other Emoluments**	**Defined Contribution**	**Benefits-in-kind**
Below 50,000		√	√	√	
150,001 – 200,000	√				
300,001 – 350,000					√

	Sean Kar Seng Cheang				
	Salary	**Fee**	**Other Emoluments**	**Defined Contribution**	**Benefits-in-kind**
Below 50,000		√	√	√	√
50,001 – 100,000	√				

Group

	Cheang Phoy Ken				
	Salary	**Fee**	**Other Emoluments**	**Defined Contribution**	**Benefits-in-kind**
Below 50,000		√	√		
150,001 – 200,000				√	
300,001 – 350,000					√
950,001 – 1,000,000	√				

	Lau Joo Yong				
	Salary	**Fee**	**Other Emoluments**	**Defined Contribution**	**Benefits-in-kind**
Below 50,000		√	√	√	
150,001 – 200,000	√				
300,001 – 350,000					√

DIRECTORS' REMUNERATION (Cont'd)

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

The details of the remuneration of the Directors (on named basis) for the financial year ended 31 January 2018 are as follows: (Cont'd)

Executive Directors' Remuneration (Cont'd)

Group (Cont'd)

	Sean Kar Seng Cheang				
	Salary	Fee	Other Emoluments	Defined Contribution	Benefits-in-kind
Below 50,000		√	√		√
50,001 – 100,000				√	
400,001 – 450,000	√				

Non-Executive Directors' Remuneration

Company & Group

	Lau Chee Meng			Lau Joo Pern			Ng Seik Wah		
	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind	Fee	Other Emoluments	Benefits-in-kind
Below 50,000		√	√	√	√	√	√	√	√
50,001 – 100,000	√								

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control

The Board has established a Risk Management Committee that comprises the Managing Director, Executive Director and senior management to review the risk management framework and 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 of the Annual Report.

In accordance with the Code and the Main Market Listing Requirements of Bursa Securities, the Board has established an internal audit function which reports directly to the Audit Committee. The function is currently outsourced to an independent professional firm. The Audit Committee had also undertook an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Assessment of Suitability and Independence of External Auditors (EA)

The Audit Committee ("AC") had on 28 March 2018 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 was satisfied with the suitability of Baker Tilly Monteiro Heng 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 external auditors, 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 Monteiro Heng as EA of the Company for the financial year ending 31 January 2019.

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

Relationship with Auditors

The Board has established a formal and transparent arrangement to meet the EA' professional requirements. The EA have continued to highlight to the Audit Committee and Board of Directors matters that require the Board's attention. The Audit Committee will have a private session with the EA without the presence of any executive of the Group at least twice a year. Liaison and unrestricted communication exist between the Audit Committee and the EA. The Audit Committee obtains reasonable assurance on the effectiveness of the internal control system through annual independent appraisal by the EA. The EA are invited to attend the Company's AGM.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board is committed to provide shareholders and investors accurate, useful and timely information about the Company, its business and its activities. The Company has regularly communicated with shareholders and investors in conformity with the disclosure requirements.

Conduct of General Meetings

The Annual General Meeting ("AGM") remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst Shareholder, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance as the Directors and the representatives of the External Auditors will be present to answer any questions that they may have.

The Company despatches Annual Report to all shareholders of the Company which includes the Notice of AGM, which Notice is also advertised in the newspaper and released via Bursa Link. In line with good Corporate Governance practice, the Notice of the 77th AGM was issued at least 28 days before the date of AGM.

During the AGM, the Board encourages shareholders to participate in the question and answer session at AGM. The Board has ensured that each item of special business included in the notice of the AGM is accompanied by a full explanation of the effects of the proposed resolution.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

Poll Voting

As stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting of all resolutions at general meetings shall be carried by way of poll.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the Code except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 4.1 (At least half of the board comprises independent directors);
- Practice 4.5 (The Board discloses in its annual report the Company's policies on gender diversity, its targets and measures to meet those targets);
- Practice 7.2 (The Board discloses on a named basis the top five (5) senior management's remuneration in bands of RM50,000); and
- Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate –
  - including voting in absentia; and
  - remote shareholders' participation at General Meetings.

The explanation for departure is further disclosed in the Corporate Governance Report.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements and it is read together with the CG Report which is available on the Company's website, www.comfort-rubber.com.my.

The CG Overview Statement was approved by the Board of Directors of Comfort Gloves Berhad on 18 May 2018.

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 2018 in compliance with Paragraph 15.15 of the Main LR of Bursa Malaysia.

In performing their duties and discharging their responsibilities, the AC is guided by its Terms of Reference ("TOR"). The TOR of AC which had been reviewed and revised by the Directors at a Board meeting held on 28 March 2018 is available on the Company's website at www.comfort-rubber.com.my.

1. COMPOSITION AND ATTENDANCE

Members of the AC

Mr Ng Seik Wah - 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, all of whom are Non-Executive Directors (NEDs) with two being Independent NEDs who satisfies the test of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and has complied with para 15.09(1)(a) and (b) of the Bursa Securities Listing Requirements.

The AC Chairman, Ng Seik Wah, is a fellow member of the Institute of Financial Accountants. Accordingly, the Company complies with the requirement of Paragraph 15.09(c)(i) of the Bursa Securities.

The Nominating Committee 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 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 requirement of the applicable practices and guidance of the MCCG.

Meetings

The Company Secretary attended all the Meetings of the AC held during the financial year. Minutes of each AC Meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation. The Managing Director and Chief Financial Officer (CFO) and other members of the Board and employees also attended the Meetings upon invitation of the AC. The CFO will brief the AC on specific issues arising from the audit reports or any matters of interest. In 2018, the AC Chairman presented to the Board the Committee's recommendation to approve the annual and quarterly financial statements and any significant concern as and when raised by the External Auditors ("EA") or Internal Auditors. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the EA or Internal Auditors in the respective quarterly presentations.

1. COMPOSITION AND ATTENDANCE (Cont'd)

Meetings (Cont'd)

The AC convened a total of five (5) meetings during the financial year ended 31 January 2018.

Audit Committee Members	Number of Meetings Attended
Ng Seik Wah (appointed on 18 December 2017)	1 of 1
Lau Chee Meng	5 of 5
Lau Joo Pern	5 of 5
Dato' Haji Ahmad Kamal bin Abdullah Al-Yafii (adjudged bankrupt on 13 November 2017)	4 of 4

The 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 2018 were as follows:

(a) External Audit

(i) reviewed the scope of work and the Audit Planning Memorandum of the EA, including reporting responsibilities and deliverables, audit approach, scope and audit and non-audit fees for statutory audits of the Groups financial statement and their proposed fees for the statutory audit in respect of the audit for financial year ended 31 January 2018 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 MD and CFO. 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, ensure compliance with the Companies Act 2016, Main Market Listing Requirements, applicable accounting standards and other legal and regulatory requirements before recommending them to the Board for approval for announcement to Bursa Securities.

2. SUMMARY OF ACTIVITIES (Cont'd)

(b) Financial Reporting (Cont'd)

(ii) reviewed the audited financial statements of the Company and the Group 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.

(iii) to safeguard the integrity of information, the Chief Financial Officer had given assurance to the AC that:
(a) appropriate accounting policies had been adopted and applied consistently;
(b) the going concern basis applied in the Annual Financial Statements was appropriate.
(c) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS;
(d) the Audited Financial Statement and Quarterly consolidated financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and its subsidiaries for year 2018.

