



Annual Report

Annual Report

2000

2000



RUBBEREX CORPORATION (M) BERHAD

Annual Report **2000**

Diamond Grip (M) Sdn. Bhd.



Rubberex Manufacturing Complex



Diamond Grip (M) Sdn. Bhd. - Industrial Gloves Manufacturing Complex



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:30 a.m. on Friday, 13 April 2001 at Crystal 1, Ground Floor, Casuarina Parkroyal Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan for the following purposes:-

AGENDA

1. To receive and adopt the Audited Accounts for the year ended 31 December 2000 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). Dato' Mohamed Bin Hamzah (Resolution 3)
 - (b). Mr. Voon Chong Kian (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
21 March 2001

NOTES:

A Member of the Company entitled to attend and vote at the above-mentioned Meeting may appoint a Proxy to attend and vote in his stead. A Proxy need not be a 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 <i>(Chairman)</i> Ping Kok Koh <i>(Managing Director)</i> Voon Chong Kian <i>(Executive Director)</i> 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 <i>(Alternate to Voon Chong Kian)</i>
Secretaries	Chan Chee Kheong, MAICSA 0810287 Wong Mee Kam @ Wong Mei Chin, LS 01045
Auditors	Deloitte KassimChan Public Accountants
Principal Bankers	HSBC Bank Malaysia Bhd RHB Bank Berhad Malayan Banking Berhad
Registered Office	87-B, Jalan Clarke, 30300 Ipoh, Perak Darul Ridzuan Tel : 05-241 8787
Registrars	PFA Registration Services Sdn Bhd 87-B, Jalan Clarke, 30300 Ipoh, Perak Darul Ridzuan
Stock Exchange Listing	Kuala Lumpur Stock Exchange (Second Board)
Homepage	www.rubberex.com.my

CHAIRMAN'S STATEMENT

On behalf of the Board it gives me great pleasure to present the Annual Report of the Company for the financial year ended 31 December 2000.

It has been another challenging year for the Company as it forges ahead amid mounting concern over the economy losing steam in some developed countries and growth slowing down or skidding in other export markets of the Group. The spiraling crude oil prices also briefly threatened to rock the market as fuel cost soared affecting the petro-economy. On the currency front the steep slide and the wide fluctuations of the Euro and the Deutschemark against the United States Dollar triggered frequent pricing revision which was not good for that segment of the market. Working in the Group's favour however were raw material prices particularly latex which remained fairly stable throughout the year. Production costs had also been kept competitive as the production lines were operating at almost full capacity.

It is in that scenario that I report a commendable performance of the Group for the financial year 2000. Revenue and pretax profit continue to rise for the fourth consecutive year to RM89.2m and RM16.8m respectively from RM84.3m and RM14.4m in the previous year.

FINANCIAL RESULTS

Group turnover for the year was RM89.2m compared with RM84.3m in 1999 which is an increase of 5.8%. Higher production output through greater efficiency in the use of the existing production facilities mainly contributed to the increase in unit sales.

Group pretax operating profit before exceptional item also increased to RM16.8m from RM14.4m previously an increase of 16.7%. High plant utilisation coupled with increased output enabled unit cost to decline further. Together with a better product mix this resulted in a higher overall profit contribution.

Profit attributable to shareholders however was RM11.2m as against RM13.4m in the previous year. The decline was due to a tax charge of RM4.8m and an exceptional one-time expense of RM0.8m incurred on the Bonds issued during the year. In the preceding year no taxation was made on the chargeable income because of the waiver of tax by the government.

CHAIRMAN'S STATEMENT

DIVIDENDS

The Board continues to adopt a generous dividend policy as an indication of its commitment to the shareholders of the Company. In line with a strong earnings for the year the Board has declared in total a tax exempted dividend of 20 sen per share i.e. 24 sen per share taking into account the dividend payable also on the bonus shares (1999 - 18 sen). The first interim dividend of 10 sen was paid on 2 October 2000 while the second interim dividend of 10 sen was paid on 5 January 2001.

FUTURE PROSPECT

Looking ahead there are growing signs that the global economic horizon is unlikely to be good with a cloudy cast of a slowdown looming in 2001. Given that over 98% of the Group's business is in the export market the Board is conscious of its potential impact on its prospects. As a measure it would carefully monitor the market trends and respond aggressively and rapidly to any changes in the market place. Amid signs of growing competition with cheaper but lower quality products coming from the region continuing investments into research and development emphasising on glove products of international quality and standard and new innovative product ranges will provide the thrust and give the Group the competitive edge. This will go a long way to help the Group carve and broaden more niche markets for itself.

With that in view the Board is continuing on its expansion policy for the Group albeit cautiously. Phase 2 expansion which was undertaken in the previous year has started to produce some results gauging by the firm export orders for the new products. It should begin to contribute to earnings in this new financial year. Phase 3 expansion which is featured in our report cover is now on track with the completion of the factory building and warehouse. Installation of the sixth production line has commenced and is expected to be ready for production in the second quarter of 2001. When commissioned it would enable the Group to introduce new product ranges to the market. And should the market show positive indication the 7th production line will be launched in the last quarter of the year. Thus the Group is well positioned and poised to take the initiative towards further growth.

CHAIRMAN'S STATEMENT

CORPORATE EXERCISE

During the year the Company additionally rewarded the shareholders with a bonus issue on the basis of 2 new ordinary shares for every 5 ordinary shares held. This increased its paid up share capital to RM43m through the issue of RM12.3 million new ordinary shares of RM1.00 each.

The 5% 2000/2005 Bonds with Warrant Issue was also successfully undertaken with the receipts of RM25m by the Company and the full subscription of 12.3 million Warrants by the shareholders on the basis of 2 Warrants for every 5 existing ordinary shares held.

