



# annual report

Rubberex Corporation (M) Berhad



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:30 a.m. on Friday, 21 April 2000 at 2nd Floor Grand View Hotel, 36 Jalan Horley, 30300 Ipoh, Perak for the following purposes:-

### AGENDA

1. To receive and adopt the Audited Accounts for the year ended 31 December 1999 and the Reports of the Directors and the Auditors thereon. (Resolution 1)
2. To approve the payment of Directors' fees. (Resolution 2)
3.  To re-elect the following Directors retiring in accordance with Article 101 of the Company's Articles of Association:-
  - (a) Yap Jek Nan (Resolution 3)
  - (b) Sharifuddin bin Shoib  (Resolution 4)
4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"That pursuant to Section 129(6) of the Companies Act, 1965 Y. Bhg. Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)
5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"That pursuant to Section 129(6) of the Companies Act, 1965 Mr. Poh Chee Meng @ Fook Fatt be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 6)
6. To appoint Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)
7. To transact any other ordinary business of the Company for which due notice has been given.

By order of the Board

**CHAN CHEE KHEONG**  
**WONG MEE KAM @**  
**WONG MEI CHIN**

Secretaries

Ipoh  
4 April 2000

### NOTES:

*A Member of the Company entitled to attend and vote at the abovementioned Meeting may appoint a Proxy to attend and vote in his stead. A Proxy need not be member of the company. The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 87-B, Jalan Clarke 30300 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

## CORPORATE INFORMATION

### Directors

Y. Bhg. Dato' Mohamed bin Hamzah  
(Chairman)

Ping Kok Koh  
(Managing Director)

Voon Chong Kian  
(Executive Director)

Y. Bhg. Tan Sri Dato' Haji Ahmad Azizuddin  
bin Haji Zainal Abidin

Teng Cheng Bon @ Teng Kim Tee

Yap Jek Nan

Poh Chee Meng @ Fook Fatt

Sharifuddin bin Shoib

Khoo Thiam Chye  
(Alternate to Voon Chong Kian)

### Secretaries

Chan Chee Kheong, MAICSA 0810287  
Wong Mee Kam @ Wong Mei Chin, LS 01045

### Auditors

Kassim Chan & Co.  
Public Accountants

### Principal Bankers

HSBC Bank Malaysia Bhd  
RHB Bank Berhad  
Malayan Banking Berhad

### Registered Office

87B, Jalan Clarke, 30300 Ipoh,  
Perak Darul Ridzuan  
Tel: 05-241 8787

### Registrars

PFA Registration Services Sdn Bhd  
1301, Level 13, Uptown 1  
No. 1, Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

### Stock Exchange Listing

Kuala Lumpur Stock Exchange (Second Board)

### Homepage

[www.rubberex.com.my](http://www.rubberex.com.my)



annual R e p o r t 1 9 9 9



New Industrial Glove Factory



RUBBEREX CORPORATION (M) BERHAD



Chemical Resistant Glove

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Food Processors Glove



Rubberex own brand General Purpose and Industrial gloves is available in supermarkets, hypermarkets and drugstores in more than 100 countries worldwide.

## CHAIRMAN'S STATEMENT

It gives me great pleasure on behalf of the Board to present the Annual Report of the Company for the financial year ended 31 December 1999.

The performance of the Group for the year under review is indeed commendable. Given the relative stability of the foreign exchange market after the pegging of the Ringgit to the US Dollar at 3.80, customers worldwide representing over 95% of the Group's business had shown greater commitment in their placement of large orders. The positive indicators of the export business during the year also prompted the Group to undertake aggressive marketing efforts to gain greater market share and expand production capacity. Locally, with the low inflation rate, relatively cheap raw material prices and some excess capacity in the support industries, production costs had remained competitive. Consequently amid economic uncertainty the Group has been able to continue to report resilient growth both in revenue and profits for the third successive year since the public listing of the Company in early 1997. More significantly, in two years pretax profits have more than doubled from RM 6.4 million in 1997 to RM 14.4 million in 1999.

### Financial Results

Group turnover for the year increased by 14% from RM 73.9 million in 1998 to RM 84.3 million in 1999. The increase was mainly due to higher unit sales of household and industrial gloves. Plant utilisation throughout the year was high and the market was favourable to absorb the new production capacity.

Group pretax profit also increased by 52% to RM 14.4 million from RM 9.5 million previously. Unit costs continued to decline with higher capacity utilisation. Coupled with the favourable foreign exchange rates, this contributed to the significant increase in the profitability of the Group.

Profit attributable to shareholders was RM 13.4 million compared to RM 8.6 million recorded previously. This improved the Group's earnings per share by 55% to 44.7 sen from 28.8 sen although it should be mentioned that the chargeable income for the year is waived as announced by the Malaysian government.



Orange Heavy duty Industrial glove.

## CHAIRMAN'S STATEMENT

### Dividends

The Board remains committed to the shareholders of the company. In line with the significant improvement in Group earnings the Board has declared in total a tax exempted dividend of 18 sen per share ( 1998 - 15 sen ) for the financial year ended 31 December 1999. The first interim of 8 sen was paid on 15 September 1999 while the second interim dividend of 10 sen was paid on 17 March 2000.

### Profit Guarantee

The Board is pleased to note that the Company and its principal shareholders had delivered with respect to all their obligations pertaining to the Profit Guarantee given pursuant to the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange on 16 April 1997. For the record the pretax profits achieved for the years 1997 - 1999 amounted to RM 31.3 million. This exceeded the guaranteed amount of RM 17.8 million by RM 13.5 million or 75%. With this achievement, all the terms of the existing Profit Guarantee and Stakeholder Agreement are deemed completed and the said Agreement terminated to the satisfaction of all relevant parties.

### Future Prospect

The market for household and industrial rubber gloves continues to be encouraging as evidenced by the strong first quarter sales order for the new financial year. Although prices of raw materials are seen to be increasing with some consequential effect on the Group's performance, the Board believes that being in the consumer and safety market it should be able to absorb some upward adjustment to the prices of the products.

The future growth of the Group lies in its ability to continue to expand its earnings base in the dipped products technology. In this respect, the Board is pleased to report that the expansion programme is continuing with its recent capital investment of RM 15 million through its subsidiary company Diamond Grip (M) Sdn. Bhd.