(c) Internal Audit

(i) reviewed and approved the internal audit plan, including the audit areas, audit 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

reviewed the related party transactions to ensure they are transacted within the limits prescribed under the Main Market Listing Requirements.

(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 Audit Committee Report to the Board for approval and inclusion in the Annual Report.

Audit Committee Report (Cont'd)

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 Audit Committee 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 the procedures of reporting for recurrent and non-recurrent related party transactions
- reported on the related party transactions to the Company Secretary, AC and Bursa Securities respectively, if any; and
- reviewed and reported on the follow-up status of previous audit findings taken by the Management.

Internal audits are carried out in accordance with the internal annual planning memorandum and reports are issued to the AC for tabling at the AC meeting. The AC deliberates on the findings and recommendations as reported by the Internal Auditors and monitors to ensure appropriate follow-up actions are taken on the recommendations of the Internal Auditors.

The cost incurred for the Internal Audit function of the Group for the financial year ended 31 January 2018 was RM15,000.

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 of Risk Management and Internal Control, which has been prepared in accordance with the Guidance for Directors of Listed Issuers on the Statement of 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 9001:2015, ISO 13485:2016, EN ISO 13485:2016 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.

Statement of Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

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.

(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 related party transactions and concluded that the current practice is appropriate.

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.

SUSTAINABILITY STATEMENT

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 and other interest persons in this area.

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 sponsored few non-profit organisation during the year, that is Cancerlink Foundation, Malaysian Association For The Blind and Malaysia Association For The Prevention Of Tuberculosis.

Workplace

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

The Group also organised a health and safety campaign to increase awareness to the employees and a glow in dark jacket were distributed to workers. Employees working in the production factory were provided with hearing protectors and safety 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. Refer to our total production for Financial Year Ended 2018, the reduction in carbon dioxide emissions equivalent to carbon sequestered by 684,294 tree seedlings.

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.

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
for the year ended 31 January 2018.

Details of the Recurrent Related Party Transactions

There was no related party transaction during the financial year.

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 2018 is as follows:

	Group RM	Company RM
Audit Fees	158,000	78,000
Non-Audit Fees	9,000	9,000
	167,000	87,000

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

There were no material 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.

Employees' Share Scheme (ESS)

The ESS was approved by the Company's shareholder at Annual General Meeting held on 9 September 2014 and would expire on 9 September 2019. However, the Board had subsequently approved the extension of the ESS for another 5 years until 9 September 2024. The ESS comprised ESS Share Awards and ESS Share Option. Further information on ESS is set out in the Directors' Report on pages 41-46 of the Annual Report 2018.

(a) ESS Share Awards and ESS Options granted during the financial year:

	ESS Share Awards	ESS Options
Granted	3,190,400	30,813,000
Exercised	3,158,700	0
Forfeited/Lapsed	31,700	0
Outstanding as at 31.01.2018	0	30,813,000

(b) ESS Share Awards and ESS Options granted to Directors during the financial year:

	ESS Share Awards	ESS Options
Granted	900,000	9,000,000
Exercised	600,000	0
Forfeited/Lapsed	0	0
Outstanding as at 31.01.2018	300,000	9,000,000

(c) ESS Options and ESS Share Awards granted to the Directors and Senior Management during the financial year and since commencement of ESS:

		Actual Allocation (%)	
	Maximum Allocation (%)	Directors	Senior Management
ESS Share Awards	75%	28%	2%
ESS Options	75%	29%	1%

(d) No ESS Options were granted to Non-Executive Directors during the financial year.

Directors' Responsibility 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;

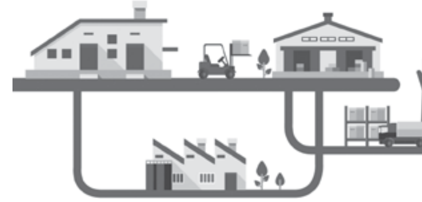
- stated whether applicable accounting standards have been allowed and made a statement to that effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements; and

- 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 2018.

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	**35,896,556**	**(756,874)**
Attributable to:		
Owners of the Company	**35,896,556**	**(756,874)**

DIVIDENDS

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

At the forthcoming Annual General Meeting, a final single tier dividend of 1 sen per ordinary share, amounting to RM5,619,491 in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2019.

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 had satisfied themselves that there were no known bad debts to be written off and that no allowance required to be made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

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 of 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, the following shares were issued:

Date	Purpose of issue	Class of shares	Number of shares	Term of issue
29 January 2018	Employees' Share Scheme ("ESS") - Share Award	Ordinary shares	3,158,700	Free

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

EMPLOYEES' SHARE SCHEME

The Employees' Share Scheme ("ESS") was approved by the shareholders at an Extraordinary General Meeting held on 9 September 2014 and is governed by the By-Laws. The ESS become effective on 9 September 2014 for a period of five (5) years and expired on 9 September 2019.

On 20 December 2017, the Board of Directors of the Company had approved the extension of the ESS which would have expired on 9 September 2019 for another five (5) years until 9 September 2024. The extension is in accordance with the terms of the ESS By-Laws. The ESS comprises ESS Awards and ESS Option.

The ESS Committee had granted 30,813,000 Share Options under the ESS at an exercise price of RM0.935 each to all eligible employees and directors of the Group. The options granted will be exercised over five (5) years from the date of Share Options granted but not later than 9 September 2024.

The salient terms of the ESS are as follows:

(a) the maximum number of shares to be offered shall not exceed in aggregate fifteen percent (15%) of the total issued and fully paid-up ordinary shares of the Company at any point of time during the tenure of the ESS;

(b) the ESS will be administered by an ESS Committee, the members of which shall be duly appointed and authorised by the Board;

(c) eligible persons for the ESS are full time basis employees of the Group who have not served a notice to resign or received a notice of termination, have attained the age of eighteen (18) years, is not an undischarged bankrupt and the entitlement has been approved by the achievement of applicable performance conditions;

(d) an Offer shall be accepted by an eligible person within the offer period by return the acceptance form to the Company accompanied by a payment of a nominal non-refundable consideration of RM1.00 for the grant of the ESS;

(e) the Share Grant Price and Option Price of each share shall be either at a discount (as determined by the ESS Committee) of not more than ten (10) percent of the five (5)-day weighted average market price of the ordinary shares transacted on the Bursa Malaysia Securities Berhad immediately preceding the date of offer and shall not be less than the par value of the ordinary shares;

EMPLOYEES' SHARE SCHEME (Cont'd)

The salient terms of the ESS are as follows: (Cont'd)

(f) the option shall not be exercised for less than one hundred (100) shares and shall be for multiples of one hundred (100) shares other than in the case of the final exercise by the participant under the ESS; and

(g) all the new ordinary shares issued arising from the ESS Option shall rank pari passu in all respects with existing ordinary shares of the Company.

