



**RUBBEREX CORPORATION (M) BERHAD**

**annual report**

**2001**



# annual report 2001

Rubberex Corporation (M) Berhad's Group  
Manufacturing Complex in Bercham, Ipoh, Perak.



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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Friday, 26 April 2002 at Kinta Room, First Floor, Casuarina Parkroyal Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan for the following purposes:-

### AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2001 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 Director retiring in accordance with Article 101 of the Company's Articles of Association:-  
(i) Mr. Ping Kok Koh  
(Resolution 3)
4. To re-elect the following Directors retiring in accordance with Article 108 of the Company's Articles of Association:-  
(i) Dr. Nawawi bin Mat Awin  
(Resolution 4)  
(ii) Mr. Poh Choo Lim  
(Resolution 5)
5. To appoint Auditors and to authorise the Directors to fix their remuneration.  
(Resolution 6)
6. 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  
03 April 2002

#### *Note:*

*A member of the Company entitled to attend and vote at the above-mentioned Meeting may appoint one or more proxies to attend and vote in his stead. A Proxy need not be a member of the Company. Where a member appoints more than one Proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each Proxy. The instrument appointing a Proxy must be deposited at the Company's registered office at No. 5, Persiaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

### **Statement Accompanying the Notice of Annual General Meeting**

1. Names of the Directors who are standing for re-election:-

- (a) Mr. Ping Kok Koh (retiring pursuant to Article 101 of the Company's Articles of Association)
- (b) Dr. Nawawi bin Mat Awin (retiring pursuant to Article 108 of the Company's Articles of Association)
- (c) Mr. Poh Choo Lim (retiring pursuant to Article 108 of the Company's Articles of Association)

2. Details of attendance of Directors at Board Meetings:

Three Board Meetings were held during the financial year from 01 January 2001 to 31 December 2001. Details of attendance of Directors at Board Meetings are as follows:-

Name	Attendance
Dato' Mohamed bin Hamzah	2/3
Mr. Ping Kok Koh	3/3
En. Sharifuddin bin Shoib	3/3
Mr. Yap Jek Nan	3/3
Dr. Nawawi bin Mat Awin (appointed on 18 June 2001)	2/2
Mr. Poh Choo Lim (appointed on 18 June 2001)	2/2
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh; appointed on 18 June 2001)	2/2
Mr. Voon Chong Kian (resigned on 18 June 2001)	1/1
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin (resigned on 18 June 2001)	1/1
Mr. Poh Chee Meng @ Fook Fatt (resigned on 18 June 2001)	1/1
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian; resigned on 18 June 2001)	1/1
Mr. Teng Cheng Bon @ Teng Kim Tee (resigned on 18 June 2001)	NIL

3. Date, time and venue of Board Meetings

All the Board Meetings held during the financial year ended 31 December 2001 took place at the Company's office at Lot 138201 Off  $\frac{3}{4}$  Mile Jalan Bercham, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan.

Date	Time
28.02.2001	3:00 p.m.
09.08.2001	3:30 p.m.
26.11.2001	4:00 p.m.

## **CORPORATE INFORMATION**

<b>DIRECTORS</b>	Y.Bhg. Dato' Mohamed bin Hamzah (Independent Non-Executive Chairman)  Ping Kok Koh (Non-independent Managing Director)  Sharifuddin bin Shoib (Non-independent Non-Executive Director)  Yap Jek Nan (Non-independent Non-Executive Director)  Dr. Nawawi bin Mat Awin (Independent Non-Executive Director)  Poh Choo Lim (Non-independent Non-Executive Director)  Voon Chong Kian (Alternate Director to Ping Kok Koh)
<b>SECRETARIES</b>	Chan Chee Kheong, MAICSA 0810287 Wong Mee Kam @ Wong Mei Chin, LS 01045
<b>AUDITORS</b>	Deloitte KassimChan Chartered Accountants
<b>PRINCIPAL BANKERS</b>	HSBC Bank Malaysia Berhad RHB Bank Berhad Malayan Banking Berhad
<b>REGISTERED OFFICE</b>	5, Persiaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan. Tel no.: 605 241 8787 Fax no.: 605 243 2397
<b>REGISTRARS</b>	PFA Registration Services Sdn Bhd 5, Persiaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan.
<b>STOCK EXCHANGE LISTING</b>	Kuala Lumpur Stock Exchange (Second Board)
<b>HOMEPAGE</b>	<a href="http://www.rubberex.com.my">www.rubberex.com.my</a>

## DIRECTORS' PROFILE

**Dato' Mohamed bin Hamzah**, aged 60, a Malaysian, is the independent non-executive Chairman of the Company. He was appointed to the Board of the Company on 24 October 1996 and assumes his current position on 30 November 1998. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of the Board. Dato' Mohamed bin Hamzah obtained a Bachelor of Arts (Economics) degree from University of Malaya in 1965 and a Masters degree in Business Administration from University of Edinburgh, United Kingdom in 1975. He was appointed to the Board of Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, on 15 June 1991. Dato' Mohamed bin Hamzah spent 25 years of his career as a Government officer in the Diplomatic and Administrative Service. He served as the Deputy-Secretary General of the Ministry of Transport and Director of Land and Mines, Perak from 1984 to 1991. He was also on the Board of Perak State Development Corporation from 1984 to 1990. He also served as Deputy Chairman of Klang Port Commission, Director of Penang Port and Klang Container Terminal from 1990 to 1991.

In 1991, Dato' Mohamed bin Hamzah retired optionally from the government service to join IGB Corporation Berhad as the Chief Operating Officer for the Perak operations of its property related business. He is currently the Chairman of Clearwater Sanctuary Golf Resort Sdn Bhd. Clearwater Sanctuary Golf Resort Sdn Bhd owns and operates a recreational resort for golf.

**Mr. Ping Kok Koh**, aged 49, a Malaysian, is a non-independent Managing Director of the Company. He has been a Fellow Member of the Association of Chartered Certified Accountants since 1986. He joined Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1994 as the Financial Controller and was appointed to the Board of Rubberex (M) Sdn Berhad on 06 September 1995. Mr. Ping Kok Koh was subsequently appointed to the Board of the Company on 19 March 1998 and assumes his present position on 01 January 1999. He is a member of the Audit Committee. He was previously attached to IGB Corporation Berhad where he worked as the Accountant and later as Group Accountant from 1981 to 1994. He was also formerly a director of Ipinda Berhad and IJM Corporation Berhad.