General Purpose & Industrial gloves

## CHAIRMAN'S STATEMENT

The plant has been successfully commissioned in February 2000 and pre-marketing has commenced with encouraging feedback. The Board expects demand for the new range of industrial gloves which are used by various industries to gradually increase to complement the existing range of products. With this current and future expansion plans, the Group is well positioned and poised for further growth.

### Corporate Proposals

On 2 February 2000, the Board announced a proposed bonus issue of up to 13.2 million new ordinary shares of RM 1.00 each on the basis of 2 new ordinary shares for every 5 existing ordinary shares of RM 1.00 each held in the Company. The proposed increase in the share capital of the Company from RM 30 million to up to RM 43.2 million would better reflect the Group's existing operations and assets.

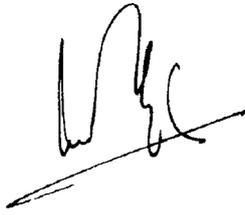
The Company also announced a proposed issue of RM 25 million nominal value of 5% redeemable Bonds 2000/2005 with up to 13.2 million detachable Warrants on a 'bought deal' basis to a primary subscriber. The primary subscriber will make an offer for sale the said Warrants to the shareholders of the Company on the basis of 2 Warrants for every 5 existing ordinary shares held at a date and at an offer price to be determined. The proposed Bonds issue would immediately raise funds from cheaper sources to finance the Group's new capital expansion plans. At the same time, the Warrants issue exercisable over 5 years would be used to repay the Bonds and not cause immediate dilution to its earnings per share. This expansion should eventually extend its existing range of products and increase production capacity further thereby making the Group a leading and major household and industrial glove producer and player in the world.

Applications have been made to the relevant authorities for their approvals and appropriate announcements will be made in due course on the outcome.

### Appreciation and Acknowledgement

On behalf of the Board, I wish to express our appreciation to the management and staff of the Group for their hard work and dedication. Our thanks also go towards the Malaysian government, the relevant authorities, our customers, shareholders, bankers, advisors and business associates for their valued support and assistance.

I would also like to thank my fellow directors on the Board for their appreciated contribution to the Group.



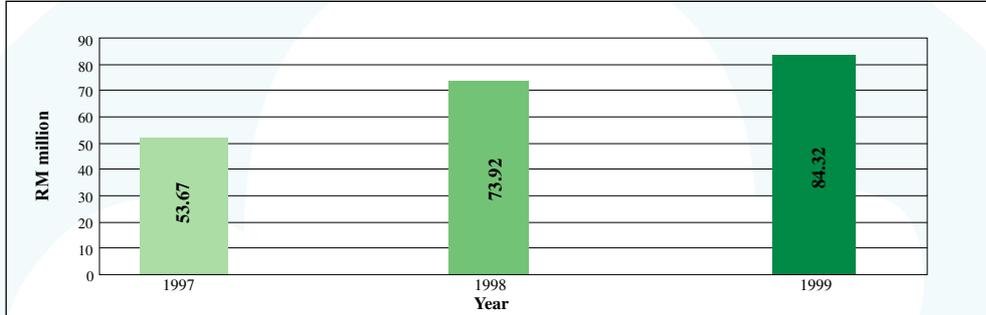
Dato' Mohamed Bin Hamzah  
Chairman



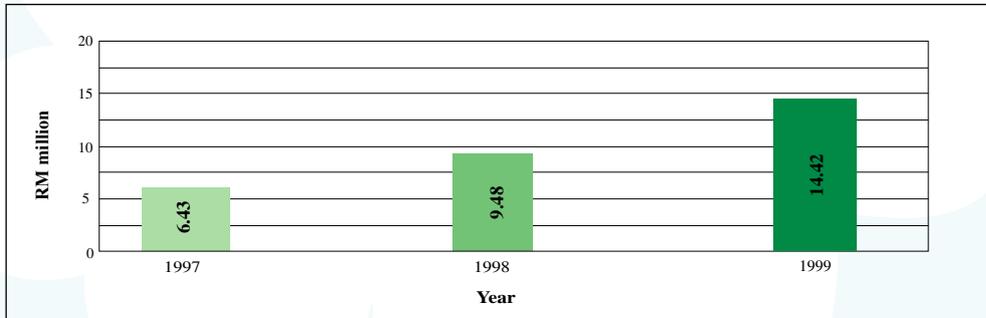


## FINANCIAL HIGHLIGHTS

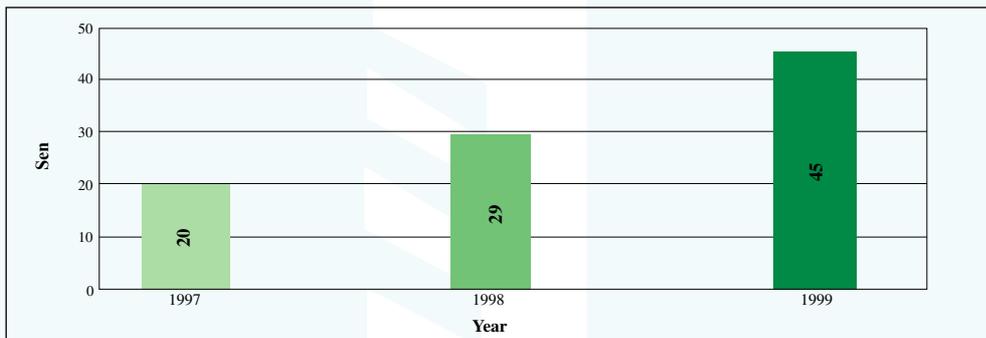
### SALES



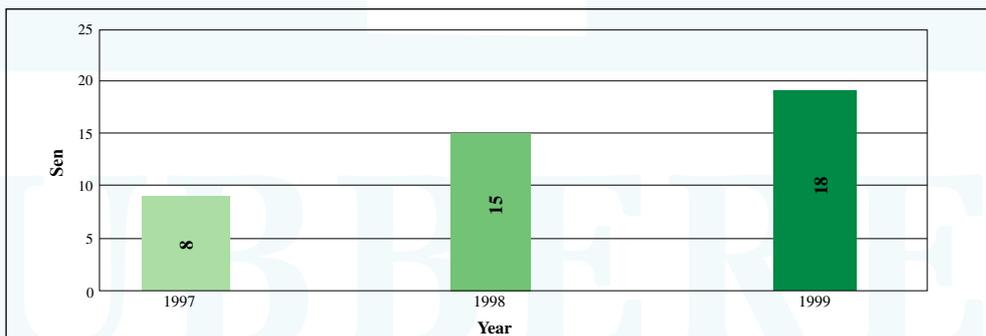
### PROFIT BEFORE TAXATION



### EARNINGS PER SHARE



### DIVIDEND PER SHARE (TAX-EXEMPT)



# TERMS OF REFERENCE OF THE AUDIT COMMITTEE

## MEMBERS OF THE AUDIT COMMITTEE

Dato' Mohamed bin Hamzah  -  Chairman, Independent Non-Executive Director  
Mr Ping Kok Koh  -  Managing Director  
Mr Yap Jek Nan  -  Independent Non-Executive Director

## COMPOSITION OF AUDIT COMMITTEE

The Committee shall be appointed by the Board of Directors from amongst their members and shall consist of not less than 3 members, of whom a majority shall not be executive directors of the Company or any related corporation.