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^	
Dato Haji Ahmad Kamal bin Abdullah Al-Yafii	(Ceased on 13 November 2017)
Lau Joo Yong	
Lau Joo Pern	
Lau Chee Meng	
Ng Seik Wah	(Appointed on 18 December 2017)

^ Directors of the Companies and certain subsidiaries

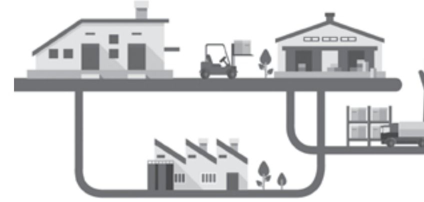
Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Kevin Lee Kok Wei	(Resigned on 1 April 2018)
Lau Joo Kien Brian	
Dato' Lau Eng Guang	
Mohd Roslan Bin Yaacob	(Appointed on 3 July 2017)

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 1.2.2017	**ESS/Bought**	**Sold**	**At 31.1.2018**
The Company				
Comfort Gloves Berhad				
Direct interest				
Cheang Phoy Ken	101,031,550	600,000	-	101,631,550
Sean Kar Seng Cheang	50,000	265,000	-	315,000
Lau Joo Yong	36,377,050	300,000	-	36,677,050



DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares			
	At 1.2.2017	ESS/Bought	Sold	At 31.1.2018
The Company				
Comfort Gloves Berhad				
Deemed interest				
Cheang Phoy Ken*	50,000	265,000	-	315,000

** Deemed interest held through children*

	Number of options over ordinary shares			
	At 1.2.2017	Granted	Exercised	At 31.1.2018
Cheang Phoy Ken	-	3,000,000	-	3,000,000
Sean Kar Seng Cheang	-	3,000,000	-	3,000,000
Lau Joo Yong	-	3,000,000	-	3,000,000

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 Note 24 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 other than those arising from the share options granted under the Employees' Share Option Scheme and shares granted under the Employees' Shares Award Scheme.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there were no indemnity given to or insurance effected for any director or officer 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 23 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

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: 25 May 2018

Statements of Financial Position

as at 31 January 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**145,526,627**	123,655,837	**9,150,951**	9,524,025
Investment in subsidiaries	6	**-**	-	**181,350,004**	85,500,004
Total non-current assets		**145,526,627**	123,655,837	**190,500,955**	95,024,029
Current assets					
Inventories	7	**39,757,220**	43,950,298	**-**	-
Trade receivables	8	**81,166,080**	50,858,239	**-**	-
Other receivables, deposits and prepayments	9	**10,094,014**	5,793,618	**140,800**	168,508
Amount due by subsidiaries	10	**-**	-	**190,109**	96,686,815
Tax recoverable		**82,569**	52,298	**-**	-
Derivative financial assets	11	**1,700,286**	-	**-**	-
Cash and cash equivalents	12	**28,625,765**	23,408,471	**4,009,684**	77,525
Total current assets		**161,425,934**	124,062,924	**4,340,593**	96,932,848
TOTAL ASSETS		**306,952,561**	247,718,761	**194,841,548**	191,956,877
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	**142,863,234**	139,451,838	**142,863,234**	139,451,838
Other reserves	14	**3,041,379**	3,041,379	**3,041,379**	3,041,379
Revaluation reserve	15	**8,812,987**	9,373,038	**1,648,930**	1,697,244
Retained earnings		**90,692,719**	54,236,112	**46,434,781**	47,143,341
Total equity attributable to owners of the Company		**245,410,319**	206,102,367	**193,988,324**	191,333,802

Statements of Financial Position (Cont'd)
as at 31 January 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Non-current liability					
Deferred tax liabilities	16	**6,212,723**	1,165,961	**253,026**	268,283
Total non-current liability		**6,212,723**	1,165,961	**253,026**	268,283
Current liabilities					
Bank borrowings	17	**10,625,373**	-	**-**	-
Trade payables	18	**31,551,006**	30,598,664	**-**	-
Other payables and accruals	19	**13,102,712**	9,560,287	**549,770**	344,004
Provision for taxation		**50,428**	-	**50,428**	10,788
Derivative financial liabilities	11	**-**	291,482	**-**	-
Total current liabilities		**55,329,519**	40,450,433	**600,198**	354,792
Total liabilities		**61,542,242**	41,616,394	**853,224**	623,075
TOTAL EQUITY AND LIABILITIES		**306,952,561**	247,718,761	**194,841,548**	191,956,877

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

Statements of Comprehensive Income

for the Financial Year Ended 31 January 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	20	**421,175,627**	262,987,738	**1,200,000**	1,050,000
Cost of sales		**(362,658,552)**	(224,265,988)	**-**	-
Gross profit		**58,517,075**	38,721,750	**1,200,000**	1,050,000
Other income	21	**3,428,094**	14,660,756	**960,434**	238,804
Selling and marketing expenses		**(5,343,639)**	(3,918,172)	**-**	-
Administrative expenses		**(15,182,010)**	(23,755,869)	**(2,755,846)**	(1,623,585)
Operating profit/(loss)		**41,419,520**	25,708,465	**(595,412)**	(334,781)
Finance costs	22	**(295,734)**	(35,754)	**-**	-
Profit/(loss) before tax	23	**41,123,786**	25,672,711	**(595,412)**	(334,781)
Income tax expense	25	**(5,227,230)**	194,197	**(161,462)**	523
Profit/(loss) for the financial year		**35,896,556**	25,866,908	**(756,874)**	(334,258)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income/ (loss) for the financial year		**35,896,556**	25,866,908	**(756,874)**	(334,258)
Profit/(loss) attributable to:					
Owners of the Company		**35,896,556**	25,866,908	**(756,874)**	(334,258)
Earnings per ordinary share attributable to owners of the Company (sen)					
- Basic	26	**6.42**	4.63		
- Diluted	26	**5.88**	4.46		

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

Consolidated Statement of Changes in Equity

for the Financial Year Ended 31 January 2018

	Attributable to Owners of the Company						
Group	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 1 February 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
Profit net of tax and total comprehensive income for the financial year	-	-	-	-	-	35,896,556	35,896,556
Realisation of revaluation reserve	-	-	-	-	(560,051)	560,051	-
Issuance of ordinary shares under Employees' Share Award Scheme	3,411,396	-	-	-	-	-	3,411,396
At 31 January 2018	**142,863,234**	**-**	**3,041,379**	**-**	**8,812,987**	**90,692,719**	**245,410,319**

^ Refer to Note 13 for details

Statements of Changes in Equity
for the Financial Year Ended 31 January 2018

Company	Attributable to Owners of the Company						
	Share Capital RM	Share Premium RM	Share-based Option Reserve RM	Other Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 1 February 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
Loss net of tax and total comprehensive loss for the financial year	-	-	-	-	-	(756,874)	(756,874)
Realisation of revaluation reserve	-	-	-	-	(48,314)	48,314	-
Issuance of ordinary shares under Employees' Share Award Scheme	3,411,396	-	-	-	-	-	3,411,396
At 31 January 2018	**142,863,234**	**-**	**3,041,379**	**-**	**1,648,930**	**46,434,781**	**193,988,324**

^ 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 2018

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Cash flows from operating activities				
Profit/(loss) before tax	**41,123,786**	25,672,711	**(595,412)**	(334,781)
Adjustments for:				
Interest expense	**295,734**	35,754	**-**	-
Interest income	**(413,126)**	(728,444)	**(434)**	(238,804)
Net fair value (gain)/loss on derivatives	**(1,991,768)**	806,676	**-**	-
Property, plant and equipment				
- net loss on disposal	**101,851**	63,770	**-**	-
- depreciation	**12,346,050**	8,457,436	**373,074**	372,000
- written off	**502,597**	5,032,630	**-**	-
Unrealised loss/(gain) on foreign exchange	**2,095,831**	(607,336)	**-**	-
Employees' share award	**3,411,396**	-	**1,141,884**	-
Inventories written off	**-**	7,724,007	**-**	-
Operating profit/(loss) before changes in working capital	**57,472,351**	46,457,204	**919,112**	(201,585)
Changes in working capital:				
Inventories	**4,193,078**	(27,826,376)	**-**	-
Receivables	**(37,070,586)**	(18,697,872)	**27,708**	(77,036)
Payables	**4,758,006**	22,150,944	**205,766**	(76,453)
Net cash from/(used in) operations	**29,352,849**	22,083,900	**1,152,586**	(355,074)
Income tax paid	**(201,597)**	(69,458)	**(142,715)**	(4,866)
Income tax refunded	**41,287**	12,411	**5,636**	7,017
Interest paid	**(295,734)**	(35,754)	**-**	-
Interest received	**413,126**	728,444	**434**	238,804
Net cash from/(used in) operating activities	**29,309,931**	22,719,543	**1,015,941**	(114,119)