**Mr. Voon Chong Kian**, aged 44, a Malaysian, is the alternate director to the Managing Director, Mr. Ping Kok Koh. Mr. Voon is presently the Senior Group General Manager responsible for the Group's manufacturing operations. Prior to joining Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1987, Mr. Voon was attached to Ansell (M) Sdn Bhd for 9 years, his last position as the Quality Assurance Manager. The principal activities of Ansell (M) Sdn Bhd are the manufacture and export of household and surgical gloves.

**En. Sharifuddin bin Shoib**, aged 54, a Malaysian, is a non-independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. He is also the Chairman of the Remuneration Committee of the Board. He holds a Bachelor of Engineering (Mechanical) degree from Australia which was obtained in 1974 and became a registered Professional Engineer of Malaysia. He has been a board member of Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, since inception. En. Sharifuddin had previously joined Dijaya Corporation Bhd ("Dijaya") (formerly known as Jasa Megah Industries Berhad ("JMI")) as Factory Manager in July 1983 and was promoted to General Manager and subsequently to Executive Director from August 1991 to June 1994. Prior to joining Dijaya, he held various positions in UAC Berhad from 1970 to 1983. He was the Deputy Manager in Heavy Industries Corporation of Malaysia Berhad (HICOM) from January 1983 to July 1983. Currently, En. Sharifuddin is the non-executive Chairman of Rubber Thread Industries (M) Sdn Bhd ("RTI"). The principal activities of RTI are the manufacture and export of extruded rubber threads.

## DIRECTORS' PROFILE

**Dr. Nawawi bin Mat Awin**, aged 64, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board on 18 June 2001 and is also a member of the Audit Committee and Remuneration Committee of the Board. A Chartered Accountant by profession, he has also had experience in the banking sector and served on several public and professional bodies, national and international, including as Chairman or President of, inter alia, the Asian Productivity organisation, the National Productivity Council of Malaysia, ASEAN Chambers of Commerce and Industry, the National Chamber of Commerce and Industry of Malaysia, the Malaysian Association of Certified Public Accountants and as a Member, inter alia, of the National Economic Consultative Committee, of the Panel on Takeovers and Mergers, of Parliament and of its Public Accounts Committee. He is currently the Chairman of Kennedy Burkill & Company Berhad and a director of MBM Resources Bhd and Perak Corporation Berhad.

**Mr. Poh Choo Lim**, aged 51, a Malaysian, is a non-independent non-executive director of the Company. He was appointed to the Board on 18 June 2001. He is the Chairman of the Nomination Committee. Currently, Mr. Poh is actively involved in the housing and development industry as well as the hotel management business. He is also the Executive Director of Aun Huat & Brothers Sdn Bhd and Grand View Hotel in Ipoh, Perak.

**Mr. Yap Jek Nan**, aged 36, a Malaysian, is a non-independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. Mr. Yap Jek Nan was also appointed as a member of the Audit Committee on 25 November 1998 but resigned on 09 August 2001. After completing his studies in the United States in 1988, he spent 10 years working in manufacturing and property development companies within the IGB Corporation Berhad group of companies. He is currently Executive Director of Malayan Building Development Sdn Bhd, a property development company.



## CHAIRMAN'S STATEMENT

On behalf of the Board, I present herewith the Annual Report of the Company for the financial year ended 31 December 2001.

The perceived cloudy economic outlook for the year turned out to be more severe than anticipated with reports of the global economy slipping into recession and growth in trade in many countries undergoing serious decelerations. It was a year in which many dotcoms suffered sudden collapse and several industries such as the telecommunications equipment market encountering serious downturns, causing significant layoffs and waves of job cuts especially in the United States. The effects of the September 11 terrorist assaults on the United States shook business confidence even further, undermining any chance of a speedy recovery. With the world facing simultaneous downturns in the three major economic engines, namely the United States, Japan and Europe, it was a bleak scenario indeed for investors and exporters alike.

As a manufacturer serving over 100 countries in the global market, Rubberex has not been spared the difficult business conditions. The four consecutive years of growth have consequently been clipped with a 11.4% dip in turnover for the year 2001. Although operating profit before interest and depreciation was sustained at RM22.70 million as against RM23.80 million previously, pretax profit declined by 10.2% as the market was unable to absorb the expanded capacity as quickly as had been anticipated.



## CHAIRMAN'S STATEMENT

### FINANCIAL RESULTS

Group turnover for the year decreased by 11.4% from RM89.30 million in 2000 to RM79.10 million in 2001. Unit sales of household gloves showed a slight increase whereas industrial glove sales reported a decrease.

Group pretax profit also decreased by 10.2% to RM14.36 million from RM16.00 million previously. Overall unit cost with the increased depreciation charge was higher due to low capacity utilisation of the new production line. However, direct and indirect material costs especially latex and chemicals were largely lower. Coupled with the strict control of costs and expenses, this helped to sustain the profitability of the Group.

Profit attributable to shareholders was RM10.67 million compared to RM11.30 million recorded previously. Group's earnings per share was 24.8 sen as against 26.4 sen in the previous year. Taking into consideration the bond interest expense of RM0.70 million and the gestation period of the new production lines, the performance of the Group could be said to be satisfactory.

### DIVIDENDS

With the shareholders in mind and taking into account Group's earnings for the year, the Board has declared in total a tax-exempted dividend of 20 sen per share for the financial year ended 31 December 2001, the same as the previous year. In absolute terms, the quantum of payment is in fact higher from RM7.41 million in 2000 to RM8.65 million in 2001 due to the issue of bonus shares towards the end of year 2000. The first interim dividend of 10 sen was paid on 06 July 2001 while the second interim dividend of 10 sen was paid on 15 January 2002.

### FUTURE PROSPECTS

Future prospects remain challenging with the continuing global economic weakness marked by limited visibility and cautious prediction. With the market still looking for very convincing signs of a strong recovery emerging and a general consensus that perhaps an upturn may likely to happen in the second half of the year, the Board would therefore move with caution.