The members of the Committee shall elect a Chairman from among their members who is not an executive director or employee of the Company or any related corporation.

## MEETINGS OF THE AUDIT COMMITTEE

- Meetings shall be held not less than two times a year. The external auditor may request a  meeting if he considers that one is necessary.
- The quorum necessary for the transaction of the business of the Committee shall be two.
- The Committee is authorised by the Board to investigate any activity within its terms of  reference. It is authorised to seek any information it requires from any employee and all  employees are directed to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain outside legal or other independent  professional advice and to secure the attendance of outsiders with relevant experience and  expertise if it considers this necessary.
- The Committee may regulate its own procedure and in particular the calling of meetings, the  notice to be given of such meetings, the voting and proceedings thereof, the keeping of  minutes and the custody, production and inspection of such minutes.
- The company secretary shall be the secretary of the Committee.

## FUNCTIONS OF THE AUDIT COMMITTEE

The functions of the Audit Committee shall be as follows:-

- to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal.
- to discuss with the external auditor before the audit commences, the nature and scope of the  audit.
- to review the quarterly and annual financial statements before submission to the Board.
- to review with the external auditor, his evaluation of the system of internal controls, and in  particular, review the external auditors' management letter and management's response.
- to review reports of the Internal Auditor on financial and management control as well as to  request internal audit to look into specific areas as and when required.
- to perform other functions as may be agreed to by the Committee and the Board.
- to perform any other work that is required or empowered to do by statutory legislation or  guidelines as prepared by relevant Government authorities.

## STATEMENT OF SHAREHOLDINGS

as at 6 March 2000

Size of Shareholding as at 6 March 2000	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 1,000	1,484	60.30□	1,473,743	4.87□
1,001 - 5,000	750	30.48□	2,193,931	7.25□
5,001 - 10,000	103□	4.19□	841,207□	2.78□
10,001 - 100,000	99□	4.02□	2,703,815□	8.93□
100,001 - 1,000,000	19□	0.77□	5,290,294□	17.48□
1,000,001 and above	6	0.24□	17,763,010	58.69□
				□
<b>TOTAL</b>	<b><u>2,461</u></b>	<b><u>100.00</u></b>	<b><u>30,266,000</u></b>	<b><u>100.00</u></b>

### LIST OF TOP 20 SHAREHOLDERS

NAME	SHARES HELD	%
Duvest Holdings Sdn. Bhd.	4,915,501	16.24
HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Endiri Sendirian Berhad	3,276,451	10.83
Endiri Sendirian Berhad	3,097,977	10.24
Teng Cheng Bon @ Teng Kim Tee	2,954,817	9.76□
Aun Huat & Brothers Sdn. Bhd.	2,268,264	7.49□
Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Aun Huat & Brothers Sdn. Bhd.	1,250,000	4.13□
Koh Boon Chor	769,346	2.54□
Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier : Pledged Securities Account For Aun Huat & Brothers Sdn. Bhd.	600,000	1.98
Sharifuddin bin Shoib	594,283	1.96□
Kon Choi Ying	467,849	1.55□
Ping Kok Koh	403,326	1.33□
Hock Hua Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Khoo Thiam Chye	350,000	1.16□
PRT Capital Pte Ltd	306,000	1.01□
Botly Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Koon Yew Yin	253,000	0.84□
HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Koon Yew Yin	223,000	0.74
Multi-Purpose Bank Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Tayaju Trading Sdn. Bhd.	200,000	0.66□
Wong Kit Peng	173,554	0.57□
Yap Lim Sen	150,000	0.50□
Dato' Mohamed bin Hamzah	120,936	0.40□
HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Tan Kit Pheng	118,000	0.39□
	<b><u>22,492,304</u></b>	<b><u>74.32</u></b>

## STATEMENT OF SHAREHOLDINGS *(continued)*

as at 6 March 2000

### Substantial Shareholders

	No. of shares		Total	%
	Direct	Indirect		
Teng Cheng Bon @ Teng Kim Tee	2,998,817	4,915,501 *	7,914,318	26.15 □
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	18,000	6,374,428 ~	6,392,428	21.12 □
Endiri Sendirian Berhad	3,097,977	3,276,451 =	6,374,428	21.06 □
Ping Kok Koh	402,326	5,527,350	5,929,676	19.59 □
Sharifuddin bin Shoib	594,283	4,915,501 *	5,509,784	18.20 □
Duvest Holdings Sdn. Bhd.	4,915,501	-	4,915,501	16.24 □
Poh Chee Meng @ Fook Fatt	38,000	4,158,264 ++	4,196,264	13.86 □
Aun Huat & Brothers Sdn. Bhd.	2,308,264	1,850,000 +	4,158,264	13.74 □
P & F Holdings Sdn. Bhd.	30,000	4,158,264 ++	4,188,264	13.84 □
Poh Cheong Meng & Sons Holdings Sdn. Bhd.	- □	4,158,264 ++	4,158,264	13.74 □
Puan Sri Datin Asmah bt. Mohd Saleh	-	6,374,428 ~	6,374,428	21.06 □
Koh Boon Chor	769,346	-	769,346	2.54 □
Malaysia Nominees (Tempatan) Sdn. Bhd.	619,000	-	619,000	2.04 □
HSBC Nominees (Tempatan) Sdn. Bhd.	3,702,451	-	3,702,451 □	12.23 □
Mayban Nominees (Tempatan) Sdn. Bhd.	1,253,000	-	1,253,000 □	4.14 □

\* Deemed interest through Duvest Holdings Sdn. Bhd.

|| Deemed interest through Duvest Holdings Sdn. Bhd., Alliedban Nominees (Tempatan) Sdn. Bhd. and Kon Choi Ying

= Held by HSBC Nominees (Tempatan) Sdn. Bhd.

