

Condensed Unaudited Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
For the financial period ended 31 July 2011

	3 months quarter ended <u>31.07.2011</u> RM'000 (Unaudited)	3 months quarter ended <u>31.07.2010</u> RM'000 (Unaudited)	Cumulative 6 months <u>31.07.2011</u> RM'000 (Unaudited)	Cumulative 6 months <u>31.07.2010</u> RM'000 (Unaudited)
Revenue	36,832	33,825	62,162	75,422
Cost of sales	<u>(39,482)</u>	<u>(31,416)</u>	<u>(68,602)</u>	<u>(70,061)</u>
Gross (loss)/profit	(2,650)	2,409	(6,440)	5,361
Other operating income	427	796	1,258	1,113
Selling expenses	(386)	(594)	(864)	(1,247)
Administrative expenses	(3,196)	(1,662)	(4,748)	(3,216)
Finance costs	(925)	(798)	(1,862)	(1,544)
(Loss)/Profit before taxation	<u>(6,730)</u>	<u>151</u>	<u>(12,656)</u>	<u>467</u>
Taxation	<u>11</u>	<u>11</u>	<u>21</u>	<u>21</u>
Net (loss)/profit for the financial period	(6,719)	162	(12,635)	488
Other comprehensive income for the financial period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive(loss)/ income for the financial period	<u>(6,719)</u>	<u>162</u>	<u>(12,635)</u>	<u>488</u>
(Loss)/Profit attributable to: Owners of the parent	<u>(6,719)</u>	<u>162</u>	<u>(12,635)</u>	<u>488</u>
Total comprehensive (loss)/income attribute to: Owners of the parent	<u>(6,719)</u>	<u>162</u>	<u>(12,635)</u>	<u>488</u>
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic	(1.49)	0.07	(2.81)	0.21
- Diluted	(1.13)	0.07	(2.13)	0.21

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2011

Condensed Unaudited Consolidated Statement of Financial Position

As at 31 July 2011

	As at 31.07.2011 RM'000 (Unaudited)	As at 31.01.11 RM'000 (Audited)
Assets		
Property, plant and equipment	73,548	69,168
Goodwill	-	-
Total non-current assets	73,548	69,168
Inventories	33,527	37,493
Trade and other receivables	31,222	26,987
Derivative asset	191	226
Fixed deposits	52,000	-
Cash and bank balances	2,801	65,203
Total current assets	119,741	129,909
Total assets	193,289	199,077
Equity		
Share capital	118,405	118,405
Reserves	(27,480)	(14,845)
Total equity attributable to owners of the parent	90,925	103,560
Liabilities		
Borrowings	18,785	15,092
Hire purchase payables - long term	4	128
Deferred tax liabilities	355	376
Total non-current liabilities	19,144	15,596
Trade and other payables	14,627	18,579
Short term borrowings	68,345	61,094
Hire purchase payables - short term	248	248
Total current liabilities	83,220	79,921
Total liabilities	102,364	95,517
Total equity and liabilities	193,289	199,077
Net assets per share attributable to owners of the parent (sen)	15	17

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2011

Condensed Unaudited Consolidated Statement of Changes in Equity
For the financial period ended 31 July 2011

	Share Capital RM'000	Attributable to owners of the parent			Accumulated Losses RM'000	Total RM'000
		<u>Non-Distributable</u> Capital Reserves RM'000	<u>Warrant</u> Reserves RM'000	<u>Other</u> Reserves RM'000		
At 1 February 2011	118,405	-	10,609	11,319	(36,773)	103,560
Total comprehensive loss for the financial period	-	-	-	-	(12,635)	(12,635)
At 31 July 2011	118,405	-	10,609	11,319	(49,408)	90,925
At 1 February 2010	118,405	17	-	-	(47,965)	70,457
Total comprehensive income for the financial period	-	-	-	-	488	488
At 30 July 2010	118,405	17	-	-	(47,477)	70,945

The Condensed Unaudited Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2011

Condensed Unaudited Consolidated Statement of Cash Flow
For the financial period ended 31 July 2011