RUBBEREX

Green

Nitron

Nitrile Gauntlet

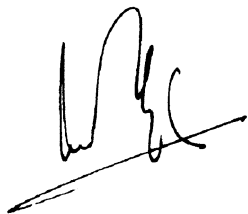
## CHAIRMAN'S STATEMENT

The expansion plan for the seventh production line as announced to the KLSE previously has in the meantime been kept under review and is most likely to occur towards the end of the year. Meanwhile, the Group will continue to focus on utilising and maximising all the existing production lines including the two new lines that were commissioned in the last two years. It will also continue to concentrate on the niche markets that have helped the Group to overcome and move away from the severe and endless pressures of the segment of the market offering cheaper products.

### 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 and Mr. Teng Cheng Bon @ Teng Kim Tee, Mr. Poh Chee Meng @ Fook Fatt and Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin who resigned during the year, for their appreciated contribution to the Group. I welcome to the Board Dr. Nawawi bin Mat Awin and Mr. Poh Choo Lim who have been appointed to the Board effective from June 2001.



Chairman  
Dato' Mohamed Bin Hamzah

*Overseas Trade Fair Participation*





# black *KNIGHT*

RUBBEREX

Gauntlet Rubber Glove

HAZARDOUS WASTE SPECIALIST

Rubberex Corporation (M) Berhad's Award of the Prestigious ISO 14001



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**RUBBEREX CORPORATION (M) BERHAD**

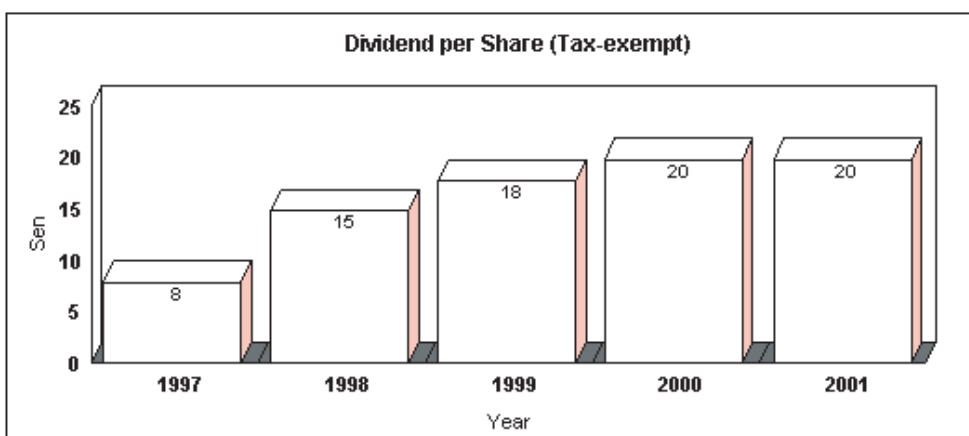
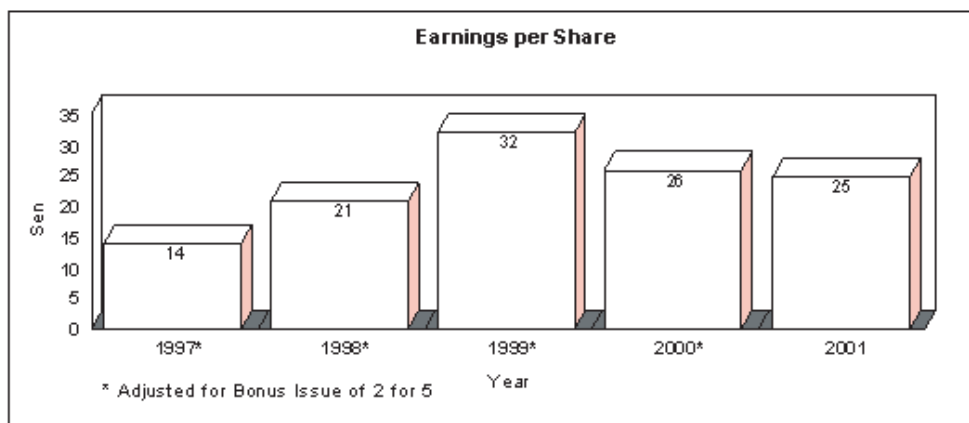
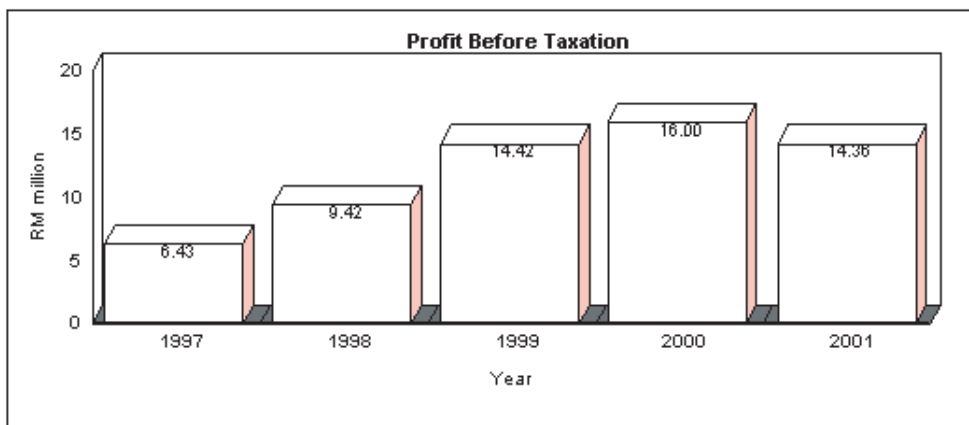
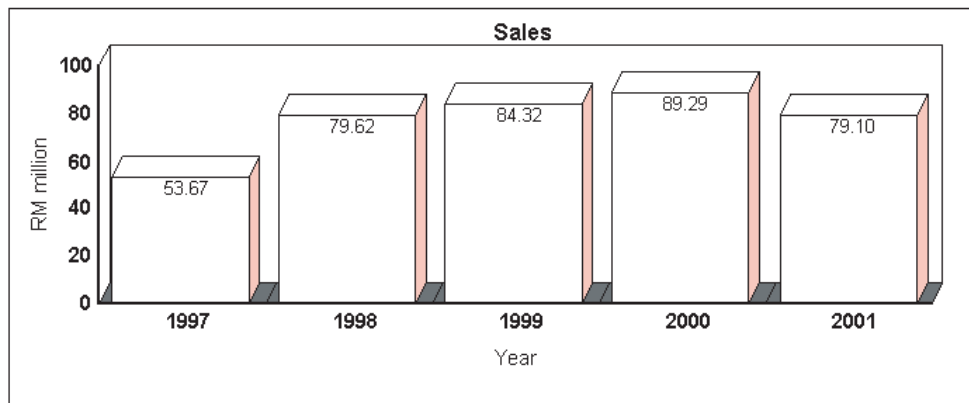
(372842-U)  
 LOT 138201, OFF 3/4 MILE,  
 JALAN BERCHAM,  
 KAWASAN PERINDUSTRIAN BERCHAM,  
 31400 IPOH, PERAK D. R., MALAYSIA.  
 TEL : ++605 - 548 2723, 548 2809  
 FAX : ++605 - 548 2726, 548 6491  
 HOME PAGE : www.rubberex.com.my  
 E-MAIL : rmsb@pojaring.my



MS ISO 14001 CERT. NO. R009301081

ISO 14001 Certificate Presentation Ceremony on 7 September 2001, Kuala Lumpur.