~ Held directly and indirectly by Endiri Sendirian Berhad

+ Held by Mayban Nominees (Tempatan) Sdn. Bhd. and Malaysia Nominees (Tempatan) Sdn. Bhd.

++ Held directly and indirectly by Aun Huat & Brothers Sdn. Bhd.

## Directors' Interests

as at 21 January 2000

	No. of shares held	
	Direct	Indirect
Dato' Mohamed bin Hamzah	120,936	-
Ping Kok Koh	402,326	5,527,350
Voon Chong Kian	40	-
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	18,000	6,374,428
Teng Cheng Bon @ Teng Kim Tee	2,998,817	4,915,501
Yap Jek Nan	1,000	-
Poh Chee Meng @ Fook Fatt	38,000	4,158,264
Sharifuddin bin Shoib	594,283	4,915,501
Khoo Thiam Chye	40,096	350,000

# RUBBEREX

# *financial statements*



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## DIRECTORS' REPORT

for the year ended 31 December 1999

The directors of **RUBBEREX CORPORATION (M) BERHAD** have pleasure in submitting their report and the audited accounts of the Company and of the Group for the financial year ended 31 December 1999.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed under Note 6 to the Accounts.

There have been no significant changes in the nature of the activities of the Company and of the Group during the financial year.

### RESULTS OF OPERATIONS

The results of operations of the Company and of the Group for the financial year are as follows:

	<b>Company RM</b>	<b>Group RM</b>
Net profit	4,833,652	13,417,569
Unappropriated profit at beginning of year	679,852	18,695,008
Profit available for appropriation	5,513,504	32,112,577
Dividends	(5,402,300)	(5,402,300)
Unappropriated profit at end of year	111,204	26,710,277

In the opinion of the directors, the results of operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## **DIRECTORS' REPORT** *(continued)*

*for the year ended 31 December 1999*

### **DIVIDENDS**

A second interim dividend of 10%, tax-exempt, amounting to RM3,000,000 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

A first interim dividend of 8%, tax-exempt, amounting to RM2,400,000 was paid in respect of the current financial year. The directors proposed a second interim dividend of 10%, tax-exempt, amounting to RM3,002,300 in respect of the current financial year.

No final dividend is proposed in respect of the current financial year.

### **RESERVES AND PROVISIONS**

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

### **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the issued and paid-up share capital of the Company was increased from RM30,000,000 to RM30,023,000 through the issue of 23,000 new ordinary shares of RM1 each pursuant to the exercise of options granted under the Executive Share Option Scheme (ESOS) at an option price of RM2.30 per share. The new shares rank *pari passu* in all respects with the existing ordinary shares of the Company in issue.

The Company has not issued any debentures during the financial year.

### **EXECUTIVE SHARE OPTION SCHEME**

On 30 December 1998, the shareholders of the Company approved an Executive Share Option Scheme (ESOS) for the benefit of eligible executive employees including executive directors of the Company and its subsidiary companies. The salient features of the ESOS are as follows:

- (a)  The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee  appointed by the Board of Directors;
- (b)  The total number of shares to be offered under the ESOS shall not exceed 10% of the issued  share capital of the Company at any point of time during the existence of the ESOS;

## DIRECTORS' REPORT *(continued)*

for the year ended 31 December 1999

- (c) The ESOS shall be in force for a period of five (5) years from 30 March 1999 to 29 March 2004;
- (d) The option price for each share shall be the average of the mean market quotation of the share of the Company as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the date of offer or the mean market quotation on the market day immediately preceding the date of offer or at the par value of the shares, whichever is the higher; and
- (e) No option shall be granted for less than 1,000 shares nor more than 279,000 shares to any eligible employee.

The movements in the options to take up unissued ordinary shares of RM1 each at an option price of RM2.30 each are as follows:

	<u>Number</u>
As at 1 January 1999	2,823,000
Exercised during the financial year	(23,000)
As at 31 December 1999	<u><u>2,800,000</u></u>

### OTHER FINANCIAL INFORMATION

Before the profit and loss accounts and balance sheets of the Company and of the Group were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent; or

## **DIRECTORS' REPORT** *(continued)*

*for the year ended 31 December 1999*

- (b) which would render the values attributed to current assets in the accounts of the Company and of the Group misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate; or
- (d) not otherwise dealt with in this report or accounts which would render any amount stated in the accounts of the Company and of the Group misleading.

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

- (a) any charge on the assets of the Company and of the Group which has arisen since the end of the financial year which secures the liability of any other person; and
- (b) any contingent liability of the Company and of the Group which has arisen since the end of the financial year.

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

In the opinion of the directors, 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 operations of the Company for the financial year in which this report is made.

### **DIRECTORS**

The following directors served on the Board of the Company since the date of the last report:

Dato' Mohamed bin Hamzah  
Ping Kok Koh  
Voon Chong Kian  
Teng Cheng Bon @ Teng Kim Tee  
Sharifuddin bin Shoib  
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin  
Poh Chee Meng @ Fook Fatt  
Yap Jek Nan  
Poh Chee Hua (Alternate to Poh Chee Meng; resigned on 30.7.1999)  
Khoo Thiam Chye (Alternate to Voon Chong Kian)

## DIRECTORS' REPORT *(continued)*

for the year ended 31 December 1999

### DIRECTORS' INTERESTS

The shareholdings in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of Shares of RM1 each			Balance at 31.12.1999
	Balance at 1.1.1999	Bought	Sold	
<b>Shares in the Company</b>				
Registered in name of director				
Teng Cheng Bon @ Teng Kim Tee	2,945,334	97,483	44,000	2,998,817
Sharifuddin bin Shoib	594,283	-	-	594,283
Ping Kok Koh	402,326	-	-	402,326
Dato' Mohamed bin Hamzah	120,936	-	-	120,936
Khoo Thiam Chye	40,096	-	-	40,096
Poh Chee Meng @ Fook Fatt	38,000	-	-	38,000
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	18,000	-	-	18,000
Yap Jek Nan	3,000	1,000	3,000	1,000
Voon Chong Kian	40	-	-	40
Deemed interest				
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	6,374,428	-	-	6,374,428
Ping Kok Koh	5,491,350	36,000	-	5,527,350
Teng Cheng Bon @ Teng Kim Tee	4,915,501	-	-	4,915,501
Sharifuddin bin Shoib	4,915,501	-	-	4,915,501
Poh Chee Meng @ Fook Fatt	4,158,264	-	-	4,158,264
Khoo Thiam Chye	350,000	-	-	350,000