Statements of Cash Flows (Cont'd)

for the Financial Year Ended 31 January 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from investing activities					
Purchase of property, plant and equipment		**(34,959,913)**	(47,522,091)	**-**	(51,554)
Proceeds from disposal of property, plant and equipment		**138,625**	387,888	**-**	-
Net repayment from/ (advances to subsidiaries)		**-**	-	**2,916,218**	(34,929,817)
Net cash (used in)/from investing activities		**(34,821,288)**	(47,134,203)	**2,916,218**	(34,981,371)
Cash flows from financing activities					
Net changes in bill payables	(a)	**10,670,364**	-	**-**	-
Net cash from financing activities		**10,670,364**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents		**5,159,007**	(24,414,660)	**3,932,159**	(35,095,490)
Cash and cash equivalents at the beginning of the financial year		**23,408,471**	47,887,748	**77,525**	35,173,015
Effect of exchange rate changes on cash and cash equivalents		**58,287**	(64,617)	**-**	-
Cash and cash equivalents at the end of the financial year	12	**28,625,765**	23,408,471	**4,009,684**	77,525

(a) Reconciliation of liabilities arising from financing activities:

	1 February 2017 RM	Cash flows RM	31 January 2018 RM
Bill payables	-	10,670,364	10,670,364

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 25 May 2018.

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:

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interest in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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.

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.

The Group have applied the amendments prospectively and accordingly, have disclosed the reconciliation in the statements of cash flows.

2. BASIS OF PREPARATION (Cont'd)

2.3 New MFRSs, Amendments/Improvements to MFRSs, New IC Interpretation ("IC Int") and Amendments to 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, new IC Int and amendments to 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
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-Based Payment	1 January 2018/ 1 January 2020
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020
MFRS 101	Presentation of Financial Statements	1 January 2020
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 138	Intangible Assets	1 January 2020
MFRS 140	Investment Property	1 January 2018

2. BASIS OF PREPARATION (Cont'd)

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

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

		Effective for financial periods beginning on or after
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
IC 132	Intangible Assets – Web Site Costs	1 January 2020

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.

2. BASIS OF PREPARATION (Cont'd)

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

MFRS 9 Financial Instruments (Cont'd)

Key requirements of MFRS 9: (Cont'd)

- 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.

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

2. BASIS OF PREPARATION (Cont'd)

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

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.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period.

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 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

2. BASIS OF PREPARATION (Cont'd)

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

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.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

2. BASIS OF PREPARATION (Cont'd)

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

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.

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

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.

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.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3.1 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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. BASIS OF PREPARATION (Cont'd)

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. SUMMARY OF 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 3.4 to the financial statements.

3.1 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.

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

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

The Group applies the acquisition method to account for business combinations from the acquisition date.

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.

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.

(b) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.1 Basis of Consolidation (Cont'd)

(c) 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 3.8(b).

3.2 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.

(a) Subsequent measurement

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

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Financial Instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.8(a). 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 maturities 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 3.8(a). Gains and losses are recognised in profit or loss through the amortisation process.

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. 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. Interest income is calculated using the effective interest method are recognised in profit or loss. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Financial Instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(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.

(b) 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.

(c) 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 (i.e. the date the Group and the Company themselves purchase or sell an asset). 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Financial Instruments (Cont'd)

(d) 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.

(e) 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.

(f) Derivatives

The Group uses forward exchange contracts to management the exposure of changes in foreign exchange rate. These derivatives are not designated as cash flow or fair value hedges and are entered into for periods consistent with foreign currency exposure. Such derivatives do not qualify for hedge accounting. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

3.3 Property, Plant and Equipment

(a) 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 3.8(b) 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Property, Plant and Equipment (Cont'd)

(b) Subsequent costs

The cost of replacing a 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 or the Company 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.

(c) 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%
Infrastructure	10%
Plant, machinery and formers	5% - 33.33%
Motor vehicles	10% - 16%
Office equipment, furniture and fittings	8% - 50%

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

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

(d) 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.

3.4 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.4 Revaluation of Assets (Cont'd)

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.

3.5 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.

(a) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Leases (Cont'd)

(b) 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.

3.6 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.

3.7 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 with a maturity of three months or less, 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.

3.8 Impairment of Assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed 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.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment of Assets (Cont'd)

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

Loan and receivables and held-to-maturity investments

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment of Assets (Cont'd)

(a) 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.

(b) 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Impairment of Assets (Cont'd)

(b) 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.

3.9 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.10 Foreign Currencies Transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Employee Benefits

(a) 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.

(b) 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.

(c) Share-based payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted at the date the Company obtains the goods or the counterparty renders the service.

3.12 Revenue and Other Income

(a) 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.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 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.

3.14 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.

3.15 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.

(a) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Income Tax (Cont'd)

(b) 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.

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.

3.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.17 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.

3.18 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.

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.

3.19 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:

Inventories

The cost of inventories comprise the cost of purchase of raw materials, direct labour, plus conversion costs such as variable and fixed overheads. The cost allocation process involves multiple inputs and management's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 7 to the financial statements.

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
2018								
Cost/Valuation								
At 1 February 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
Additions	260,085	1,648,590	248,569	10,484,813	509,411	692,249	21,116,196	34,959,913
Transfer	-	4,017,350	3,830	4,218,557	-	664,400	(8,904,137)	-
Disposal	-	-	-	(845,643)	(200,350)	-	-	(1,045,993)
Written off	-	-	-	(1,650,587)	-	-	-	(1,650,587)
At 31 January 2018	22,517,034	30,215,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	244,475,932
Representing:								
- At cost	8,317,034	17,015,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	217,075,932
- At valuation	14,200,000	13,200,000	-	-	-	-	-	27,400,000
	22,517,034	30,215,776	1,581,239	165,465,162	2,840,755	3,525,875	18,330,091	244,475,932

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
2018								
Depreciation and impairment loss								
At 1 February 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
Depreciation for the financial year	-	1,853,587	145,533	9,359,311	280,637	706,982	-	12,346,050
Disposal	-	-	-	(731,936)	(73,581)	-	-	(805,517)
Written off	-	-	-	(1,147,990)	-	-	-	(1,147,990)
	-	1,853,587	145,533	7,479,385	207,056	706,982	-	10,392,543
At 31 January 2018								
Accumulated depreciation	-	9,288,505	401,944	63,087,706	1,183,862	1,580,201	-	75,542,218
Accumulated impairment loss	-	-	-	23,407,087	-	-	-	23,407,087
	-	9,288,505	401,944	86,494,793	1,183,862	1,580,201	-	98,949,305

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
2018								
Net carrying amount at 31 January 2018	**22,517,034**	**20,927,271**	**1,179,295**	**78,970,369**	**1,656,893**	**1,945,674**	**18,330,091**	**145,526,627**
Representing:								
- At cost	**8,317,034**	**14,854,273**	**1,179,295**	**78,970,369**	**1,656,893**	**1,945,674**	**18,330,091**	**125,253,629**
- At valuation	**14,200,000**	**6,072,998**	**-**	**-**	**-**	**-**	**-**	**20,272,998**
	22,517,034	**20,927,271**	**1,179,295**	**78,970,369**	**1,656,893**	**1,945,674**	**18,330,091**	**145,526,627**