## FINANCIAL HIGHLIGHTS



## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### MEMBERS OF THE AUDIT COMMITTEE

Dato' Mohamed bin Hamzah (Chairman, Independent Non-Executive Director)  
Dr. Nawawi bin Mat Awin (Independent Non-Executive Director)  
Mr. Ping Kok Koh (Managing Director, Non-independent Executive Director)

### COMPOSITION OF THE 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.

### FUNCTIONS OF THE AUDIT COMMITTEE

The functions of the Audit Committee include the following:-

1. Review of the external auditors' scope of work and their audit plan.
2. Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
3. Reviewing the audited financial statements before recommending for the Board of Directors' approval.
4. Reviewing the Company's compliance with the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
5. Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval.
6. Review of the Internal Audit Department's staffing needs, programs and plans for the financial year under review and regular assessment of the Internal Audit Department's performance.
7. Review of the audit reports presented by Internal Audit Department on findings and recommendations with regards to systems and controls weaknesses noted in the course of their audit and management's response thereto and ensuring material findings are adequately addressed by management.
8. Review of the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of the issuing of a Corporate Governance statement.



## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### MEETINGS OF THE AUDIT COMMITTEE

1. Meetings shall be held not less than four 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 requests 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.

### NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Three audit committee meetings were held during the financial year ended 31 December 2001. The attendance record of each member is as follows:-

Audit committee members:-	Attendance
Dato' Mohamed bin Hamzah	3/3
Mr. Ping Kok Koh	3/3
Mr. Yap Jek Nan (resigned on 09 August 2001)	2/2
Dr. Nawawi bin Mat Awin (appointed on 09 August 2001)	1/1

Two audit committee meetings were held subsequent to the financial year end to the date of the Directors' Report. The attendance record of each member is as follows:-

Audit committee members:-	Attendance
Dato' Mohamed bin Hamzah	2/2
Mr. Ping Kok Koh	2/2
Dr. Nawawi bin Mat Awin	2/2

## STATEMENT OF CORPORATE GOVERNANCE

Rubberex believes in good corporate governance in the conduct of its operations, dealings with third parties and financial management of the organisation and recognises its importance to protect the interests of the Company's shareholders, including those of the minority shareholders.

The following are statements on application of the principles laid down in the Malaysian Code on Corporate Governance.

### THE BOARD OF DIRECTORS

#### Principal Duties

The Board takes full responsibility for the overall performance of the Company and the Group by setting the vision and objectives and by directing the policies, strategic action plans and stewardship of the Group's resources. It focuses mainly on strategies, financial performance and critical business issues.

#### Composition of the Board

The Board is made up of one executive director and five non-executive directors, two of which are independent directors. The Managing Director, Mr. Ping Kok Koh has many years of experience in the Group's core businesses. The Group is focussed on businesses it is good at and the intimate knowledge and vast experiences of the management team in the business has enabled the Group to achieve leadership positions in its chosen industry.

The non-executive directors are individuals of calibre and credibility, including some with vast varied experiences and seniority. The non-executive directors are actively involved in various Board committees. They provide a broader view, independent assessment and opinions on management proposals.

Although a relatively small Board, it provides an effective blend of entrepreneurship, business and professional expertise. The Board has at least four regularly scheduled meetings annually. Board meetings bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

In order to be kept abreast of new regulatory development and listing requirements, all directors have attended the Mandatory Accreditation Program conducted by the Research Institute of Investment Analysts Malaysia (RIIAM).

## STATEMENT OF CORPORATE GOVERNANCE

Three Board Meetings were held during the financial year ended 31 December 2001 and two Board Meetings held since the end of the financial year to the date of the Directors' Report. The attendance record of each director since the date of appointment is as follows:

Name	Attendance
Dato' Mohamed bin Hamzah	4/5
Mr. Ping Kok Koh	5/5
En. Sharifuddin bin Shoib	5/5
Mr. Yap Jek Nan	5/5
Dr. Nawawi bin Mat Awin	4/4
Mr. Poh Choo Lim	4/4
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh; appointed on 18 June 2001)	4/4
Mr. Voon Chong Kian (resigned on 18 June 2001)	1/1
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin (resigned on 18 June 2001)	1/1
Mr. Poh Chee Meng @ Fook Fatt (resigned on 18 June 2001)	1/1
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian; resigned on 18 June 2001)	1/1
Mr. Teng Cheng Bon @ Teng Kim Tee (resigned on 18 June 2001)	NIL

The Board composition in respect of the ratio of independent directors is two or one-third of the Board, in compliance with the KLSE Listing Requirements.

The roles of the Chairman and the Managing Director are distinct and separate with responsibilities clearly drawn out to ensure a balance of power and authority. Generally, executive directors are responsible for making and implementing operational decisions. Non-executive directors play a key supporting role, contributing their knowledge and experience towards the formulation of policies and in the decision-making process.

There is also balance in the Board with the presence of independent directors who are individuals of credibility and repute and who demonstrate objectivity and clear independence of judgement.

### Supply of information

All Board members are supplied with information in a timely manner. Board reports are circulated prior to the Board Meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports provide, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of business units and management proposals that require Board's approval, including the annual group budget.

## STATEMENT ON CORPORATE GOVERNANCE

The Board has the service of two Company Secretaries who ensure that all appointments are properly made, that all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory requirements as well as obligations arising from the Listing Requirements or other regulatory requirements. The Company Secretaries are also charged with highlighting all issues that they feel ought to be brought to the Board's attention.