	6 months ended 31.07.2011 RM'000 (Unaudited)	6 months ended 31.07.2010 RM'000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit before taxation	(12,656)	467
Adjustments for:		
Non-cash items	4,036	4,733
Interest expense	1,862	1,544
Interest income	(363)	(14)
Dividend income	-	(6)
Operating (loss)/profit before working capital changes	<u>(7,121)</u>	<u>6,724</u>
Changes in working capital:		
Net change in current assets	1,551	8,420
Net change in current liabilities	(5,733)	(13,411)
Cash used in from operations	<u>(11,303)</u>	<u>1,733</u>
Interest paid	(1,123)	(939)
Tax refund/(paid)	(4)	9
Net cash (used in)/generated from operating activities	<u>(12,430)</u>	<u>803</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,571)	(1,606)
Proceeds from disposal of property, plant and equipment	-	1
Dividend income received	-	6
Insurance claim	155	-
Interest received	363	14
Net cash generated from/(used in) investing activities	<u>(8,053)</u>	<u>(1,585)</u>
Cash flows from financing activities		
Drawdown of bank borrowings	149,107	131,533
Repayment of bank borrowings	(140,096)	(130,950)
Repayment of hire purchase	(124)	(119)
Interest paid	(739)	(604)
Net cash generated from/(used in) financing activities	<u>8,148</u>	<u>(140)</u>
Net changes in cash and cash equivalents	(12,335)	(922)
Cash and cash equivalents at beginning of the financial period	61,761	(5,157)
Cash and cash equivalents at end of the financial period	<u>49,426</u>	<u>(6,079)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	2,801	550
Fixed deposits	52,000	83
Bank overdraft	(5,375)	(6,629)
	<u>49,426</u>	<u>(5,996)</u>
Less: Fixed deposits to licensed bank	-	(83)
	<u>49,426</u>	<u>(6,079)</u>

The Condensed Unaudited Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2011

Notes to the unaudited interim financial report

1. Basis of preparation

This unaudited interim financial report has been prepared in accordance with the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and the provisions of the Companies Act, 1965 in Malaysia. This unaudited interim financial report also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The unaudited interim financial report has been prepared in accordance with the same significant accounting policies adopted in the annual financial statements for the financial year ended 31 January 2011.

The preparation of the unaudited interim financial report requires management to make judgements, estimates and assumptions that affect the application of significant accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed unaudited consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 January 2011. The condensed unaudited consolidated interim financial statements and the notes thereon do not include all the information required for full set of financial statements prepared in accordance with FRSs.

2. Changes in accounting policies

New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (“IC Int”)

New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early.

	Effective for financial periods beginning on or after
<u>Revised FRSs</u>	
FRS 124 Related Party Disclosures	1 January 2012
<u>IC Int</u>	
IC Int 14 Prepayment of Minimum Funding Requirement	1 July 2011
IC Int 15 Agreement for the Construction of Real Estate	1 January 2012
IC Int 19 Extinguishing Financial Liabilities with Equity Instrument	1 July 2011

3. Audit qualifications

The report of the auditors on the Group's financial statements for the financial year ended 31 January 2011 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group's operations were not affected by seasonal or cyclical factors.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period to-date because of their nature, size, or incidence.

6. Changes in estimates

There were no significant changes in financial estimates reported in prior interim periods that would materially affect the current interim period report.

7. Debt and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellations, shares held as treasury shares and resale of treasury shares for the current financial period.

8. Operating segments

The Group's operating segments for the period ended 31 July 2011 are as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	62,162	-	1,145	63,307
Inter segment	(1,145)			(1,145)
External	61,017	-	1,145	62,162
Results				
Segment profit/(loss)	(10,459)	(692)	(6)	(11,157)
Interest Income				363
Finance costs				(1,862)
Loss before taxation				(12,656)
Taxation				21
Net (loss) for the period				(12,635)

8. Operating segments (Cont'd)

The Group's operating segments report for the corresponding period ended 31 July 2010 are as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	75,422	6	1,671	77,099
Inter segment	(1,677)	-	-	(1,677)
External	73,745	6	1,671	75,422
Results				
Segment profit/(loss)	2,496	(407)	(92)	1,997
Interest Income				14
Finance costs				(1,544)
Profit before taxation				467
Taxation				21
Net profit for the period				488

9. Property, plant and equipment

The valuations of freehold land and leasehold land had been brought forward, without amendment from the previous annual financial statements.

10. Events after the reporting period

There was no material event subsequent to the end of the current quarter ended 31 July 2011 until the date of this report.

11. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial period to-date.

12. Contingent assets and contingent liabilities

There were no contingent assets and liabilities since the last financial year end except for the following:

	<u>31.07.11</u>	<u>31.01.11</u>
	RM'000	RM'000
(i) Bank guarantees issued to third parties by a subsidiary company	1,595	1,595

These are bank guarantees issued to authorities and utilities suppliers mainly for performance bonds, security deposits and payment guarantees.

- (ii) The Company has issued corporate guarantees totalling RM104.4 million in favour of various financial institutions for the banking facilities extended to a subsidiary company. The amount of the banking facilities utilised as at 31 July 2011 is RM79.1 million.

13. Capital commitments

Capital commitments for the Group not provided for in the interim financial report are as follows:

	<u>31.07.11</u>
	RM'000
Approved and contracted for: Property, plant and equipment	<u>1,639</u>

Additional information required by the Bursa Malaysia Securities Berhad Listing Requirements**14. Review of performance**

The Group recorded a revenue of RM36.83 million for 2Q 2011 which was an increase of 8.9% from the same quarter of preceding year. However, the Group recorded a loss before taxation of RM6.73 million as compared to the preceding year corresponding quarter's profit before taxation of RM0.15 million.