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								
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)

Company	Freehold land RM	Factory buildings RM	Infrastructure RM	Total RM
2018				
Cost/Valuation				
At 1 February 2017	4,400,000	6,210,054	190,000	10,800,054
Additions	-	-	-	-
At 31 January 2018	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 2017	-	1,228,529	47,500	1,276,029
Depreciation for the financial year	-	354,074	19,000	373,074
At 31 January 2018	-	1,582,603	66,500	1,649,103
Net carrying amount at 31 January 2018	4,400,000	4,627,451	123,500	9,150,951
Representing:				
- At cost	-	96,023	123,500	219,523
- At valuation	4,400,000	4,531,428	-	8,931,428
	4,400,000	4,627,451	123,500	9,150,951

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

(a) Assets pledged as security

In the previous financial year, freehold land and buildings with a carrying amount of RM9,381,525 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 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
2018			
Freehold land	**6,800,000**	**-**	**6,800,000**
Buildings	**12,126,714**	**(8,083,787)**	**4,042,927**
	18,926,714	**(8,083,787)**	**10,842,927**
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

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

(d) Revaluation of freehold land and buildings (Cont'd)

Company	Cost RM	Accumulated depreciation RM	Net carrying amount RM
2018			
Freehold land	**3,300,000**	**-**	**3,300,000**
Buildings	**5,700,000**	**(1,995,000)**	**3,705,000**
	9,000,000	**(1,995,000)**	**7,005,000**
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

(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)

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

(e) Fair value information (Cont'd)

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)
2018			
Group			
Freehold land	**-**	**14,200,000**	**-**
Buildings	**-**	**6,072,998**	**-**
Company			
Freehold land	**-**	**4,400,000**	**-**
Buildings	**-**	**4,531,428**	**-**
2017			
Group			
Freehold land	-	14,200,000	-
Buildings	-	7,482,987	-
Company			
Freehold land	-	4,400,000	-
Buildings	-	4,880,000	-

The properties are valued by an independent external valuer 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.

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.

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

(e) Fair value information (Cont'd)

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	
	2018 RM	**2017 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
Quasi loans	**95,850,000**	-
	181,350,004	85,500,004

Quasi loans represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses, if any.

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

Name of Company	Effective Equity Interest 2018 %	Effective Equity Interest 2017 %	Principal Activities
Comfort Rubber Gloves Industries Sdn. Bhd.	100	100	Manufacturing and trading of latex gloves
PBT Sdn. Bhd.	100	100	Dormant
I Quality Rubber Industries Sdn. Bhd.	100	100	Dormant
Subsidiary of Comfort Rubber Gloves Industries Sdn. Bhd.			
Gallant Quality Sdn. Bhd.	100	100	Trading of latex gloves

7. INVENTORIES

	Group	
	2018	**2017**
	RM	**RM**
At cost		
Finished goods	**10,646,153**	11,673,586
Work-in-progress	**20,265,675**	18,169,249
Raw materials	**6,664,160**	13,017,601
Packing materials	**2,058,002**	1,015,597
Chlorination chemicals	**16,740**	45,060
Treatment plant chemicals	**106,490**	29,205
	39,757,220	43,950,298

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM245,591,594 (2017: RM141,455,239).

In the previous financial year, the cost of inventories recognised as an expense in administrative expenses in respect of write-down of inventories was RM7,724,007 as a result of the fire outbreak occurred.

8. TRADE RECEIVABLES

	Group	
	2018	**2017**
	RM	**RM**
Trade receivables	**81,166,080**	50,858,239
Less: Impairment loss	**-**	-
	81,166,080	50,858,239

Trade receivables are non-interest bearing and the normal trade credit terms range from 30 to 120 days (2017: 30 to 120 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	
	2018	**2017**
	RM	**RM**
Neither past due nor impaired	**65,391,711**	38,944,874
Past due 1 - 30 days not impaired	**9,283,239**	5,442,322
Past due 31 - 120 days not impaired	**3,473,965**	4,963,314
Past due more than 120 days not impaired	**3,017,165**	1,507,729
	15,774,369	11,913,365
Impaired individually	**-**	-
	81,166,080	50,858,239

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.

Movement in the allowance account are as follows:

	Group	
	2018	**2017**
	RM	**RM**
At 1 February	**-**	214,958
Written off	**-**	(214,958)
At 31 January	**-**	-

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	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
Deposits	**1,256,878**	1,501,952	**107,900**	107,900
Prepayments	**2,801,044**	1,049,859	**32,900**	60,608
Refundable GST	**6,036,092**	3,241,807	**-**	-
	10,094,014	5,793,618	**140,800**	168,508

Movement in the allowance account are as follows:

	Group		Company	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
At 1 February	**-**	6,023,350	**-**	510,350
Written off	**-**	(6,023,350)	**-**	(510,350)
At 31 January	**-**	-	**-**	-

10. AMOUNT DUE BY SUBSIDIARIES

		Company	
	Note	**2018** **RM**	**2017** **RM**
Non-trade amounts		**97,435,817**	98,082,523
Transferred to investment in subsidiaries	6	**(95,850,000)**	-
		1,585,817	98,082,523
Less: Impairment loss		**(1,395,708)**	(1,395,708)
		190,109	96,686,815

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

11. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group			
	2018		2017	
	RM	RM	RM	RM
	Contract/ Notional Amount	Assets	Contract/ Notional Amount	(Liabilities)
Non-hedging derivative:				
Current				
Forward exchange contracts	**36,873,891**	**1,700,286**	17,981,095	(291,482)

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 gain of RM1,991,768 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 30(b) to the financial statements.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term deposits placed with licensed bank	**15,293,592**	16,090,557	**-**	-
Cash at banks and on hand	**13,332,173**	7,317,914	**4,009,684**	77,525
	28,625,765	23,408,471	**4,009,684**	77,525

13. SHARE CAPITAL

		2018		2017	
	Note	Number of Shares Unit	RM	Number of Shares Unit	RM
Issued and fully paid:					
At 1 February		**558,790,443**	**139,451,838**	558,790,443	55,879,044
Transition to no-par value regime	(a)	**-**	**-**	-	83,572,794
Issuance of ordinary shares under Employees' Share Award Scheme	(b)	**3,158,700**	**3,411,396**	-	-
At 31 January		**561,949,143**	**142,863,234**	558,790,443	139,451,838

(a) In accordance with the transitional provision of the new Companies Act 2016 (the "Act"), 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. 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.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) During the financial year, the Company issued 3,158,700 new ordinary shares at a price of RM1.08 per ordinary share pursuant to the Share Awards under the Employees' Share Award Scheme.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

14. OTHER RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable				
Share-based option reserve	**3,041,379**	3,041,379	**3,041,379**	3,041,379
Distributable				
Retained earnings	**90,692,719**	54,236,112	**46,434,781**	47,143,341
	93,734,098	57,277,491	**49,476,160**	50,184,720

14. OTHER RESERVES (Cont'd)

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%

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	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 February	**1,165,961**	1,393,865	**268,283**	283,540
Recognised in profit or loss (Note 25)	**5,046,762**	(227,904)	**(15,257)**	(15,257)
At 31 January	**6,212,723**	1,165,961	**253,026**	268,283