### No. of Ordinary Shares under Options

	No. of Ordinary Shares under Options		Balance at 31.12.1999
	Balance at 1.1.1999	Granted Exercised	
Ping Kok Koh	-	279,000	279,000
Voon Chong Kian	-	279,000	279,000
Khoo Thiam Chye	-	207,000	207,000

## **DIRECTORS' REPORT** *(continued)*

*for the year ended 31 December 1999*

In addition, by virtue of Messrs. Ping Kok Koh, Teng Cheng Bon @ Teng Kim Tee, Sharifuddin bin Shoib and Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin each having an interest of more than 15% in the shares in the Company, they are also deemed to have an interest in the issued shares of all the subsidiary companies during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the accounts) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **AUDITORS**

The auditors, Messrs. Kassim Chan & Co., have indicated their willingness to continue in office.

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

**PING KOK KOH**

**VOON CHONG KIAN**

Ipoh, 1 Feb 2000

## REPORT OF THE AUDITORS

We have audited the accompanying balance sheets as of 31 December 1999, the related profit and loss accounts and consolidated cash flow statement, together with the notes thereto for the year then ended. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as of 31 December 1999 and of the results of the Company and of the Group and the cash flows of the Group for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the accounts and consolidated accounts; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the accounts of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

The accounts of the preceding year were examined by other auditors and are presented merely for comparative purposes.

**KASSIM CHAN & CO.**  
**AF 0080**  
**Public Accountants**

**GREGORY WONG GUANG SENG**  
**787/3/01(J/PH)**  
**Partner**  
**Ipoh, 1 Feb 2000**

## BALANCE SHEETS

as at 31 December 1999

	Note	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
FIXED ASSETS	4	49,468,689	42,883,982	-	-
EXPENDITURE CARRIED FORWARD	5	58,866	-	-	-
SUBSIDIARY COMPANIES	6	-	-	41,653,430	41,453,300
CURRENT ASSETS					
Stocks	7	11,094,368	11,594,553	-	-
Trade debtors		15,523,129	11,973,661	-	-
Other debtors, deposits and prepayments		487,643	390,516	-	715
Fixed deposit with a licensed bank		-	750,000	-	750,000
Cash on hand and at banks		284,254	544,904	114,544	40,748
		27,389,394	25,253,634	114,544	791,463
CURRENT LIABILITIES					
Trade creditors		3,999,489	4,556,830	-	-
Other creditors and accrued expenses		7,222,920	7,103,762	126,667	90,008
Bank overdrafts	8	1,472,709	2,074,340	-	-
Provision for taxation		-	451,322	-	-
Dividends payable		3,002,300	3,000,000	3,002,300	3,000,000
		15,697,418	17,186,254	3,128,967	3,090,008
NET CURRENT ASSETS/ (LIABILITIES)		11,691,976	8,067,380	(3,014,423)	(2,298,545)
		61,219,531	50,951,362	38,639,007	39,154,755

(Forward)

## BALANCE SHEETS *(continued)*

as at 31 December 1999

□

	Note	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
DEFERRED TAXATION		(1,566,000)	(566,000)	-	-
NET ASSETS EMPLOYED		<u>59,653,531</u>	<u>50,385,362</u>	<u>38,639,007</u>	<u>39,154,755</u>
Represented by:					
SHARE CAPITAL	9	30,023,000	30,000,000	30,023,000	30,000,000
RESERVES	10	<u>28,430,531</u>	<u>20,385,362</u>	<u>8,616,007</u>	<u>9,154,755</u>
Total Shareholders' Equity		58,453,531	50,385,362	38,639,007	39,154,755
MINORITY INTEREST		<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL EMPLOYED		<u>59,653,531</u>	<u>50,385,362</u>	<u>38,639,007</u>	<u>39,154,755</u>

The accompanying Notes form an integral part of the Accounts.

# BBEREX

## PROFIT AND LOSS ACCOUNTS

for the year ended 31 December 1999

	Note	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
TURNOVER	3	84,317,802	73,921,706	4,995,870	4,887,500
COST OF GOODS SOLD		62,474,092	58,280,073	-	-
PROFIT BEFORE TAXATION	11	14,421,878	9,483,199	4,833,652	4,775,693
PROVISION FOR TAXATION	12	(1,004,309)	(849,782)	-	715
NET PROFIT		13,417,569	8,633,417	4,833,652	4,776,408
Unappropriated profit at beginning of year		18,695,008	14,561,591	679,852	403,444
PROFIT AVAILABLE FOR APPROPRIATION		32,112,577	23,195,008	5,513,504	5,179,852
DIVIDENDS	13	(5,402,300)	(4,500,000)	(5,402,300)	(4,500,000)
UNAPPROPRIATED PROFIT AT END OF YEAR		26,710,277	18,695,008	111,204	679,852
Retained by:					
The Company		111,204	679,852		
Subsidiary companies		26,599,073	18,015,156		
		26,710,277	18,695,008		
EARNINGS PER SHARE (net)	14				
Basic		44.7 sen	28.8 sen		
Diluted		43.9 sen	-		

The accompanying Notes form an integral part of the Accounts.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1999

	1999 RM	1998 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,421,878	9,483,199
Adjustment for :		
Depreciation of fixed assets	6,413,080	6,139,428
Formers written off	369,360	399,976
Interest expense	73,106	507,160
Interest income	(26,817)	-
Gain on disposal of fixed assets	(16,832)	-
Operating Profit Before Working Capital Changes	21,233,775	16,529,763
Decrease/(Increase) in stocks	500,185	(973,045)
Decrease/(Increase) in trade and other receivables	(3,617,917)	(1,719,870)
Increase/(Decrease) in trade and other payables	(438,183)	4,656,062
Cash Generated From Operations	17,677,860	18,492,910
Interest received	26,817	-
Income tax paid	(484,309)	(493,175)
Interest paid	(73,106)	(507,160)
Additions to expenditure carried forward	(58,866)	-
Net Cash From/(Used In) Operating Activities	17,088,396	17,492,575
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of fixed assets	357,965	-
Purchase of fixed assets	(13,708,280)	(11,990,819)
Net Cash From/(Used In) Investing Activities	(13,350,315)	(11,990,819)