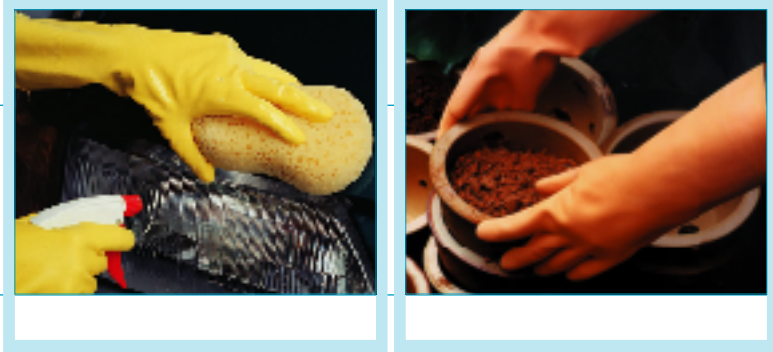
The completion of the above exercise has secured the long term funding for the Group's expansion drive with RM15m still in fixed deposits as at the end of the financial year. Together with the positive operating cash flows of over RM22m generated annually the Group Financial position is sound for its level of business and sufficiently healthy to cushion the impact of any sudden turn in any of its global market.

PROPOSED SHARE BUY-BACK SCHEME

On 18 January 2001 the Board announced the Company's proposal to purchase its own shares from the open market amounting to not more than 10% of its present issued and paid-up share capital.

Detailed particulars of the scheme and its rationale are contained in the Circular issued to shareholders recently. An Extraordinary General Meeting will be convened which will coincide with the date of the Annual General Meeting to obtain your approval for the scheme. We trust you will give your full support and vote in favour of the scheme.





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.

Chairman
Dato' Mohamed Bin Hamzah





Food Safe - Synthetic Rubber Gloves





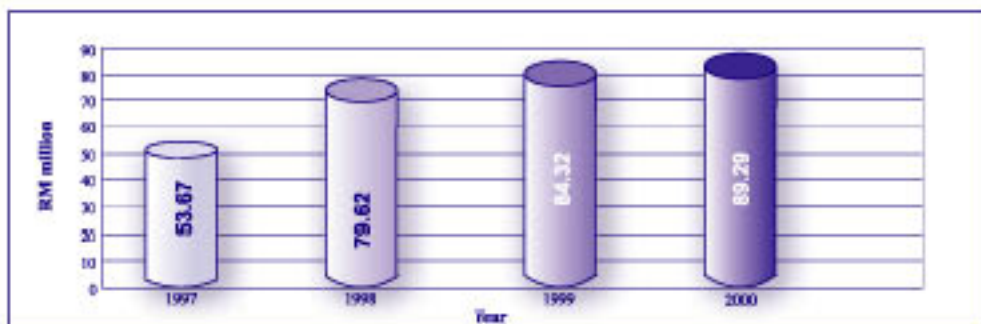
Multi Purpose - Rubber Gloves



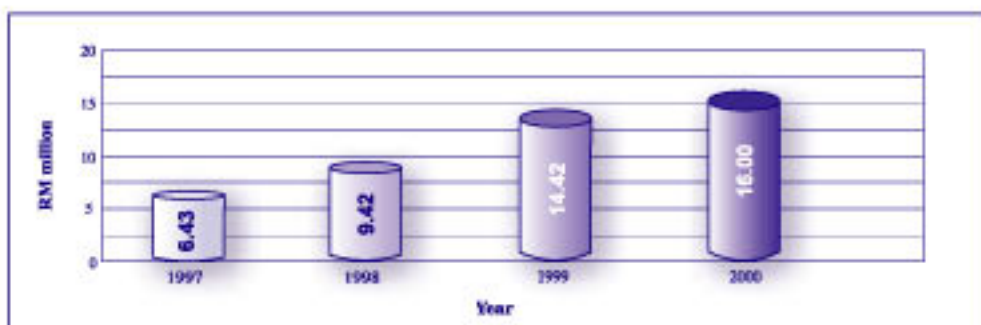


Financial Highlights

SALES

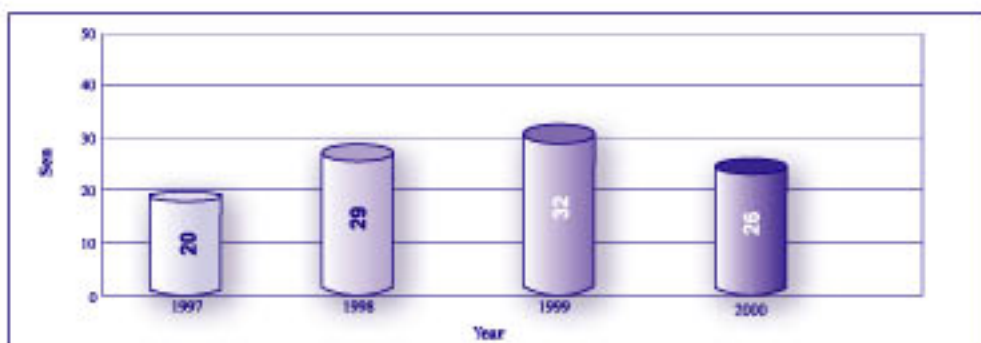


PROFIT BEFORE TAXATION

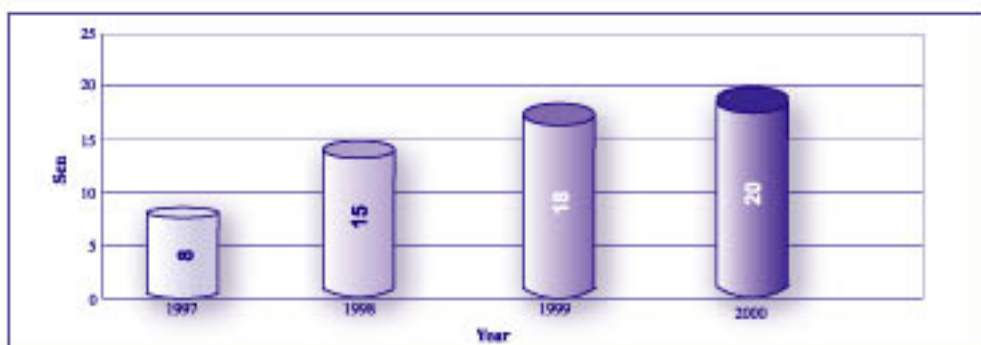


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EARNINGS PER SHARE



DIVIDEND PER SHARE (TAX-EXEMPT)