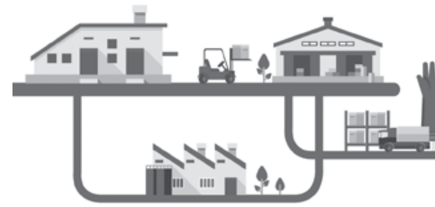
16. DEFERRED TAX LIABILITIES (Cont'd)

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

	Property, plant and equipment RM	Others RM	Total RM
Group			
At 1 February 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
Recognised in profit or loss	5,046,762	-	5,046,762
At 31 January 2018	**5,962,021**	**250,702**	**6,212,723**
Company			
At 1 February 2016	283,540	-	283,540
Recognised in profit or loss	(15,257)	-	(15,257)
At 31 January 2017	268,283	-	268,283
Recognised in profit or loss	(15,257)	-	(15,257)
At 31 January 2018	**253,026**	**-**	**253,026**

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unutilised tax losses	**10,280,614**	18,707,764	**10,046,220**	10,092,503
Deductible temporary differences	**149,794**	(3,677,423)	**10,907**	10,907
	10,430,407	15,030,341	**10,057,127**	10,103,410



17. BANK BORROWINGS

	Group	
	2018 RM	2017 RM
Current		
Bill payables	**10,625,373**	-

The bill payables are secured by way of corporate guarantee by the Company. The bill payables bear interest at 3.05% to 3.61% per annum.

18. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2017: 30 days to 90 days) from the date of invoice.

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	**7,728,571**	4,446,730	**90,754**	54,874
Accruals	**5,374,141**	5,113,557	**459,016**	289,130
	13,102,712	9,560,287	**549,770**	344,004

20. REVENUE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sales of latex gloves	**421,175,627**	262,987,738	**-**	-
Management fee	**-**	-	**1,200,000**	1,050,000
	421,175,627	262,987,738	**1,200,000**	1,050,000

21. OTHER INCOME

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Interest income	**413,126**	728,444	**434**	238,804
Gain on foreign exchange				
- realised	**971,614**	1,140,224	**-**	-
- unrealised	**-**	607,336	**-**	-
Insurance compensation	**-**	12,142,697	**-**	-
Rental income	**-**	-	**960,000**	-
Net fair value gain on derivatives	**1,991,768**	-	**-**	-
Miscellaneous	**51,586**	42,055	**-**	-
	3,428,094	14,660,756	**960,434**	238,804

22. FINANCE COSTS

	Group	
	2018	**2017**
	RM	**RM**
Interest expense:		
- bank overdrafts	**951**	-
- bill payables	**282,639**	6,607
- letter of credit	**12,144**	29,147
	295,734	35,754

23. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging:				
Auditors' remuneration				
- Audit fees				
- current year	**158,000**	138,000	**78,000**	78,000
- prior year	**10,000**	13,000	**10,000**	6,000
- Non-audit fees	**9,000**	9,000	**9,000**	9,000
Inventory written off	**-**	7,724,007	**-**	-
Unrealised loss on foreign exchange	**2,095,831**	-	**-**	-
Net fair value loss on derivatives	**-**	806,676	**-**	-
Property, plant and equipment:				
- depreciation	**12,346,050**	8,457,436	**373,074**	372,000
- loss on disposal	**101,851**	63,770	**-**	-
- written off	**502,597**	5,032,630	**-**	-
Directors' remuneration (Note 24)	**4,114,834**	2,750,912	**1,434,414**	790,209
Staff cost:				
- salaries, wages, bonuses and allowances	**37,246,096**	29,145,681	**121,845**	125,643
- defined contribution plan	**1,178,188**	702,572	**16,089**	13,026
- employees' share award	**3,411,396**	-	**1,141,884**	-

24. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive directors:				
Salaries and other emoluments	**2,242,830**	2,182,250	**468,000**	470,250
Fees	**75,000**	75,000	**75,000**	75,000
Defined contribution plan	**322,242**	314,762	**66,164**	66,059
Employees' Share Award	**1,297,512**	-	**648,000**	-
	3,937,584	2,572,012	**1,257,164**	611,309

24. DIRECTORS' REMUNERATION (Cont'd)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-executive directors:				
Fees	**148,000**	148,000	**148,000**	148,000
Other emoluments	**29,250**	30,900	**29,250**	30,900
	177,250	178,900	**177,250**	178,900
Total directors' remuneration	**4,114,834**	2,750,912	**1,434,414**	790,209

25. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current income tax				
- current year	**(184,025)**	(44,379)	**(180,276)**	(20,814)
- over accrual in prior year	**3,557**	10,672	**3,557**	6,080
Deferred tax (Note 16)				
- current year	**(5,046,762)**	227,904	**15,257**	15,257
	(5,227,230)	194,197	**(161,462)**	523

The income tax is calculated at the Malaysian statutory rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

25. INCOME TAX EXPENSE (Cont'd)

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(loss) before tax	**41,123,786**	25,672,711	**(595,412)**	(334,781)
Taxation at applicable statutory tax rate 24% (2017: 24%)	**(9,869,709)**	(6,161,451)	**142,899**	80,347
Tax effects arising from				
- non-deductible expenses	**(671,700)**	(451,824)	**(369,458)**	(135,573)
- non-taxable income	**527,450**	175,390	**-**	36,499
- utilisation of previously unrecognised tax losses and capital allowance	**4,696,879**	6,393,506	**46,283**	-
- deferred tax assets not recognised	**(96,945)**	-	**-**	(2,087)
- crystallisation of deferred tax	**183,238**	227,904	**15,257**	15,257
- over accrual in prior year	**3,557**	10,672	**3,557**	6,080
	(5,227,230)	194,197	**(161,462)**	523

26. 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.

	2018 RM	2017 RM
Profit attributable to owners of the Company	**35,896,556**	25,866,908
Weighted average number of ordinary shares for basic earnings per share	**558,807,751**	558,790,443
Basic earnings per ordinary share (sen)	**6.42**	4.63

26. EARNINGS PER SHARE (Cont'd)

(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:

	2018 RM	2017 RM
Profit attributable to owners of the Company	**35,896,556**	25,866,908
Weighted average number of ordinary shares for basic earnings per share	**558,807,751**	558,790,443
Effect of dilution from:		
- share options	**51,813,000**	21,000,000
Weighted average number of ordinary shares for diluted earnings per share	**610,620,751**	579,790,443
Diluted earnings per ordinary share (sen)	**5.88**	4.46

27. CAPITAL COMMITMENTS

	Group	
	2018 RM	2017 RM
Property, plant and equipment		
- Authorised but not contracted for	**815,599**	30,500,000
- Contracted but not provided for	**30,000,000**	1,051,719
	30,815,599	31,551,719

28. 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	
	2018 RM	2017 RM
Subsidiary		
Management fee	**1,200,000**	1,050,000
Rental income	**960,000**	-

(c) Compensation of Key Management Personnel

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

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Directors' remuneration	24	**4,114,834**	2,750,912	**1,434,414**	790,209
Other Key Management Personnel *					
- Short term employee benefits		**136,437**	110,934	**136,437**	110,934
- Employees' Share Award		**62,532**	-	**-**	-
		4,313,803	2,861,846	**1,570,851**	901,143

* 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.

29. 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.