(Forward)

## CONSOLIDATED CASH FLOW STATEMENT *(continued)*

for the year ended 31 December 1999

	1999 RM	1998 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares to minority interest	1,200,000	-
Proceeds from issuance of shares	52,900	-
Dividends paid	(5,400,000)	(2,700,000)
Net Cash From/(Used In) Financing Activities	(4,147,100)	(2,700,000)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(409,019)	2,801,756
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	(779,436)	(3,581,192)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	□ (1,188,455)	(779,436)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:		
Fixed deposit with a licensed bank □	-	750,000
Cash on hand and at banks	284,254	544,904
Bank overdrafts	(1,472,709)	(2,074,340)
Cash and cash equivalents	□ (1,188,455)	(779,436)
<b>ANALYSIS OF ACQUISITION OF A SUBSIDIARY COMPANY</b>		
Cash on hand	2	-
Cost of investment	2	-
Less: Cash and cash equivalents of a subsidiary company acquired	(2)	-
Net of cash and cash equivalents acquired	-	-

The accompanying Notes form an integral part of the Accounts.

## NOTES TO THE ACCOUNTS

*for the year ended 31 December 1999*

### 1. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed under Note 6 to the Accounts.

There have been no significant changes in the nature of the activities of the Company and of the Group during the financial year.

### 2. BASIS OF PREPARATION OF ACCOUNTS

The accounts of the Company and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

### 3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous year.

#### **Basis of Accounting**

The accounts of the Company and of the Group have been prepared under the historical cost convention modified to include the revaluation of freehold land and factory buildings.

#### **Basis of Consolidation**

The consolidated accounts include the audited accounts of the Company and all its subsidiary companies made up to the end of the financial year.

All significant intercompany accounts and transactions are eliminated on consolidation.

## NOTES TO THE ACCOUNTS *(continued)*

*for the year ended 31 December 1999*

The Company adopts both the acquisition and merger methods of consolidation.

- (i) When the acquisition method is adopted, the excess of the purchase consideration over the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated accounts as goodwill on consolidation. The goodwill on consolidation is written off against reserves in the year of acquisition. The results of the subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal.
- (ii) Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves or deficits in the Group accounts in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies in the year of merger are presented as if the merger had been effected throughout the financial year.

The accounts of the subsidiary companies are consolidated under the merger method except for the accounts of Diamond Grip (M) Sdn. Bhd. which is consolidated under the acquisition method.

### Depreciation of Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Freehold land is not depreciated.

Depreciation of other fixed assets is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Factory buildings	5%
Plant and machinery	10% - 25%
Factory and office equipment, furniture and fittings	10% - 25%
Motor vehicles	20%

The fixed assets of a subsidiary company have not been depreciated as it has not commenced business operations.

## **NOTES TO THE ACCOUNTS** *(continued)*

*for the year ended 31 December 1999*

### **Expenditure Carried Forward**

Expenditure carried forward of the Group consists of preliminary and pre-operating expenses of a subsidiary company stated at cost and which will be amortised upon commencement of business operations.

### **Subsidiary Companies**

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's accounts.

### **Stocks**

Stocks of finished goods are valued at the lower of cost and net realisable value whilst stocks of raw materials, chemicals and packing materials are valued at cost. Cost is determined principally on the "Weighted Average" method.

The cost of finished goods and work-in-progress and contract work-in-progress consists of the cost of raw materials, direct labour and appropriate allocation of factory overheads. The cost of raw materials, chemicals and packing materials comprises the original purchase price plus cost of bringing these stocks to location.

### **Debtors**

Known bad debts are written off whilst provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain debtor accounts.

### **Turnover**

Turnover of the Company represents dividend income. Turnover of the Group represents sales of household and industrial rubber gloves at gross invoiced values net of sales returns.

### **Deferred Taxation**

Provision is made using the liability method for taxation deferred by capital allowances and other timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Timing differences giving rise to deferred tax benefits are generally not recognised.

### **Foreign Currency Conversion**

The Group uses forward foreign exchange contracts to hedge anticipated future inflow of foreign currencies arising from export sales. Gains or losses on forward foreign exchange contracts are taken to profit and loss account as and when the commitments are fulfilled.

## **NOTES TO THE ACCOUNTS** *(continued)*

*for the year ended 31 December 1999*

Other foreign currency assets and liabilities are translated to Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Profit and loss items, other than export sales denominated in foreign currencies, are converted at rates ruling on the translation dates. Any gains or losses on these currency exchange transactions are included in the profit and loss account.

### **Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 1999

### 4. FIXED ASSETS

Group  
1999

	Cost				Net book value
	At beginning of year	Additions	Disposal/Write off	At end of year	
	RM	RM	RM	RM	
At valuation:					
Freehold land	3,476,879	-	-	3,476,879	
Factory buildings	7,796,470	2,306,481	-	10,102,951	
At cost:					
Long-term leasehold land	-	1,394,452	-	1,394,452	
Plant and machinery	47,666,454	9,196,194	(369,360)	56,493,288	
Factory and office equipment, furniture and fittings	4,642,335	763,120	-	5,405,455	
Motor vehicles	861,880	48,033	(561,509)	348,404	
<b>Total</b>	<b>64,444,018</b>	<b>13,708,280</b>	<b>(930,869)</b>	<b>77,221,429</b>	
	Accumulated depreciation				Net book value
At beginning of year	Charge for the year	Disposal	At end of year		
RM	RM	RM	RM		
At valuation:					
Freehold land	-	-	-	-	3,476,879
Factory buildings	1,130,916	403,122	-	1,534,038	8,568,913
At cost:					
Long-term leasehold land	-	-	-	-	1,394,452
Plant and machinery	16,875,383	5,235,482	-	22,110,865	34,382,423
Factory and office equipment, furniture and fittings	3,083,791	727,739	-	3,811,530	1,593,925
Motor vehicles	469,946	46,737	(220,376)	296,307	52,097
<b>Total</b>	<b>21,560,036</b>	<b>6,413,080</b>	<b>(220,376)</b>	<b>27,752,740</b>	<b>49,468,689</b>