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

1. 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.
2. The quorum necessary for the transaction of the business of the Committee shall be two.
3. 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.
4. 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.
5. The Committee may regulate its own procedures 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.
6. 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:-

- (a) to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal.
- (b) to discuss with the external auditor before the audit commences, the nature and scope of the audit.
- (c) to review the quarterly and annual financial statements before submission to the Board.
- (d) 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.
- (e) 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.
- (f) to perform other functions as may be agreed to by the Committee and the Board.
- (g) 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 19 February 2001



ORDINARY SHARES OF RM1 EACH

Size of Shareholding As at 19 February 2001	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 1,000	85	3.75	55,375	0.13
1,001 - 5,000	1,716	75.76	3,202,284	7.43
5,001 - 10,000	276	12.19	1,964,588	4.56
10,001 - 100,000	154	6.80	4,160,060	9.65
100,001 - 1,000,000	25	1.10	7,689,594	17.85
1,000,001 and above	9	0.40	26,014,499	60.38
TOTAL	2,265	100.00	43,086,400	100.00

LIST OF TOP 20 SHAREHOLDERS

As at 19 February 2001

NO.	NAME	SHARES HELD	%
1	Duvest Holdings Sdn. Bhd.	6,881,701	15.97
2	HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Endiri Sendirian Berhad	4,587,031	10.65
3	Endiri Sendirian Berhad	4,337,168	10.07
4	Teng Cheng Bon @ Teng Kim Tee	4,205,944	9.76
5	Aun Huat & Brothers Sdn. Bhd.	3,231,570	7.50
6	Mayban Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Aun Huat & Brothers Sdn. Bhd.	1,750,000	4.06
7	Koh Boon Chor	1,077,085	2.50
8	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Kuala Lumpur Smallcap Fund	865,200	2.01
9	Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier : Pledged Securities Account For Aun Huat & Brothers Sdn. Bhd.	840,000	1.95
10	Sharifuddin bin Shoib	831,996	1.93
11	Kon Choi Ying	687,989	1.60
12	Ping Kok Koh	564,657	1.31
13	Med-Bumikar Mara Sdn. Bhd.	434,000	1.01
14	Khoo Thiam Chye	350,135	0.81
15	Opulent Base Sdn. Bhd.	290,600	0.67
16	Wong Kit Peng	245,000	0.57
17	Hock Hua Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account For Khoo Thiam Chye (Ipoh)	226,800	0.53
18	Koh Yit Meng @ Quek Yit Ming	212,800	0.49
19	Dato' Yap Lim Sen	210,000	0.49
20	Papan Granite Sdn. Bhd.	205,800	0.48
		32,035,476	74.35

Statement of Shareholdings (continued)

as at 19 February 2001

ORDINARY SHARES OF RM1 EACH

Substantial Shareholders as at 19 February 2001	No. of shares		Total	%
	Direct	Indirect		
Teng Cheng Bon @ Teng Kim Tee	4,205,944	6,881,701 *	11,087,645	25.73
Dato' Yap Lim Sen	210,000	9,358,199 ~	9,568,199	22.21
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	23,800	9,358,199 ~	9,381,999	21.77
Endiri Sendirian Berhad	4,337,168	5,021,031 =	9,358,199	21.72
Puan Sri Datin Asmah bt. Mohd Salleh	—	9,358,199 ~	9,358,199	21.72
Looi Kum Pak	—	9,358,199 ~	9,358,199	21.72
Ping Kok Koh	564,657	7,824,690	8,389,347	19.47
Sharifuddin bin Shoib	831,996	6,881,701 *	7,713,697	17.90
Duvest Holdings Sdn. Bhd.	6,881,701	—	6,881,701	15.97
Poh Chee Meng @ Fook Fatt	53,200	5,821,570 ++	5,874,770	13.63
P & F Holdings Sdn. Bhd.	42,000	5,821,570 ++	5,863,570	13.61
Poh Cheong Meng & Sons Sdn. Bhd.	42,000	5,821,570 ++	5,863,570	13.61
Aun Huat & Brothers Sdn. Bhd.	3,231,570	2,590,000 +	5,821,570	13.51
Poh Yin Hoe & Sons Holding Sdn. Bhd.	—	5,821,570 ++	5,821,570	13.51
HSBC Nominees (Tempatan) Sdn. Bhd.	4,987,031	—	4,987,031	11.57
Mayban Nominees (Tempatan) Sdn. Bhd.	1,796,200	—	1,796,200	4.17
Koh Boon Chor	1,077,085	—	1,077,085	2.50

* 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. and Med-Bumikar Mara Sdn. Bhd.

~ Held directly by Endiri Sendirian Berhad and Med-Bumikar Mara Sdn. Bhd. 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 2001



ORDINARY SHARES OF RM1 EACH

	No. of shares held	
	Direct	Indirect
Dato' Mohamed bin Hamzah	169,310	-
Ping Kok Koh	564,657	7,811,690
Voon Chong Kian	147,056	-
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	23,800	9,358,199
Teng Cheng Bon @ Teng Kim Tee	4,202,944	6,881,701
Yap Jek Nan	1,400	-
Poh Chee Meng @ Fook Fatt	53,200	5,821,570
Sharifuddin bin Shoib	831,996	6,881,701
Khoo Thiam Chye	350,135	226,800



Financial Statements

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Directors' Report

for the year ended 31 December 2000



The directors of **RUBBEREX CORPORATION (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 11 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	Group RM	Company RM
Profit before exceptional item and tax	16,841,890	12,396,866
Exceptional item	(840,443)	(840,443)
Profit before tax	16,001,447	11,556,423
Income tax expense	(4,786,512)	(22,299)
Net profit after tax	11,214,935	11,534,124
Minority interest	84,655	-
Net profit for the year	<u>11,299,590</u>	<u>11,534,124</u>

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In the opinion of the directors, the results of operations of the Group and the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional item as disclosed in Note 6 to the Financial Statements.