Besides Company Secretaries, independent directors also have unfettered access to the financial officers and internal auditors of the Company.

In exercising their duties, Board committees are entitled to obtain professional opinions or advice from external consultants such as merchant bankers, valuers, human resource consultants, etc.

### Appointment of Directors

The Nomination Committee of the Company was established during the third quarter of the financial year. The Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience that the directors should bring to the Board. Any new nomination received is forwarded to the full Board for assessment and endorsement.

The Nomination Committee comprises the following directors:

Mr. Poh Choo Lim (Chairman)  
Dato' Mohamed bin Hamzah  
Dr. Nawawi bin Mat Awin

### Re-election

Under the existing provisions of the Company's Articles of Association, one third of the directors are required to retire from office by rotation annually and subject to re-election at each Annual General Meeting.

### Directors' Remuneration

The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities. The Remuneration Committee of the Company, which was established during the third quarter of the financial year, comprises the following directors:

En. Sharifuddin bin Shoib (Chairman)  
Dato' Mohamed bin Hamzah  
Dr. Nawawi bin Mat Awin

The Committee ascertains and approves remuneration packages of executive directors in accordance with the Company's policy guidelines and with reference to external benchmark reports.

## STATEMENT ON CORPORATE GOVERNANCE

Fees for non-executive directors are determined by the full Board with the approval from shareholders at the Annual General Meeting. Individual directors affected are not involved in the approval of their own packages.

The details of the remuneration of directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies during the financial year ended 31 December 2001 are as follows:-

1. Aggregate remuneration of directors categorised into appropriate components:

	Fees (RM)	Salaries (RM)	Bonus & allowances (RM)	Benefits- in-kind (RM)	Total (RM)
Executive Directors	NIL	158,400	106,086	600	265,086
Non-executive Directors	86,000	NIL	NIL	NIL	86,000

2. Number of Directors whose remuneration falls into the following bands:

Range of remuneration	Number of directors	
	Executive	Non-executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
Above RM300,000	-	-

## ACCOUNTABILITY AND AUDIT

### Directors' Responsibility for the Annual Audited Financial Statements

The Directors are responsible for ensuring that the Company keeps proper accounting records and that the accounts and other financial reports are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### Financial Reporting

A comprehensive annual report is published and sent to all shareholders at the end of each financial year. Through the Chairman's Statement, Directors' Report, financial highlights and key performance indicators, the shareholders are informed about the operations of the Company. On a quarterly basis, the Company also releases to the KLSE details of the Company's performance for the information of the public and shareholders.

## STATEMENT OF CORPORATE GOVERNANCE

### Shareholders

Shareholders are kept informed of all material business matters affecting the Company through disclosures to the KLSE and press releases where appropriate. The Annual General Meeting, usually held in April each year is also a means of communicating with shareholders. At the Meeting, members of the Board as well as the Auditors of the Company are present to answer questions raised by the shareholders.

Any queries or concerns with regards to the Rubberex Group may be addressed to the following person:-

Mr. Chan Chee Kheong, Company Secretary  
Tel no.: 605 241 8787  
Fax no.: 605 243 2397

### Internal Control

The Internal Audit department has been established to assist the Audit Committee in discharging its duties and responsibilities. The role of the Internal Audit department is to provide the Committee with independent and objective reports on the state of internal controls of the various operating functions within the Group and the extent of compliance of the functions with established policies and procedures.

During the financial year, a total of 36 audit assignments were carried out and completed by the Internal Audit department. Audit reports were issued with regard to system and control weaknesses noted in the course of the audit and management's responses on the audit findings. The Internal Audit department also followed up on implementation and disposition of all findings and recommendations.

### Audit Committee

The Company has an Audit Committee whose composition meets the Listing Requirements i.e. two independent directors forming the majority and a member that is a qualified accountant. The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the Audit Committee. However, at least once a year, the Committee meets with the external auditors without executive Board members present.

## STATEMENT OF SHAREHOLDINGS

as at 08 March 2002

Authorised Share Capital	: RM100,000,000
Issued and Paid up Capital	: RM43,464,800
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	
On show of hands	: 1 vote
On a poll	: 1 vote for each share held

### DISTRIBUTION OF SHAREHOLDERS AS AT 08 MARCH 2002 ORDINARY SHARES OF RM1.00 EACH

Size of Shareholding as at 08 March 2002	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 1,000	94	3.24	37,533	0.09
1,000 – 10,000	2,569	88.56	6,573,611	15.12
10,001 – 100,000	199	6.86	5,348,812	12.31
100,001 to less than 5% of issued shares	37	1.27	22,062,936	50.76
5% and above of issued shares	2	0.07	9,441,908	21.72
<b>TOTAL</b>	<b>2,901</b>	<b>100.00</b>	<b>43,464,800</b>	<b>100.00</b>

### 32 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES as at 08 March 2002

No.	Name	Shares	%
1	Duvest Holdings Sdn Bhd	6,881,701	15.83
2	Teng Cheng Bon @ Teng Kim Tee	2,560,207	5.89
3	Wong Fay Ling	2,038,050	4.69
4	Looi Kum Pak @ Looi Kam Phak	2,015,050	4.64
5	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	1,750,000	4.03
6	Aun Huat & Brothers Sdn Bhd	1,705,570	3.92
7	Aun Huat & Brothers Sdn Bhd	1,470,000	3.38
8	Teng Cheng Bon @ Teng Kim Tee	1,390,737	3.20
9	Koh Boon Chor	1,002,085	2.31
10	Dato' Yap Lim Sen	1,000,000	2.30
11	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	840,000	1.93
12	Sharifuddin bin Shoib	811,703	1.87
13	Kon Choi Ying	687,989	1.58
14	Khoo Thiam Chye	576,935	1.33
15	Ping Kok Koh	564,657	1.30
16	Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	500,000	1.15
17	Yap Siew Chin	481,050	1.11
18	Yap Jek Nan	480,000	1.10
19	Yap Ken Nan	480,000	1.10
20	Med-Bumikar Mara Sdn Bhd	434,000	1.00
21	Aqil bin Ahmad Azizuddin	400,000	0.92
22	Wong Kit Peng	300,000	0.69
23	Koh Yit Ming @ Quek Yit Ming	276,800	0.64
24	Opulent Base Sdn Bhd	254,600	0.59
25	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ping Kok Koh	213,400	0.49
26	Papan Granite Sdn Bhd	205,800	0.47
27	Foo Siew Yoong	200,000	0.46
28	Aida binti Ahmad Azizuddin	200,000	0.46
29	Aniza binti Ahmad Azizuddin	200,000	0.46
30	Puan Sri Datin Asmah binti Mohd Salleh	200,000	0.46
31	Ayesha binti Ahmad Azizuddin	200,000	0.46
32	Azian binti Ahmad Azizuddin	200,000	0.46
	<b>TOTAL</b>	<b>30,520,334</b>	<b>70.22</b>