**NOTES TO THE ACCOUNTS** *(continued)**for the year ended 31 December 1999***Group  
1998**

	<b>Cost</b>		<b>Disposal RM</b>	<b>At end of year RM</b>	
	<b>At beginning of year RM</b>	<b>Additions/ transfer RM</b>			
At valuation:					
Freehold land	3,476,879	-	-	3,476,879	
Factory buildings	7,647,061	149,409	-	7,796,470	
At cost:					
Plant and machinery	36,264,865	11,801,565	(399,976)	47,666,454	
Factory and office equipment, furniture and fittings	4,038,887	603,448	-	4,642,335	
Motor vehicles	861,880	-	-	861,880	
Capital work-in-progress	563,603	9,411,225	(9,974,828)	-	
<b>Total</b>	<b>52,853,175</b>	<b>21,965,647</b>	<b>(10,374,804)</b>	<b>64,444,018</b>	
	<b>Accumulated depreciation</b>				
	<b>At beginning of year RM</b>	<b>Charge for the year RM</b>	<b>Disposal RM</b>	<b>At end of year RM</b>	<b>Net book value RM</b>
At valuation:					
Freehold land	-	-	-	-	3,476,879
Factory buildings	734,587	396,329	-	1,130,916	6,665,554
At cost:					
Plant and machinery	12,156,317	4,719,066	-	16,875,383	30,791,071
Factory and office equipment, furniture and fittings	2,268,533	815,258	-	3,083,791	1,558,544
Motor vehicles	261,171	208,775	-	469,946	391,934
<b>Total</b>	<b>15,420,608</b>	<b>6,139,428</b>	<b>-</b>	<b>21,560,036</b>	<b>42,883,982</b>

# RUBBEREX

## NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 1999

The freehold land and factory buildings of two of the subsidiary companies were revalued by the directors in 1996 based on opinion of values expressed by a firm of external professional valuers using the "Open Market Value" basis.

The Group intends to hold the revalued assets for long-term and has no intention of disposing them in the foreseeable future. Accordingly, any related tax effects on the revaluations are not expected to materialise.

The historical cost of land and buildings of two of the subsidiary companies which were revalued are as follows:

	<b>Group</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
Cost	4,626,284	4,626,284
Accumulated depreciation	(1,604,589)	(1,394,920)
Net book value at end of year	<u>3,021,695</u>	<u>3,231,364</u>

### 5. EXPENDITURE CARRIED FORWARD

	<b>Group</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
At cost:		
Preliminary expenses	17,755	-
Pre-operating expenses	41,111	-
Total	<u>58,866</u>	<u>-</u>

Current charges to pre-operating expenses include audit fee of RM1,000 which has been deferred.

### 6. SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
Unquoted shares, at cost	22,553,102	17,753,102
Amount owing by subsidiary companies	19,100,328	23,700,198
Total	<u>41,653,430</u>	<u>41,453,300</u>

## **NOTES TO THE ACCOUNTS** *(continued)*

*for the year ended 31 December 1999*

The subsidiary companies, all of which were incorporated in Malaysia, are as follows:

<u>Name of Company</u>	<b>Effective Percentage of Ownership</b>		<u>Principal Activities</u>
	<u>1999</u>	<u>1998</u>	
Rubberex (M) Sdn. Berhad	100%	100%	Manufacturing and sales of household and industrial rubber gloves.
Filrex (Malaysia) Sdn. Bhd.	100%	100%	Manufacturing and sales of industrial rubber gloves.
Diamond Grip (M) Sdn. Bhd.	80%	-	Pre-operating.

The amount owing by subsidiary companies arose mainly out of normal trade transactions and unsecured advances which are interest-free and have no fixed repayment terms.

### **7. STOCKS**

	<b>Group</b>	
	<u>1999 RM</u>	<u>1998 RM</u>
Finished goods	5,226,712	7,461,461
Raw materials	4,862,631	3,491,456
Consumable stores	1,005,025	641,636
	<u>11,094,368</u>	<u>11,594,553</u>

### **8. BANK OVERDRAFTS**

The bank overdrafts and other credit facilities of the Group except for a subsidiary company, Diamond Grip (M) Sdn. Bhd. which are secured by debentures incorporating fixed and floating charges over its assets, are unsecured and bear interest rates ranging from 0.50% to 1.00% (0.50% to 1.00% in 1998) per annum above the base lending rates of the lending banks during the financial year.

## NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 1999

### 9. SHARE CAPITAL

	Group and Company	
	1999 RM	1998 RM
Ordinary shares of RM1 each: Authorised	40,000,000	40,000,000
Issued and fully paid:		
At beginning of year	30,000,000	30,000,000
Issued under ESOS	23,000	-
At end of year	30,023,000	30,000,000

Pursuant to the exercise of options under the Executive Share Option Scheme (ESOS), the issued and paid-up share capital of the Company was increased from RM30,000,000 to RM30,023,000 through the issue of 23,000 new ordinary shares of RM1 each. The new shares issued rank pari passu in all respects with the then existing shares of the Company.

### 10. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non-distributable:				
Share premium				
At beginning of year	8,474,903	8,474,903	8,474,903	8,474,903
Arising from exercise of ESOS	29,900	-	29,900	-
At end of year	8,504,803	8,474,903	8,504,803	8,474,903
Distributable:				
Unappropriated profit	26,710,277	18,695,008	111,204	679,852
Reserve arising on merger	(6,784,549)	(6,784,549)	-	-
	19,925,728	11,910,459	111,204	679,852
Total	28,430,531	20,385,362	8,616,007	9,154,755

## **NOTES TO THE ACCOUNTS** *(continued)*

*for the year ended 31 December 1999*

- (a) The share premium account is not distributable by way of cash dividends;
- (b) Reserve arising on merger represents the difference between the nominal value of the shares issued as consideration for the acquisition of the subsidiary companies as set out in Note 6 of the accounts and the nominal value of the shares transferred; and
- (c) Subject to agreement with the Inland Revenue Board, the Company has sufficient tax-exempt account and tax credit under Section 108 of the Income Tax Act to frank the payment of dividends out of all its unappropriated profit as at 31 December 1999.