Directors' Report (continued)

for the year ended 31 December 2000

DIVIDENDS

A second interim dividend of 10%, tax-exempt, amounting to RM3,026,600 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

In respect of the year ended 31 December 2000,

- (a) A first interim dividend of 10%, tax-exempt amounting to RM3,076,300 was paid on 2 October 2000;
- (b) A second interim dividend of 10%, tax-exempt amounting to RM4,307,940 was paid on 5 January 2001.

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.

ISSUE OF SHARES AND DEBENTURES

As mentioned in Note 21 to the Financial Statements, during the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM30,023,000 to RM43,079,400 through the issue of:

- (i) 748,000 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; and
- (ii) 12,308,400 new ordinary shares of RM1 each by way of a bonus issue on the basis of two (2) new ordinary shares for every five (5) existing ordinary shares held.

The new shares rank *pari passu* with the then existing shares of the Company.

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 2000



- (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 executive employee.

The movements in the options to take up unissued new ordinary shares of RM1 each are as follows:

Option price*	As at 1 January 2000	Entitlement during the year	Exercised during the year	Adjustment for Bonus Issue	As at 31 December 2000
RM	RM	RM	RM	RM	RM
2.30	2,637,000	-	(748,000)	820,800	2,709,800
4.24	-	177,000	-	70,800	247,800
	<u>2,637,000</u>	<u>177,000</u>	<u>(748,000)</u>	<u>891,600</u>	<u>2,957,600</u>

*The option prices of the two offers of the ESOS have been adjusted to RM1.64 and RM3.03 respectively pursuant to the Bonus Issue as referred to in Note 21 to the Financial Statements.

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OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and the Company 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 have been written off and that adequate provision has 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.



Directors' Report (continued)

for the year ended 31 December 2000

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

- (a) which would render the amount written off as bad debts or the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

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

DIRECTORS

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

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

In accordance with Article 101 of the Company's Articles of Association, Dato' Mohamed bin Hamzah and Mr. Voon Chong Kian retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 (6) of the Companies Act, 1965, Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin and Mr. Poh Chee Meng @ Fook Fatt retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company 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 ordinary shares of RM1 each				Balance at 31.12.2000
	Balance at 1.1.2000	Bought/ Transferred*	Sold/ Transferred*	Bonus Issue	
Shares in the Company					
Direct Interest					
Dato' Mohamed bin Hamzah	120,936	-	-	48,374	169,310
Mr. Ping Kok Koh	402,326	-	-	162,331	564,657
Mr. Voon Chong Kian	40	160,000	(55,000)	42,016	147,056
Mr. Teng Cheng Bon @ Teng Kim Tee	2,998,817	49,000	(44,000)	1,199,127	4,202,944
En. Sharifuddin bin Shoib	594,283	-	-	237,713	831,996
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	18,000	-	(1,000)	6,800	23,800
Mr. Poh Chee Meng @ Fook Fatt	38,000	-	-	15,200	53,200
Mr. Yap Jek Nan	1,000	-	-	400	1,400
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian)	40,096	82,000/ 188,000*	(60,000)	100,039	350,135



Directors' Report (continued)

for the year ended 31 December 2000

	No. of ordinary shares of RM1 each				Balance at 31.12.2000
	Balance at 1.1.2000	Bought / Transferred*	Sold / Transferred*	Bonus Issue	
Indirect Interest					
Mr. Ping Kok Koh	5,527,350	59,000	-	2,225,340	7,811,690
Mr. Teng Cheng Bon @ Teng Kim Tee	4,915,501	-	-	1,966,200	6,881,701
En. Sharifuddin bin Shoib	4,915,501	-	-	1,966,200	6,881,701
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	6,374,428	-	-	2,549,771	8,924,199
Mr. Poh Chee Meng @ Fook Fatt	4,158,264	-	-	1,663,306	5,821,570
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian)	350,000	-	(188,000)*	64,800	226,800
	No. of ordinary shares under Options			Adjustment for Bonus Issue	Balance at 31.12.2000
	Balance at 1.1.2000	Granted	Exercised		
Mr. Ping Kok Koh	279,000	-	-	111,600	390,600
Mr. Voon Chong Kian	279,000	-	(111,000)	67,200	235,200
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian)	207,000	-	(82,000)	50,000	175,000

In addition, by virtue of Mr. Ping Kok Koh, Mr. Teng Cheng Bon @ Teng Kim Tee, En. 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 of the Company, they are also deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in 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 he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 15 to the Financial Statements.

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.

Directors' Report *(continued)*

for the year ended 31 December 2000



AUDITORS

The Auditors, Messrs. Deloitte KassimChan (formerly known as 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,

MR. PING KOK KOH

MR. VOON CHONG KIAN

Ipoh, 28 February 2001



Report of The Auditors

to the Members of Rubberex Corporation (M) Berhad

We have audited the accompanying balance sheets as at 31 December 2000, the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) The abovementioned financial statements 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 Group and the Company as at 31 December 2000 and of the results and cash flows of the Group and the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements 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.