## STATEMENT OF SHAREHOLDINGS

as at 08 March 2002

### SUBSTANTIAL SHAREHOLDERS AS AT 08 MARCH 2002 ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Duvest Holdings Sdn Bhd	6,881,701	15.83	-	-
Teng Cheng Bon @ Teng Kim Tee	3,950,944	9.09	6,881,701	15.83 #
Aun Huat & Brothers Sdn Bhd	3,231,570	7.43	2,590,000	5.96 +
Ping Kok Koh	564,657	1.30	7,878,690	18.13 \\\
Sharifuddin bin Shoib	831,996	1.91	6,881,701	15.83 #
Poh Chee Meng @ Fook Fatt	25,200	0.06	5,821,570	13.39 ++
P & F Holdings Sdn Bhd	42,000	0.10	5,821,570	13.39 ++
Poh Cheong Meng & Sons Sdn Bhd	42,000	0.10	5,821,570	13.39 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	5,821,570	13.39 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	28,000	0.06	5,821,570	13.39 ++

# Deemed interest through Duvest Holdings Sdn Bhd

\\ Deemed interest through Duvest Holdings Sdn Bhd, Mayban Nominees (Tempatan) Sdn Bhd and Kon Choi Ying

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

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

### DIRECTORS' INTERESTS AS AT 08 MARCH 2002

#### ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	169,310	0.39	-	-
Ping Kok Koh	564,657	1.30	7,878,690	18.13
Sharifuddin bin Shoib	831,996	1.91	6,881,701	15.83
Yap Jek Nan	480,000	1.10	-	-
Dr. Nawawi bin Mat Awin	-	-	-	-
Poh Choo Lim	-	-	-	-
Voon Chong Kian	56	*	-	-

\* negligible



## STATEMENT OF SHAREHOLDINGS

as at 08 March 2002

Total warrants issued : 12,308,400  
Class of securities : Warrants (Year 2000/2005)

### DISTRIBUTION OF WARRANT HOLDERS AS AT 08 MARCH 2002

Size of Holdings as at 08 March 2002	No. of Holders	% of Holders	No. of Securities	% of Securities
Less than 1,000	86	7.16	39,336	0.32
1,000 – 10,000	988	82.26	2,165,647	17.59
10,001 – 100,000	109	9.08	2,989,495	24.29
100,001 to less than 5% of issued warrants	17	1.42	5,147,722	41.82
5% and above of issued warrants	1	0.08	1,966,200	15.98
	<b>TOTAL</b>	<b>1,201</b>	<b>12,308,400</b>	<b>100.00</b>

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

as at 08 March 2002

No.	Name	Securities	%
1	Duvest Holdings Sdn Bhd	1,966,200	15.97
2	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	500,000	4.06
3	Aun Huat & Brothers Sdn Bhd	488,000	3.96
4	Wong Fay Ling	442,145	3.59
5	Aun Huat & Brothers Sdn Bhd	430,000	3.49
6	Lee Soon Yeow	408,000	3.31
7	Loh Sau Khen	406,000	3.30
8	United Overseas Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Soon Yeow	300,000	2.44
9	Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	249,145	2.02
10	Lee Yu Lan	243,000	1.97
11	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	240,000	1.95
12	Lee Soon Chin	237,000	1.93
13	Kon Choi Ying	232,338	1.89
14	Sharifuddin bin Shoib	231,915	1.88
15	Teng Cheng Bon @ Teng Kim Tee	212,487	1.73
16	Tan Bee Choo	210,000	1.71
17	Ping Kok Koh	175,692	1.43
18	Wee Tiang Yap	142,000	1.15
19	Sumbang Permai Sdn Bhd	100,000	0.81
20	Opulent Base Sdn Bhd	83,600	0.68
21	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Soon Yeow	74,000	0.60
22	Yeoh Pei Hoon	73,569	0.60
23	Wong Kit Peng	70,000	0.57
24	Lee Shon Kong	66,000	0.54
25	Loh Sau Khen	63,000	0.51
26	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Soon Yong	63,000	0.51
27	Cheong Swee Chan	63,000	0.51
28	Teng Cheng Bon @ Teng Kim Tee	55,039	0.45
29	Lee Chin Keng	52,000	0.42
30	Dato' Yap Lim Sen	50,145	0.41
	<b>TOTAL</b>	<b>7,927,275</b>	<b>64.39</b>

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## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2001*

The directors of **RUBBEREX CORPORATION (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2001.

### **PRINCIPAL ACTIVITIES**

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12 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 of the Company for the financial year are as follows:

	<b>Group RM</b>	<b>Company RM</b>
<b>Profit before tax</b>	14,363,480	9,243,934
<b>Income tax expense</b>	(3,964,286)	(19,480)
<b>Profit after tax</b>	10,399,194	9,224,454
<b>Minority interest</b>	274,624	-
<b>Net profit for the year</b>	<u>10,673,818</u>	<u>9,224,454</u>

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

### **DIVIDENDS**

A second interim dividend of 10%, tax-exempt, amounting to RM4,307,940 proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

In respect of the year ended 31 December 2001:

- (a) A first interim dividend of 10%, tax-exempt, amounting to RM4,309,640 was paid on 06 July 2001; and
- (b) A second interim dividend of 10%, tax-exempt, amounting to RM4,339,580 was paid on 15 January 2002.

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

## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2001*

### **RESERVES AND PROVISIONS**

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

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

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM43,079,400 to RM43,434,800 by way of an issue of 355,400 new ordinary shares of RM1.00 each for cash pursuant to the Executive Share Option Scheme of the Company at an exercise price of RM1.64 per ordinary share.

The resultant premium arising from the above shares issued of RM227,456 has been credited to the share premium account.