29. SEGMENT INFORMATION (Cont'd)

2018	Manufacturing RM	Investment holding RM	Others RM	Inter-segment eliminations RM	Notes	Total RM
Revenue						
Revenue from external customers	**391,570,797**	**-**	**29,604,830**	**-**		**421,175,627**
Inter-segment revenue	**27,423,523**	**1,200,000**	**-**	**(28,623,523)**	**A**	**-**
Total revenue	**418,994,320**	**1,200,000**	**29,604,830**	**(28,623,523)**		**421,175,627**
Results						
Interest income	**397,152**	**435**	**15,539**	**-**		**413,126**
Interest expense	**(295,734)**	**-**	**-**	**-**		**(295,734)**
Depreciation	**(11,968,341)**	**(373,074)**	**(4,635)**	**-**		**(12,346,050)**
Property, plant and equipment written off	**(502,597)**	**-**	**-**	**-**		**(502,597)**
Segment profit/(loss)	**42,730,233**	**(595,412)**	**(1,011,035)**	**-**	**B**	**41,123,786**
Deferred tax expense	**(5,062,019)**	**-**	**-**	**-**		**(5,062,019)**
Deferred tax income	**-**	**15,257**	**-**	**-**		**15,257**
Income tax expense	**-**	**(180,276)**	**(3,749)**	**-**		**(184,025)**
Income tax income	**-**	**3,557**	**-**	**-**		**3,557**
Profit for the financial year	**37,668,214**	**(756,874)**	**(1,014,784)**	**-**	**B**	**35,896,556**
Assets:						
Additions to non-current assets	**34,890,394**	**-**	**69,519**	**-**		**34,959,913**
Segment assets	**293,796,977**	**194,841,549**	**8,317,689**	**(190,086,223)**	**C**	**306,869,992**
Liabilities:						
Segment liabilities	**150,351,371**	**549,770**	**11,006,551**	**(106,628,601)**	**D**	**55,279,091**

29. 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 revenue	26,267,170	1,050,000	-	(27,317,170)	A	-
Total revenue	260,828,455	1,050,000	28,426,453	(27,317,170)		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

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.

29. SEGMENT INFORMATION (Cont'd)

Geographical Information

	Revenue RM	Non-current assets RM
2018		
Malaysia	**117,205,012**	**145,526,627**
United States of America and Canada	**150,057,047**	**-**
Asia (excluding Malaysia)	**111,966,301**	**-**
Europe	**36,382,195**	**-**
Others	**5,565,072**	**-**
	421,175,627	**145,526,627**
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

Information about major customers

For the manufacturing segment, revenue from one customer represented RM54,039,907 (2017: RM24,098,833) for the Group's total revenue.

30. 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 2018	Carrying amount RM	L&R/ (FL) RM
Financial assets		
Group		
Trade receivables	81,166,080	81,166,080
Deposits	1,256,878	1,256,878
Derivative financial assets	1,700,286	1,700,286
Cash and cash equivalents	28,625,765	28,625,765
	112,749,009	112,749,009
Company		
Deposits	107,900	107,900
Amount owing by subsidiaries	190,109	190,109
Cash and cash equivalents	4,009,684	4,009,684
	4,307,693	4,307,693
Financial Liabilities		
Group		
Bank borrowings	10,625,373	(10,625,373)
Trade payables	31,551,006	(31,551,006)
Other payables and accruals	13,102,712	(13,102,712)
	55,279,091	(55,279,091)
Company		
Other payables and accruals	549,770	(549,770)

30. FINANCIAL INSTRUMENTS (Cont'd)

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

At 31 January 2017	Carrying amount RM	L&R/ (FL) RM
Financial assets		
Group		
Trade receivables	50,858,239	50,858,239
Deposits	1,501,952	1,501,952
Cash and cash equivalents	23,408,471	23,408,471
	75,768,662	75,768,662
Company		
Deposits	107,900	107,900
Amount owing by subsidiaries	96,686,815	96,686,815
Cash and cash equivalents	77,525	77,525
	96,872,240	96,872,240
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)

(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.

<u>Derivatives</u>
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.

30. FINANCIAL INSTRUMENTS (Cont'd)

(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.

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			
	2018		2017	
	RM	% of total	RM	% of total
By country:				
Malaysia	**34,165,845**	**42.1%**	4,672,853	9.3%
United States of America and Canada	**28,230,742**	**34.8%**	25,334,348	49.8%
Asia (excluding Malaysia)	**13,752,549**	**16.9%**	15,777,690	31.0%
Europe	**3,698,704**	**4.6%**	4,953,743	9.7%
Others	**1,318,240**	**1.6%**	119,605	0.2%
	81,166,080	**100.0%**	50,858,239	100.0%

30. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

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

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

Inter-company balances

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

Exposure to credit risk
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 RM73,100,000 (2017: RM38,100,000) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30(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.

30. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(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 borrowings and 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.

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	**2018 RM**	**2017 RM**	**2018 RM**	**2017 RM**
Bank borrowings	**10,625,373**	-	**-**	-
Trade payables	**31,551,006**	30,598,664	**-**	-
Other payables and accruals	**13,102,712**	9,560,287	**549,770**	344,004
Derivatives financial liabilities	**-**	291,482	**-**	-
Financial guarantee contracts	**-**	-	**73,100,000**	38,100,000
	55,279,091	40,450,433	**73,649,770**	38,444,004

(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 the Group's and the Company's borrowings and is managed through the use of floating rate debts. The Group and the Company do not use derivative financial instruments to hedge its risk.

30. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

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

	Group	
	2018 RM	2017 RM
Floating rate		
Financial liabilities		
Bill payables	**10,625,373**	-

Sensitivity analysis for interest rate risk
A 1% increase in the interest rate against the Group's total equity and profit for the financial year would have decrease the profit net of tax by RM80,753. This analysis assumes that all other variables remain constant.

A 1% decrease in the interest rate against the Group's total equity and profit for the financial year 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.

Financial instruments subject to floating interest rates are re-priced regularly.

(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").

30. FINANCIAL INSTRUMENTS (Cont'd)

(c) Financial risk management (Cont'd)

(iv) Foreign Currency Risk (Cont'd)

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

	2018 RM	2017 RM
Financial assets and liabilities not held in functional currency		
United States Dollar		
Trade receivables	**46,829,855**	46,240,905
Cash and cash equivalents	**2,278,508**	3,283,768
Trade payables	**5,874,940**	8,294,836

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 RM328,574. 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.

31. 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	
	2018 RM	**2017 RM**
Bank borrowings (Note 17)	**10,625,373**	-
Trade payables (Note 18)	**31,551,006**	30,598,664
Other payables and accruals (Note 19)	**13,102,712**	9,560,287
Total liabilities	**55,279,091**	40,158,951
Less: Cash and cash equivalents (Note 12)	**(28,625,765)**	(23,408,471)
Net debt	**26,653,326**	16,750,480
Total equity attributable to the owners of the Company	**245,410,319**	206,102,367
Capital and net debts	**272,063,645**	222,852,847
Gearing ratio	**10%**	8%

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.

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 47 to 115 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 2018 and of the financial performance and cash flows for the financial year then ended.

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: 25 May 2018

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 47 to 115 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
MIA Membership No. 27080

Subscribed and solemnly declared by the abovenamed at Ipoh in the State of Perak Darul Ridzuan on 25 May 2018.

Before me,

WONG HOCK SENG, PPT (A245)
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 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 115.

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 2018, 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.

Key Audit Matters (Cont'd)

Inventories (Notes 4 and 7 to the financial statements)

As at 31 January 2018, the carrying amount of inventories held by the Group is RM39,757,220. Inventories are stated at the lower of cost and net realisable value and cost is determined using the first-in-first-out basis. The cost of inventories comprise the cost of purchase of raw materials, direct labour, plus conversion costs such as variable and fixed overheads.