DELOITTE KASSIMCHAN
AF 0080
Public Accountants

GREGORY WONG GUANG SENG
787/3/01(J/PH)
Partner
Ipoh, 28 February 2001

Income Statements

for the year ended 31 December 2000



	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Revenue	4	89,289,187	84,317,802	12,458,410	4,995,870
Other operating income		97,355	113,795	83,830	26,817
Changes in inventories of finished goods and work-in-progress		(2,425,271)	(1,979,116)	-	-
Raw materials and consumables used		(39,362,623)	(35,195,585)	-	-
Staff costs		(11,590,409)	(12,133,943)	-	-
Depreciation of property, plant and equipment		(6,887,715)	(6,413,080)	-	-
Other operating expenses		(12,140,487)	(14,214,889)	(145,374)	(189,035)
Profit from operations		16,980,037	14,494,984	12,396,866	4,833,652
Finance costs	5	(138,147)	(73,106)	-	-
Profit before exceptional item and tax	5	16,841,890	14,421,878	12,396,866	4,833,652
Exceptional item	6	(840,443)	-	(840,443)	-
Profit before tax		16,001,447	14,421,878	11,556,423	4,833,652
Income tax expense	7	(4,786,512)	(1,004,309)	(22,299)	-
Net profit after tax		11,214,935	13,417,569	11,534,124	4,833,652
Minority interest		84,655	-	-	-
Net profit for the year		11,299,590	13,417,569	11,534,124	4,833,652
Earnings per ordinary share:					
Basic	9	26.4 sen	31.7 sen		
Diluted	9	25.7 sen	31.3 sen		

The accompanying Notes form an integral part of the Financial Statements.

Balance Sheets

as at 31 December 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Assets					
Property, plant and equipment	10	61,031,816	49,468,689	-	-
Investments in subsidiary companies	11	-	-	22,553,102	22,553,102
Expenditure carried forward	12	-	58,866	-	-
Current Assets					
Inventories	13	12,028,603	11,094,368	-	-
Trade receivables		13,741,073	15,523,129	-	-
Other receivables, deposits and prepayments	14	4,167,678	487,643	3,938,688	-
Amount owing by subsidiary companies	15	-	-	27,272,539	19,100,328
Fixed deposits, cash and bank balances	16	21,080,155	284,254	20,432,811	114,544
		51,017,509	27,389,394	51,644,038	19,214,872
Current Liabilities					
Trade payables		3,403,006	3,999,489	-	-
Other payables and accrued expenses	17	6,573,411	7,222,920	381,910	126,667
Bank overdrafts	18	1,745,121	1,472,709	-	-
Tax liabilities		3,483,521	-	22,299	-
Dividend payable		4,307,940	3,002,300	4,307,940	3,002,300
		19,512,999	15,697,418	4,712,149	3,128,967
Net Current Assets		31,504,510	11,691,976	46,931,889	16,085,905
		92,536,326	61,219,531	69,484,991	38,639,007
Long-term and Deferred Liabilities					
Deferred tax liabilities	19	2,356,300	1,566,000	-	-
Bonds	20	25,000,300	-	25,000,000	-
		(27,356,000)	(1,566,000)	(25,000,000)	-
Minority Interest		(1,115,345)	(1,200,000)	-	-
Net Assets		64,064,981	58,453,531	44,484,991	38,639,007
Represented by:					
Issued capital	21	43,079,400	30,023,000	43,079,400	30,023,000
Reserves	23	20,985,581	28,430,531	1,405,591	8,616,007
Shareholders' Equity		64,064,981	58,453,531	44,484,991	38,639,007

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

for the year ended 31 December 2000



Group	Note	Issued Capital RM	Non- distributable Reserve Share Premium RM	Distributable Reserve Unappropriated Profit (Note 22) RM	Total RM
Balance as at 1 January 1999		30,000,000	8,474,903	11,910,459	50,385,362
Net profit for the year		-	-	13,417,569	13,417,569
Exercise of options under ESOS		23,000	29,900	-	52,900
Dividends	8	-	-	(5,402,300)	(5,402,300)
Balance as at 31 December 1999		30,023,000	8,504,803	19,925,728	58,453,531
Net profit for the year		-	-	11,299,590	11,299,590
Exercise of options under ESOS		748,000	972,400	-	1,720,400
Bonus issue		12,308,400	(8,504,803)	(3,803,597)	-
Dividends	8	-	-	(7,408,540)	(7,408,540)
Balance as at 31 December 2000		43,079,400	972,400	20,013,181	64,064,981
Company					
Balance as at 1 January 1999		30,000,000	8,474,903	679,852	39,154,755
Net profit for the year		-	-	4,833,652	4,833,652
Exercise of options under ESOS		23,000	29,900	-	52,900
Dividends	8	-	-	(5,402,300)	(5,402,300)
Balance as at 31 December 1999		30,023,000	8,504,803	111,204	38,639,007
Net profit for the year		-	-	11,534,124	11,534,124
Exercise of options under ESOS		748,000	972,400	-	1,720,400
Bonus issue		12,308,400	(8,504,803)	(3,803,597)	-
Dividends	8	-	-	(7,408,540)	(7,408,540)
Balance as at 31 December 2000		43,079,400	972,400	433,191	44,484,991

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements

for the year ended 31 December 2000

Group	Note	2000 RM	1999 RM
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Profit before tax		16,001,447	14,421,878
Adjustments for :			
Depreciation of property, plant and equipment		6,887,715	6,413,080
Finance costs		138,147	73,106
Expenditure carried forward written off		58,866	-
Interest income		(97,355)	(26,817)
Formers written off		-	369,360
Gain on disposal of property, plant and equipment		-	(16,832)
Operating Profit Before Working Capital Changes		22,988,820	21,233,775
Decrease / (Increase) in inventories		(934,235)	500,185
Decrease / (Increase) in trade receivables		1,782,056	(3,549,468)
Decrease / (Increase) in other receivables, deposits and prepayments		229,975	(68,449)
Decrease in trade payables		(596,483)	(557,341)
Increase / (Decrease) in other payables and accrued expenses		(649,509)	119,158
Cash Generated From Operations		22,820,624	17,677,860
Interest received		97,355	26,817
Income tax paid		(484,313)	(484,309)
Finance costs paid		(138,147)	(73,106)
Additions to expenditure carried forward		-	(58,866)
Net Cash Generated From Operating Activities		22,295,519	17,088,396
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,450,842)	(13,708,280)
Proceeds from disposal of property, plant and equipment		-	357,965
Net Cash Used In Investing Activities		(18,450,842)	(13,350,315)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of bonds		21,061,312	-
Proceeds from issuance of shares		1,720,400	52,900
Dividends paid		(6,102,900)	(5,400,000)
Proceeds from issuance of shares to minority shareholders		-	1,200,000
Net Cash Generated From / (Used In) Financing Activities		16,678,812	(4,147,100)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		20,523,489	(409,019)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(1,188,455)	(779,436)
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	19,335,034	(1,188,455)

The accompanying Notes form an integral part of the Financial Statements.