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

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

### **ISSUE OF BONDS WITH DETACHABLE WARRANTS**

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 08 February 2001.

The salient features of the Bonds are as follows:

- (i) the Bonds bear a fixed interest rate of 5% per annum on the nominal amount of the Bonds and the interest is payable semi-annually on 28 May and 28 November of each year during the five (5) years in which they remain outstanding. The first interest payment was made on 28 May 2001. The last payment of interest shall be made on the maturity date of the Bonds;
- (ii) the Bonds will be fully redeemed by the Company at 100% of its nominal value upon maturity unless previously purchased, redeemed or cancelled. All Bonds purchased by the Company will be cancelled and may not be resold or reissued; and
- (iii) the Bonds are direct, unconditional and unsecured obligations of the Company and rank pari passu in all respects without priority amongst itself and with all other present and future unsecured and unsubordinated indebtedness or other obligations of the Company, except for indebtedness preferred by mandatory provisions of laws.

## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2001*

The salient features of the Warrants are as follows:

- (i) the Warrants will be constituted under a Deed Poll to be executed by the Company;
- (ii) the Warrants will be immediately detached from the Bonds upon issue and traded separately;
- (iii) each Warrant gives the registered holder the right to subscribe for one (1) new ordinary share of RM1.00 each in the Company 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. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid; and
- (iv) the new ordinary shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is prior to the date of exercise of the Warrants.

The Company has utilised RM19.6 million of the proceeds of the Bonds issue as at 31 December 2001. The said RM19.6 million was utilised to part finance the construction of one industrial glove plant and to part finance another industrial glove plant, auxiliary equipment and to defray expenses.

There were no warrants exercised during the year.

## **SHARE OPTIONS**

Under the Company's Executive Share Option Scheme (ESOS) which became effective on 30 March 1999, options to subscribe for unissued new ordinary shares of RM1.00 each in the Company were granted to 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 which may be made available shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- (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

## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2001*

- (e) No option shall be granted for less than 1,000 shares nor more than 279,000 shares to any eligible executive employee.

Details of the share options granted and exercised during the financial year are disclosed in Note 20 to the Financial Statements.

### **OTHER FINANCIAL INFORMATION**

Before the income statements and the balance sheets of the Group and of 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 have 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 as bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of 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 of 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 of the Company misleading.

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

- (a) any charge on the assets of the Group and of 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 of 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 of 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 of the Company for the succeeding financial year.

## DIRECTORS' REPORT

for the financial year ended 31 December 2001

### 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 (resigned on 18 June 2001)  
Mr. Teng Cheng Bon @ Teng Kim Tee (resigned on 18 June 2001)  
En. Sharifuddin bin Shoib  
Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin (resigned on 18 June 2001)  
Mr. Poh Chee Meng @ Fook Fatt (resigned on 18 June 2001)  
Mr. Yap Jek Nan  
Mr. Khoo Thiam Chye (alternate to Mr. Voon Chong Kian; resigned on 18 June 2001)  
Mr. Poh Choo Lim (appointed on 18 June 2001)  
Dr. Nawawi bin Mat Awin (appointed on 18 June 2001)  
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh; appointed on 18 June 2001)

In accordance with Article 101 of the Company's Articles of Association, Mr. Ping Kok Koh retires by rotation and, being eligible, offers himself for re-election.

Mr. Poh Choo Lim and Dr. Nawawi bin Mat Awin who were appointed to the Board since the last Annual General Meeting, retire under Article 108 of the Company's Articles of Association 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:

	Balance as at 01.01.2001/ date of appointment	No. of ordinary shares of RM1.00 each		Balance as at 31.12.2001
		Bought/ Transferred*	Sold	
<b>Shares in the Company</b>				
<b>Direct interest</b>				
Dato' Mohamed bin Hamzah	169,310	-	-	169,310
Mr. Ping Kok Koh	564,657	-	-	564,657
En. Sharifuddin bin Shoib	831,996	-	-	831,996
Mr. Yap Jek Nan	1,400	480,000*	(1,400)	480,000
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh)	147,056	78,000	(225,000)	56
<b>Indirect interest</b>				
Mr. Ping Kok Koh	7,811,690	67,000	-	7,878,690
En. Sharifuddin bin Shoib	6,881,701	-	-	6,881,701
Mr. Yap Jek Nan	-	13,000	(13,000)	-

## DIRECTORS' REPORT

for the financial year ended 31 December 2001

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company which was implemented on 30 March 1999:

	No. of ordinary shares of RM1.00 each under Options			
	Balance as at 01.01.2001/ date of appointment	Granted	Exercised	Balance as at 31.12.2001
Mr. Ping Kok Koh	390,600	-	-	390,600
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh)	235,200	-	(78,000)	157,200

By virtue of their interests in the Company, Mr. Ping Kok Koh and En. Sharifuddin bin Shoib are deemed to have interests in the shares of all the subsidiary companies to the extent that the Company has interest.

None of the other directors in office at the end of the financial year, held shares or have beneficial interest in the shares of the Company or its subsidiary companies during the financial year.

### 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 the benefit included in the aggregate of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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 14 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 except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 20 to the Financial Statements.



## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2001*

### **AUDITORS**

The auditors, Messrs. Deloitte KassimChan 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**

**DATO' MOHAMED BIN HAMZAH**

Ipoh, 07 March 2002

## **REPORT OF THE AUDITORS**

*To the Members of Rubberex Corporation (M) Berhad*

We have audited the accompanying balance sheets as at 31 December 2001 and 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 of the Company as at 31 December 2001 and of the results and the cash flows of the Group and of 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 by the 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**  
**Chartered Accountants**