### **11. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at:

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>After charging:</b>				
Depreciation of fixed assets	6,413,080	6,139,428	-	-
Formers written off	369,360	399,976	-	-
<b>Directors' remuneration:</b>				
Directors of the Company:				
Fees	33,000	29,000	33,000	29,000
Other emoluments	914,375	463,990	-	-
Directors of the subsidiary companies:				
Other emoluments	600,893	146,018	-	-
Rental of warehouses and premises	144,356	160,359	-	-
<b>Audit fee:</b>				
Current	47,000	47,000	5,000	5,000
(Over)/ Under provision in previous year	-	(12,000)	-	1,000
<b>Interest on:</b>				
Bank overdrafts	25,674	71,344	-	-
Other borrowings	47,432	435,816	-	-

(Forward)

## NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 1999

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
And crediting:				
Gain on foreign exchange	70,146	-	-	-
Interest on fixed deposit	26,817	-	26,817	-
Gain on disposal of fixed assets	16,832	-	-	-
Rental received	-	15,000	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 12. PROVISION FOR TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Current estimated tax payable	-	480,000	-	-
Transfer to/(from) deferred taxation	1,000,000	(42,000)	-	-
	<u>1,000,000</u>	<u>438,000</u>	<u>-</u>	<u>-</u>
Under/(Over) provision in prior year	4,309	411,782	-	(715)
Net	<u>1,004,309</u>	<u>849,782</u>	<u>-</u>	<u>(715)</u>

In accordance with the 1999 Budget, tax on chargeable income for Year of Assessment 2000 is waived. Consequently, no provision for income tax has been made in the accounts of the Group and of the Company in 1999.

The provision for taxation of the Group in the previous year reflects an effective rate which is lower than the statutory tax rate mainly due to availability of reinvestment allowance claimed by a subsidiary company to set-off against the income that would otherwise have been subjected to tax. The resulting tax benefits arising from such set-off amounted to approximately RM 1,125,000.

# RUBBEREX

## **NOTES TO THE ACCOUNTS** *(continued)*

*for the year ended 31 December 1999*

The effective tax rate of the Company is lower than the statutory tax rate in the previous year due to tax-exempt dividend income received.

A subsidiary company, Filrex (Malaysia) Sdn. Bhd. has been granted pioneer status under the Promotion of Investments Act, 1986, which exempts its profits from the sales of industrial rubber gloves from Malaysian income tax for a period of 5 years commencing 1 February 1995 to 31 January 2000.

### **13. DIVIDENDS**

	<b>Group and Company</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>
Interim dividends:		
First - 8% (5%), tax-exempt	2,400,000	1,500,000
Second - 10% (10%), tax-exempt	3,002,300	3,000,000
Total	5,402,300	4,500,000

### **14. EARNINGS PER SHARE**

Earnings per ordinary share is calculated by dividing the Group's profit after taxation of RM13,417,569 (RM8,633,417 in 1998) by the weighted average number of shares in issue of 30,011,334 (number of shares in issue of 30,000,000 in 1998) during the year.

The fully diluted earnings per share is calculated by dividing the Group's profit after taxation of RM13,417,569 by the weighted average number of shares of 30,590,644 assuming the full exercise of the Executive Share Option Scheme outstanding as at 31 December 1999.

### **15. CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>
Capital expenditure approved and contracted but not provided for	4,008,000	-

### **16. SEGMENTAL ANALYSIS**

There is no segmental reporting presented as the Group is solely involved in the manufacturing and sales of household and industrial rubber gloves.

### **17. COMPARATIVE FIGURES**

Certain comparative figures in the accounts have been reclassified to confirm with current year's presentation.

## LIST OF PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

*as at 31 December 1999*

Location	Tenure	Description of existing use	Land area sq. m	Age(year)/ net book value (RM'000)
Lot 138201, Mukim Hulu Kinta Kawasan Perindustrian Bercham Bercham, Ipoh, Perak	Freehold	Manufacturing, warehouse and office	37,258	5.5/3,477
Lot 218274, Mukim Hulu Kinta Kawasan Perindustrian Bercham Bercham, Ipoh, Perak	Leasehold (60 years)	Manufacturing, warehouse and office	32,382	4.0/1,394

# RUBBEREX

## STATEMENT BY DIRECTORS

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1999 and of the results of their businesses and the cash flows of the Group for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**PING KOK KOH**

**VOON CHONG KIAN**

Ipoh, 1 Feb 2000

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **KHOO CHIN LENG**, the officer primarily responsible for the financial management of **RUBBEREX CORPORATION (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes thereto, are, in my opinion, 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.

Subscribed and solemnly declared by the abovenamed **KHOO CHIN LENG** at IPOH in the State of PERAK DARUL RIDZUAN this 1st day of February, 2000

Before me,  
**ABD RAHIM B. HJ. MAT TAIB, AMN., AMP.**  
(A 010)

COMMISSIONER FOR OATHS



RUBBEREX

**Rubberex Corporation (M) Berhad**

(Company No.: 372642-u)

**Form Of Proxy**

I/We.....  
of.....  
being a Member/Members of the abovenamed Company, hereby appoint.....  
.....  
of.....  
or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at 2nd Floor, Grand View Hotel, 36, Jalan Horley, 30300 Ipoh, Perak on Friday, 21 April 2000 at 10:30 a.m. and at any adjournment thereof in respect of my/our holding of shares in the manner indicated below:-

My/our proxy is to vote as indicated below:

Resolution		For	Against
1.	Adoption of Audited Accounts and Reports for the year ended 31 December 1999 <input type="checkbox"/>		
2.	To approve the payment of Directors' fees <input type="checkbox"/>		
3.	Re-election of Director -Yap Jek Nan		
4.	Re-election of Director <input type="checkbox"/> -Sharifuddin bin Shoib		
5.	Re-appointment of Director -Y.Bhg. Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin		
6.	Re-appointment of Director -Mr. Poh Chee Meng @ Fook Fatt		
7.	To appoint Auditors and to authorise the Directors to fix their remuneration.		
8.	To transact any other ordinary business.		

(Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit)

RUBBEREX

No. of Shares held

.....  
Signature of Shareholder  
or Common Seal

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000

**Notes:**

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote in his stead. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

*Please fold along this line (1)*

**STAMP**

The Company Secretary  
**RUBBEREX CORPORATION ( M) BERHAD**  
87B, Jalan Clarke  
30300 Ipoh  
Perak Darul Ridzuan

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