Cash Flow Statements *(continued)*

for the year ended 31 December 2000



Company	Note	2000 RM	1999 RM
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES			
Profit before tax		11,556,423	4,833,652
Adjustment for interest income		(83,830)	(26,817)
Operating Profit Before Working Capital Changes		11,472,593	4,806,835
Decrease/(Increase) in amount owing by subsidiary companies		(8,172,211)	4,599,870
Decrease in other receivables, deposits and prepayments		-	715
Increase in other payables and accrued expenses		255,243	36,659
Cash Generated From Operations		3,555,625	9,444,079
Interest received		83,830	26,817
Net Cash Generated From Operating Activities		3,639,455	9,470,896
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of investments		-	(4,800,000)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of bonds		21,061,312	-
Proceeds from issuance of shares		1,720,400	52,900
Dividends paid		(6,102,900)	(5,400,000)
Net Cash From / (Used In) Financing Activities		16,678,812	(5,347,100)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		20,318,267	(676,204)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		114,544	790,748
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	20,432,811	114,544

The accompanying Notes form an integral part of the Financial Statements.



Notes To The Financial Statements

1. **PRINCIPAL ACTIVITIES**

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 11.

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

2. **BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group and the Company 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.

During the financial year, the Group and the Company adopted the MASB 1, Presentation of Financial Statements which is effective for financial periods commencing on and after 1 July 1999. Accordingly, the presentation and disclosure of the financial information have been modified to conform with the requirements of MASB 1. Certain comparative figures have been reclassified to achieve a consistent presentation.

3. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment.

Revenue

Revenue of the Group represents dividend income and sales of household and industrial rubber gloves at gross invoiced value net of sales returns.

Revenue of the Company represents dividend income.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statement.

Income Tax

The tax effects of transactions are generally recognised, using the "liability" method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to a net deferred tax debit, the tax effects are recognised generally on actual realisation.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Revaluations are made at least once every five years by an independent valuer on an open market value basis. An increase arising from valuation is credited to a revaluation surplus; any decrease is first offset against an increase on earlier valuation in respect of the same property and is thereafter charged to operating profit.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

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

The property, plant and equipment of a subsidiary company have not been depreciated as it has not commenced business operations.

Expenditure Carried Forward

Expenditure carried forward consisting of preliminary expenses and pre-operating expenses have been fully written off to the income statement during the year.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all the subsidiary companies listed under Note 11 made up to the end of the financial year.

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 financial statements 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 in the consolidated financial statements from the effective date of acquisition or up to the effective 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 consolidated financial statements in accordance with the merger relief provisions under Section 60(4) of the Act. 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 financial statements of the subsidiary companies are consolidated under the merger method except for the financial statements of Diamond Grip (M) Sdn. Bhd. which is consolidated under the acquisition method.

All significant inter-company transactions and balances are eliminated on consolidation.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less provision for permanent diminution in value, if any.

A provision is made when the directors are of the opinion that a permanent diminution in value of an investment has occurred.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. The cost of raw materials and consumable stores comprise the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and a proportion of manufacturing overheads.

Receivables

Bad debts are written off while provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. REVENUE

An analysis of the revenue is as follows:

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Sales of household and industrial rubber gloves	89,289,187	84,317,802	-	-
Dividends (gross) received from subsidiary companies	-	-	12,458,410	4,995,870
	89,289,187	84,317,802	12,458,410	4,995,870

5. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Profit before exceptional item and tax is arrived at:				
After charging:				
Directors' remuneration:				
Directors of the Company:				
Fees	40,000	33,000	40,000	33,000
Other emoluments	734,569	772,755	6,000	-
Directors of the subsidiary companies:				
Other emoluments	468,337	514,541	-	-
Finance costs comprise interest on:				
Term loan	77,868	-	-	-
Bank overdrafts	55,167	25,674	-	-
Other short-term bank borrowings	5,112	47,432	-	-
Rental of warehouses and premises	73,409	144,356	-	-
Audit fee:				
Special	35,500	-	3,000	-
Statutory	50,000	47,000	5,000	6,000
Overprovision in previous year	(1,000)	-	(1,000)	-
Expenditure carried forward written off	58,866	-	-	-
Formers written off	-	369,360	-	-
And crediting:				
Interest on fixed deposits	97,355	26,817	83,830	26,817
Gain on disposal of property, plant and equipment	-	16,832	-	-

6. EXCEPTIONAL ITEM

Exceptional item of the Group and the Company represent bonds issue expenses.

7. INCOME TAX EXPENSE

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Income tax expense for the Group and the Company consist of:				
Current year	3,996,512	-	22,299	-
Underprovision in previous year	-	4,309	-	-
Deferred tax (Note 19)	790,000	1,000,000	-	-
Total	4,786,512	1,004,309	22,299	-

The effective tax rate of the Group in the current financial year is higher than the statutory income tax rate mainly due to certain expense items have been considered as non-deductible for tax purposes.

The provision for income tax of the Company in the current financial year relates solely to interest income.

In accordance with the Income Tax (Amendment) Act, 1999, tax on chargeable income for Year of Assessment 2000 (Preceding Year Basis) is waived. Consequently, no provision for income tax has been made in the financial statements of the Group and the Company in 1999.