We focused on this area because the computation and cost allocation process involves multiple inputs and management's judgement is required to estimate the cost of finished goods and work-in-progress which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

Our audit response:

Our audit procedures included, among others:

- obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories;
- reviewing the basis of inventory costing which includes costs of raw materials, direct labour, other direct costs, and other incidental costs incurred in bringing the inventories to their present location and condition;
- checking the mathematical accuracy of the inventory valuation; and
- reviewing management's assessment on the net realisable value of work-in-progress and finished goods.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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.

Independent Auditors’ Report (Cont’d)

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

Auditors’ Responsibilities for the Audit of the Financial Statements (Cont’d)

- 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.

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: 25 May 2018

List of Properties Held

as at 31 January 2018

Location	Tenure	Area (Hectares)	Year Lease Expiry	Description/ Existing Use	Net Book/ Revalued Value (RM)	Age of Building (Years)	Year of Acquisition
PERAK DARUL RIDZUAN G.M. 530, Lot No. 821 Mukim Jebong District Larut & Matang Perak	Freehold	2.26	-	Single storey factory building with an adjacent double-storey office/factory building currently used for production of powdered natural rubber gloves	8,329,633	22	1993
GM 1723, Lot No. 6858 Jebong District Larut & Matang Perak	Freehold	2.46	-	Three storey factory building and warehouse use	16,717,316	5	1999
				Single storey factory building occupied for offline chlorination processes	1,026,664		
(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	26,208	19	2000
G.M. 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	9,027,451	17	2010
GM 1725, Lot No. 6860, Jebong District Larut & Matang Perak	Freehold	3.4	-	Agricultural land	7,416,675	0	2015
GM 1726, Lot No. 6861, Jebong District Larut & Matang Perak	Freehold	0.55	-	Agricultural land	900,359	0	2015

Statistics on Shareholdings

as at 30 April 2018

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	385	3.94	11,814	0.00
100 - 1,000	2,884	29.54	1,387,909	0.25
1,001 - 10,000	4,234	43.36	20,979,110	3.73
10,001 - 100,000	1,926	19.73	62,504,293	11.12
100,001 - 28,097,456 (*)	333	3.41	323,694,467	57.60
28,297,457 And Above (**)	2	0.02	153,371,550	27.29
Total	**9,764**	**100.00**	**561,949,143**	**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	101,631,550	18.09	4,333,000*	0.77	105,964,550	18.86
2	Sean Kar Seng Cheang	4,333,000	0.77	-	-	4,333,000	0.77
3	Lau Joo Yong	36,677,050	6.53	-	-	36,677,050	6.53
4	Lau Chee Meng	-	-	-	-	-	-
5	Lau Joo Pern	-	-	-	-	-	-
6	Ng Seik Wah	-	-	-	-	-	-

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

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	101,631,550	18.09	4,333,000*	0.77	105,964,550	18.86
2	Lau Joo Yong	36,377,050	6.53	-	-	36,677,050	6.53
3	Keen Setup Sdn Bhd	68,500,000	12.19	-	-	68,500,000	12.19
4	Dato' Lau Eng Guang	38,753,200	6.90	71,543,700#	12.73	110,296,900	19.63
5	Lau Joo Kien, Brian	-	-	68,500,000^	12.19	68,500,000	12.19
6	Datin Goh Kim Kooi	22,225,000	3.95	71,543,700#	12.73	93,768,700	16.69

Note: * Deemed interested by virtue of the shareholding of his child, Sean Kar Seng Cheang
#Deemed interested by virtue of his/her shareholdings in Keen Setup Sdn. Bhd. and Safari Bird Park & Wonderland Sdn. Bhd.
^Deemed interested by virtue of his shareholdings in Keen Setup Sdn. Bhd.

List of Top 30 Holders
as at 30 April 2018

NO	NAME	No. of Shares	%
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Cheang Phoy Ken	84,871,550	15.10
2	Keen Setup Sdn Bhd	68,500,000	12.19
3	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for Credit Suisse	21,000,008	3.74
4	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Cheang Phoy Ken	16,760,000	2.98
5	Melati Angsana Sdn Bhd	12,500,000	2.22
6	Panduan Jitu Sdn Bhd	12,500,000	2.22
7	Warisan Diprima Sdn Bhd	12,500,000	2.22
8	Lau Eng Guang	11,138,450	1.98
9	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall	10,359,900	1.84
10	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small	8,404,200	1.50
11	Lau Joo Yong	8,340,800	1.48
12	Ang Toon Chong	7,750,000	1.38
13	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	7,448,750	1.33
14	Lau Joo Yong	7,336,250	1.31
15	Cheang Swee Chee	6,950,000	1.24
16	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)	6,736,100	1.20
17	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	6,373,600	1.13
18	Impian Semarak Sdn Bhd	6,120,000	1.09
19	Cimsec Nominees (Asing) Sdn Bhd CIMB for Sean Kar Seng Cheang	4,333,000	0.77
20	Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Singapore for Normah Binti Mohamad Arip	4,004,300	0.71
21	Lau Geok Hong	3,645,050	0.65
22	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB Capital Fund	3,490,000	0.62
23	Lau Soh Hong	3,413,800	0.61
24	Seow Hoon Hin	3,310,000	0.59
25	Foo Sok Ching	3,250,000	0.58
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Eng Guang	3,239,500	0.58
27	Safari Bird Park & Wonderland Sdn Bhd	3,175,100	0.57
28	Cheang Swee Chee	3,066,100	0.55
29	Lau Geok Jade	2,780,300	0.49
30	Normah Binti Mohamad Arip	2,656,700	0.47
	TOTAL	355,953,458	63.34

COMFORT GLOVES BERHAD
(852-D)
(Incorporated in Malaysia)

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-Seventh Annual General Meeting of the Company to be held on 9 July 2018 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	**Resolution No.**	**For**	**Against**
The payment of a Final Single Tier Dividend	1		
The payment of Directors' Fee	2		
The payment of Directors' Benefits to Non-Executive Directors	3		
The re-election of Lau Joo Pern as Director	4		
The re-election of Ng Seik Wah as Director	5		
The re-appointment of Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
Special Business			
Authority to Allot and Issue Shares in General Pursuant to Section 75 of the Companies Act 2016	7		
Proposed Share Buy Back	8		
Proposed Allocation of Awards to Lau Joo Kien Brian	9		

Please indicate with (√) or (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

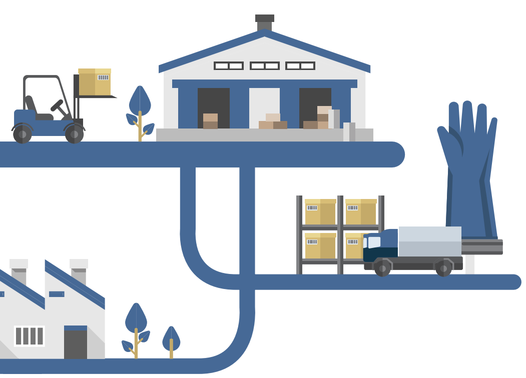
NOTES:
1. Only members whose names appear on the Record of Depositors as at 29 June 2018 shall be entitled to attend the Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.
2. A member (other than an exempt authorised nominee) entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and 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. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.
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 or emailed copies are not acceptable.
7. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of AGM will be put to vote on a poll.
8. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.
9. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

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



www.comfort-rubber.com.my

COMFORT GLOVES BERHAD
(852-D)

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34750 Matang,
Taiping, Perak, Malaysia.