The drop in the Group's results was mainly due to the high latex prices and weakening of the US Dollar. In addition, the provision for doubtful debts of RM1.42 million and stocks write down of RM0.58 million which were non-recurring in nature had cause further deterioration of the Group's results.

15. Variation of results against preceding quarter

The Group recorded a revenue of RM36.83 million and loss before taxation of RM6.73 million for the current quarter as compared to a revenue of RM25.33 million and loss before taxation of RM5.93 million for the immediate preceding quarter ended 30 April 2011. The losses were mainly due to the high latex price, weakening of US Dollar and the non-recurring items which were the stocks write down of RM0.58 million and provision for doubtful debts of RM1.42 million.

16. Current year prospects

With the volatility of latex price and weakening of US Dollar, rubber glove business is expected to remain challenging. Towards the end of April 2011, natural rubber latex price started to drop below RM10.00/kg from its peak of RM11.00/kg. It had stabilized, hovering at RM8.70/kg range in the month of July 2011. It is expected to fluctuate in the narrow band between RM8.00/kg to RM9.00/kg for the coming quarter. At this price level, the nitrile selling prices are still relatively lower than the natural latex gloves. Therefore the Group is still focused on developing the thin nitrile glove market.

17. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting period.

18. Taxation

	3 months ended	Cumulative 6 months ended
	<u>31.07.11</u>	<u>31.07.11</u>
	RM'000	RM'000
Deferred taxation	<u>11</u>	<u>21</u>

19. Landed properties

There was no disposal of any landed properties for the current financial period.

20. Quoted investment

There were no purchases or sales of quoted securities for the current financial period.

21. Status of corporate proposal announced

- a) On 24 December 2010, the Rights Issue with Warrants was completed following the listing of and quotation for the 355,215,720 Rights Shares together with 236,810,480 Warrants on Bursa Malaysia Securities Berhad, realising proceeds of RM71.04 million.
- b) The status of utilisation of proceeds raised from corporate proposals is as follows:

Renounceable Right Issue

Purpose	Proposed Utilisation (RM 000)	Actual Utilisation (RM 000)	Intended Timeframe for Utilisation
Purchase of new machineries and other ancillary facilities	33,000	-	Within two years
Construction of factory building	5,000	1,000	Within two years
Construction of effluent treatment plant	2,000	-	Within two years
Purchase of raw materials	19,043	-	Within one year
Repayment of bank borrowings	10,000	10,000	-
Expenses in relation to the Corporate Exercises	2,000	1,717	-
Total	71,043	12,717	

22. Borrowings

The Group's borrowings since the last financial year end (excluding hire purchase liabilities) are as follows:

	<u>31.07.11</u>	<u>31.01.11</u>
	RM'000	RM'000
Current		
-bank overdraft	5,375	3,443
-short term borrowings	58,631	53,383
-term loan (secured)	4,339	4,268
Non-current		
-term loan (secured)	18,785	15,092
	<u>87,130</u>	<u>76,186</u>

The above borrowings are denominated in Ringgit Malaysia.

23. Derivative financial instruments

During the financial period, the wholly owned subsidiary had entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange risk arising from sales.

The position of forward foreign exchange hedging contracts as at the latest practicable date is as follows:

<u>Foreign Exchange Forwards Contracts</u>	<u>Contract Value RM'000</u>	<u>Fair Value RM'000</u>
US Dollars	9,166	8,975

The above instruments were executed with credit worthy financial institutions in Malaysia.

24. Material litigation

There is no pending material litigation in respect of the Company since the last financial year end.

25. Retained earnings

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

The breakdown of the retained earnings/(accumulated losses) of the Group into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	<u>31.07.11</u> RM'000	<u>31.01.11</u> RM'000
Total retained earnings/(accumulated losses) of the Group		
- Realised	2,081	21,563
- Unrealised	(35)	(324)
Less: Consolidated adjustments	(47,292)	(58,012)
Total accumulated losses as per statement of financial position	<u>(49,408)</u>	<u>(36,773)</u>

26. Dividend Payable

The Directors do not recommend any payment of dividend for the current financial period to-date.

27. (Loss)/Earnings per share

	3 months ended <u>30.07.11</u>	3 months ended <u>30.07.10</u>	Cumulative 6 months ended <u>31.07.11</u>	Cumulative 6 months ended <u>31.07.10</u>
Net (loss)/profit for the period (RM'000)	(6,720)	162	(12,635)	488
Weighted average number of ordinary shares for basic earnings per share computation	449,940	236,810	449,940	236,810
Effect of dilution:				
- Warrant	142,086	-	142,086	-
Weighted average number of ordinary shares for diluted earnings per share computation	<u>592,026</u>	<u>236,810</u>	<u>592,026</u>	<u>236,810</u>
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic	(1.49)	0.07	(2.81)	0.21
- Diluted	(1.13)	0.07	(2.13)	0.21

28. Authorisation for issue

The unaudited interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 September 2011.