8. DIVIDENDS

	Group and Company		Net Dividend Per Share	
	2000 RM	1999 RM	2000 Sen	1999 Sen
Ordinary first interim dividend of 10% (1999: 8%), tax-exempt	3,076,300	2,400,000	10	8
Ordinary second interim dividend of 10% (1999: 10%), tax-exempt	4,307,940	3,002,300	10	10
Additional dividend paid due to shares issued under ESOS	24,300	-	-	-
Total	7,408,540	5,402,300		

9. EARNINGS PER ORDINARY SHARE - GROUP

The basic and diluted earnings per share are calculated as follows :-

	Income		Shares		Earnings Per Ordinary Share	
	2000 RM	1999 RM	2000 Number	1999 Number	2000 Sen	1999 Sen
Net profit for the year	11,299,590	13,417,569	-	-		
Weighted average number of ordinary shares outstanding	-	-	42,794,400	42,319,734*		
	11,299,590	13,417,569	42,794,400	42,319,734*		
Basic earnings per share					26.4	31.7
Assumed exercise of share options under ESOS	-	-	1,129,333	579,310		
	11,299,590	13,417,569	43,923,733	42,899,044		
Diluted earnings per share					25.7	31.3

* The weighted average number of ordinary shares outstanding in 1999 has been restated to incorporate the bonus issue of 12,308,400 new ordinary shares of RM1 each.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in 2000 consist of the following :

Group	Cost or valuation				
	At beginning of year RM	Additions RM	Reclassification RM	Disposal RM	At end of year RM
At valuation :					
Freehold land	3,476,879	-	-	-	3,476,879
Factory buildings	3,623,121	-	-	-	3,623,121
At cost :					
Freehold land	-	16,800	-	-	16,800
Long-term leasehold land	1,394,452	79,931	-	-	1,474,383
Factory buildings	6,479,830	4,017,002	-	-	10,496,832
Plant and machinery	56,493,288	12,761,024	2,454,559	-	71,708,871
Factory and office equipment, furniture and fittings	5,405,455	526,158	(2,535,559)	-	3,396,054
Motor vehicles	348,404	51,000	81,000	-	480,404
Capital work-in-progress	-	998,927	-	-	998,927
Total	77,221,429	18,450,842	-	-	95,672,271

Group	Accumulated depreciation				
	At beginning of year RM	Charge for the year RM	Reclassification RM	Disposal RM	At end of year RM
At valuation :					
Freehold land	-	-	-	-	-
Factory buildings	724,620	181,152	-	-	905,772
At cost :					
Freehold land	-	-	-	-	-
Long-term leasehold land	-	-	-	-	-
Factory buildings	809,418	244,848	-	-	1,054,266
Plant and machinery	22,110,865	5,851,484	1,780,232	-	29,742,581
Factory and office equipment, furniture and fittings	3,811,530	531,922	(1,781,582)	-	2,561,870
Motor vehicles	296,307	78,309	1,350	-	375,966
Capital work-in-progress	-	-	-	-	-
Total	27,752,740	6,887,715	-	-	34,640,455

Group	Net Book Value	
	At beginning of year RM	At end of year RM
At valuation:		
Freehold land	3,476,879	3,476,879
Factory buildings	2,898,501	2,717,349
At cost:		
Freehold land	-	16,800
Long-term leasehold land	1,394,452	1,474,383
Factory buildings	5,670,412	9,442,566
Plant and machinery	34,382,423	41,966,290
Factory and office equipment, furniture and fittings	1,593,925	834,184
Motor vehicles	52,097	104,438
Capital work-in-progress	-	998,927
	49,468,689	61,031,816

The freehold land and factory buildings of certain subsidiary companies were revalued by the directors in 1996 based on a valuation carried out by an independent firm of professional valuers using "Open Market Value" basis. The tax effect relating to the surplus on revaluation of freehold land and factory buildings has not been provided as the directors of the subsidiary companies have no intention to dispose of these assets in the foreseeable future.

The historical cost, accumulated depreciation and net book value of the revalued freehold land and factory buildings as at 31 December 2000 are as follows:

	Group	
	2000 RM	1999 RM
Cost:		
Freehold land	805,389	805,389
Factory buildings	3,820,895	3,820,895
	4,626,284	4,626,284
Accumulated depreciation:		
Factory buildings	(1,895,862)	(1,704,816)
	2,730,422	2,921,468
Net book value		

As at 31 December 2000, long-term leasehold land of a subsidiary company with carrying value of RM1,474,383 has been charged to a licensed bank as security for credit facilities as mentioned in Note 18.

11. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2000 RM	1999 RM
Unquoted shares, at cost	22,553,102	22,553,102

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

Name of Company	Effective Percentage Ownership		Principal Activities
	2000 %	1999 %	
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	80	Pre-operating.

12. EXPENDITURE CARRIED FORWARD

	Group	
	2000 RM	1999 RM
At cost :		
Preliminary expenses	17,755	17,755
Pre-operating expenses	41,111	41,111
	58,866	58,866
Written off during the year	(58,866)	-
	-	58,866

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

13. INVENTORIES

	Group	
	2000 RM	1999 RM
Raw materials	7,251,866	4,862,631
Finished goods	3,493,827	5,226,712
Consumable stores	1,226,059	1,005,025
Work-in-progress	56,851	-
	12,028,603	11,094,368
Total	12,028,603	11,094,368

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The balance of proceeds from bonds issue of RM3,938,688 has been included in other receivables, deposits and prepayments as at 31 December 2000.

15. AMOUNT OWING BY SUBSIDIARY COMPANIES

The amount owing by subsidiary companies arose mainly from dividend received and inter-company advances and expenses paid on behalf which are unsecured, interest-free and have no fixed terms of repayment.

Significant transactions undertaken by the Company and its subsidiary companies during the year comprise dividends received amounting to RM12,458,410 (1999: RM4,995,870).

16. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Fixed deposits with licensed banks	15,808,001	-	15,808,001	-
Cash and bank balances	5,272,154	284,254	4,624,810	114,544
Total	21,080,155	284,254	20,432,811	114,544

17. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Salaries and related expenses	2,481,448	2,211,061	-	-
Other payables for consumables and utilities	4,091,963	4,359,523	381,910	126,667
Maintenance of property, plant and equipment	-	652,336	-	-
Total	6,573,411	7,222,920	381,910	126,667

18. BANK OVERDRAFTS

	Group	
	2000 RM	1999 RM
Bank overdrafts:		
Secured	263,557	40,912
Unsecured	1,481,564	1,431,797
Total	1,745,121	1,472,709

The bank overdrafts and other credit facilities of the Group are unsecured except for the facilities of a subsidiary company, Diamond Grip (M) Sdn. Bhd. which are secured by a first legal charge over its long-term leasehold land as referred to in Note 10 and also by way of a debenture incorporating fixed and floating charges over its assets.

The above facilities bear interest rates ranging from 0.50% to 0.75% (1999: 0.50% to 1.00%) per annum above the base lending rates of the lending banks during the financial year.

19. DEFERRED TAX LIABILITIES

	Group	
	2000 RM	1999 RM
Balance at beginning of year	1,566,000	566,000
Transfer from income statement (Note 7)	790,000	1,000,000
Balance at end of year	2,356,000	1,566,000

The deferred tax liabilities are in respect of timing differences between depreciation and tax allowances on property, plant and equipment.

20. BONDS

The RM25,000,000 5% Redeemable Unsecured Bonds 2000/2005 was issued with 12,308,400 detachable warrants on a "bought deal" basis at 100% nominal value. The warrants were listed on the Kuala Lumpur Stock Exchange on 8 February 2001. The Bonds are redeemable in cash at nominal amount on maturity of the bonds in 2005.

The warrants will be constituted by a Deed Poll. Each warrant gives the registered holder the right to subscribe for one (1) new ordinary share of RM1 each at an exercise price of RM2.42 per new ordinary share within the exercise period of four and a half (4 1/2) years commencing from the date of issue thereof.

21. SHARE CAPITAL

	Group and Company	
	2000 RM	1999 RM
Authorised :		
Ordinary shares of RM1 each :		
At beginning of year	40,000,000	40,000,000
Additional creation	60,000,000	-
At end of year	100,000,000	40,000,000
Issued and fully paid :		
Ordinary shares of RM1 each :		
At beginning of year	30,023,000	30,000,000
Exercise of ESOS	748,000	23,000
Bonus issue	12,308,400	-
At end of year	43,079,400	30,023,000

Authorised Share Capital

As approved by shareholders at an Extraordinary General Meeting held on 20 October 2000, the authorised share capital of the Company was increased from RM40,000,000 to RM100,000,000 by the creation of 60,000,000 new ordinary shares of RM1 each.

Executive Share Option Scheme (ESOS)

During the financial year, pursuant to the ESOS which was implemented in 1998, the eligible executive employees exercised part of their options amounting to 748,000 ordinary shares of RM1 each at an option price of RM2.30 each.

Bonus Issue

As approved by shareholders at an Extraordinary General Meeting held on 20 October 2000, the issued and paid-up ordinary share capital of the Company was increased from RM30,771,000 to RM43,079,400 during the financial year by way of a bonus issue of 12,308,400 new ordinary shares of RM1 each through the capitalisation of RM8,504,803 from the share premium account and the balance of RM3,803,597 from the unappropriated profit account. The bonus issue was approved on the basis of two (2) new ordinary shares for every five (5) existing ordinary shares held.

22. UNAPPROPRIATED PROFIT

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Distributable reserve :				
Unappropriated profit	26,797,730	26,710,277	433,191	111,204
Reserve arising on merger	(6,784,549)	(6,784,549)	-	-
	<u>20,013,181</u>	<u>19,925,728</u>	<u>433,191</u>	<u>111,204</u>

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23. RESERVES

Distributable reserves are those available for distribution as cash dividends. Based on estimated tax credit and tax-exempt accounts available and the prevailing tax rate applicable to dividends, the unappropriated profit of the Company as at 31 December 2000 is available for distribution in full by way of cash dividends without additional tax liability being incurred. Any dividends declared and proposed out of the aforesaid tax-exempt accounts will be tax-exempted in the hands of the shareholders.

24. CAPITAL COMMITMENT

	Group	
	2000 RM	1999 RM
Capital expenditure approved but not provided for	<u>561,000</u>	<u>4,008,000</u>

25. SEGMENTAL INFORMATION

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

26. GENERAL INFORMATION

The total number of employees of the Group as at 31 December 2000 were 744 (1999 : 754). The Company has no employee as at 31 December 2000.

The registered office and principal place of business of the Company are as follows :

Registered Office	: 87B, Jalan Clarke 30300 Ipoh.
Principal Place of Business	: Lot 138201, Off 3/4 Mile Jalan Bercham Kawasan Perindustrian Bercham 31400 Ipoh.

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following :

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Fixed deposits	15,808,001	-	15,808,001	-
Cash and bank balances	5,272,154	284,254	4,624,810	114,544
Bank overdrafts	(1,745,121)	(1,472,709)	-	-
	19,335,034	(1,188,455)	20,432,811	114,544

List of Properties Held by The Company And Its Subsidiaries

as at 31 December 2000



Location	Tenure / Expiry Date	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	6.5 / 3,477
Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham Bercham, Ipoh, Perak.	Leasehold (60 years) / 23 April 2055	Manufacturing, warehouse and office	32,382	5.0 / 1,474



Statement by Directors

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are 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 the state of affairs of the Group and the Company as at 31 December 2000 and of the results of their businesses and the cash flows of the Group and the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

MR. PING KOK KOH

MR. VOON CHONG KIAN

Ipoh, 28 February 2001

Declaration by The Officer Primarily Responsible For The Financial Management of The Company

I, **MR. 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 and statements of income, cash flows and changes in equity, 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.

MR. KHOO CHIN LENG

Subscribed and solemnly declared by the
abovenamed **MR. KHOO CHIN LENG** at **IPOH**
on 28 day of February, 2001.

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 falling him, **THE CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us and on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Crystal 1, Ground Floor, Casuarina Parkroyal Hotel, Ipoh, Perak on Friday, 13 April 2001 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 2000		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director - Dato' Mohamed bin Hamzah		
4.	Re-election of Director - Mr. Voon Chong Kian		
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)

No. of Shares held

.....
Signature of Shareholder
or Common Seal

Dated this _____ day of _____ 2001

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

Please fold along this line (2)