**WONG GUANG SENG**  
**787/3/03(J/PH)**  
**Partner**

**Ipoh, 07 March 2002**

## INCOME STATEMENTS

for the financial year ended 31 December 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue	4	<b>79,086,249</b>	89,289,187	<b>9,775,000</b>	12,458,410
Other operating income	7	<b>37,143</b>	-	-	-
Changes in inventories of finished goods and work-in-progress		<b>6,782,072</b>	(2,425,271)	-	-
Raw materials and consumables used		<b>(37,492,718)</b>	(39,362,623)	-	-
Directors' remuneration	6	<b>(1,177,234)</b>	(1,242,906)	<b>(86,000)</b>	(46,000)
Staff costs		<b>(12,560,953)</b>	(10,347,503)	-	-
Depreciation of property, plant and equipment	11	<b>(7,642,744)</b>	(6,887,715)	-	-
Other operating expenses	7	<b>(11,987,242)</b>	(12,140,487)	<b>(183,534)</b>	(99,374)
<b>Profit from operations</b>		<b>15,044,573</b>	16,882,682	<b>9,505,466</b>	12,313,036
Interest on fixed deposits		<b>69,838</b>	97,355	<b>69,838</b>	83,830
Finance costs	8	<b>(693,725)</b>	(138,147)	<b>(274,164)</b>	-
Bonds issue expenses		<b>(57,206)</b>	(840,443)	<b>(57,206)</b>	(840,443)
<b>Profit before tax</b>		<b>14,363,480</b>	16,001,447	<b>9,243,934</b>	11,556,423
Income tax expense	9	<b>(3,964,286)</b>	(4,786,512)	<b>(19,480)</b>	(22,299)
<b>Profit after tax</b>		<b>10,399,194</b>	11,214,935	<b>9,224,454</b>	11,534,124
Minority interest		<b>274,624</b>	84,655	-	-
<b>Net profit for the year</b>		<b>10,673,818</b>	11,299,590	<b>9,224,454</b>	11,534,124
<b>Earnings per ordinary share:</b>					
Basic (sen)	10	<b>24.8</b>	26.4		
Fully Diluted (sen)	10	<b>24.5</b>	25.7		

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

**BALANCE SHEETS**  
as at 31 December 2001

	Note(s)	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>ASSETS (Note 18)</b>					
Property, plant and equipment	11	<b>67,168,195</b>	61,031,816	-	-
Investments in subsidiary companies	12	-	-	<b>22,553,102</b>	22,553,102
<b>Current Assets</b>					
Inventories	13	<b>19,573,115</b>	12,028,603	-	-
Trade receivables		<b>15,445,418</b>	13,741,073	-	-
Amount owing by subsidiary companies	14	-	-	<b>42,942,590</b>	27,272,539
Other receivables, deposits and prepayments	15	<b>768,129</b>	4,167,678	<b>43,133</b>	3,938,688
Fixed deposits, cash and bank balances	16	<b>11,258,794</b>	21,080,155	<b>9,723,965</b>	20,432,811
		<b>47,045,456</b>	51,017,509	<b>52,709,688</b>	51,644,038
<b>Current Liabilities</b>					
Trade payables		<b>4,140,304</b>	3,403,006	-	-
Other payables and accrued expenses	14 & 17	<b>4,330,390</b>	6,573,411	<b>263,475</b>	381,910
Bank overdrafts	18	<b>3,294,131</b>	1,745,121	-	-
Tax liabilities		<b>2,606,090</b>	3,483,521	<b>16,654</b>	22,299
Dividend payable		<b>4,339,580</b>	4,307,940	<b>4,339,580</b>	4,307,940
		<b>18,710,495</b>	19,512,999	<b>4,619,709</b>	4,712,149
<b>Net Current Assets</b>		<b>28,334,961</b>	31,504,510	<b>48,089,979</b>	46,931,889
<b>Long-term and Deferred Liabilities</b>					
Deferred tax liabilities	19	<b>2,990,000</b>	2,356,000	-	-
Bonds		<b>25,000,000</b>	25,000,000	<b>25,000,000</b>	25,000,000
		<b>(27,990,000)</b>	(27,356,000)	<b>(25,000,000)</b>	(25,000,000)
<b>Minority interest</b>		<b>(840,721)</b>	(1,115,345)	-	-
<b>Net Assets</b>		<b>66,672,435</b>	64,064,981	<b>45,643,081</b>	44,484,991
<b>Represented by:</b>					
Issued capital	20	<b>43,434,800</b>	43,079,400	<b>43,434,800</b>	43,079,400
Reserves	21	<b>23,237,635</b>	20,985,581	<b>2,208,281</b>	1,405,591
<b>Shareholders' Equity</b>		<b>66,672,435</b>	64,064,981	<b>45,643,081</b>	44,484,991

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

## STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2001

GROUP	Note	Issued Capital RM	Non- Distributable Reserve Share Premium RM	Distributable Reserve Unappropriated Profit RM	Total Shareholders' Equity RM
<b>Balance as at 01 January 2000</b>		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	22	-	-	(7,408,540)	(7,408,540)
<b>Balance as at 31 December 2000</b>		43,079,400	972,400	20,013,181	64,064,981
Net profit for the year		-	-	10,673,818	10,673,818
Exercise of options under ESOS		355,400	227,456	-	582,856
Dividends	22	-	-	(8,649,220)	(8,649,220)
<b>Balance as at 31 December 2001</b>		43,434,800	1,199,856	22,037,779	66,672,435
<b>COMPANY</b>					
<b>Balance as at 01 January 2000</b>		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	22	-	-	(7,408,540)	(7,408,540)
<b>Balance as at 31 December 2000</b>		43,079,400	972,400	433,191	44,484,991
Net profit for the year		-	-	9,224,454	9,224,454
Exercise of options under ESOS		355,400	227,456	-	582,856
Dividends	22	-	-	(8,649,220)	(8,649,220)
<b>Balance as at 31 December 2001</b>		43,434,800	1,199,856	1,008,425	45,643,081

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

## CASH FLOW STATEMENTS

for the financial year ended 31 December 2001

Group	Note	2001 RM	2000 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		14,363,480	16,001,447
Adjustments for:			
Depreciation of property, plant and equipment		7,642,744	6,887,715
Finance costs		693,725	138,147
Expenditure carried forward written off		-	58,866
Interest income		(69,838)	(97,355)
Gain on disposal of property, plant and equipment		(35,633)	-
Operating Profit Before Working Capital Changes		22,594,478	22,988,820
Decrease/(Increase) in:			
Inventories		(7,544,512)	(934,235)
Trade receivables		(1,704,345)	1,782,056
Other receivables, deposits and prepayments		(388,328)	229,975
Increase/(Decrease) in:			
Trade payables		737,298	(596,483)
Other payables and accrued expenses		(2,360,137)	(649,509)
Cash Generated From Operations		11,334,454	22,820,624
Income tax paid		(4,207,717)	(484,313)
Interest on bank overdrafts paid		(39,483)	(55,167)
Net Cash Generated From Operating Activities		7,087,254	22,281,144
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Refund of import duty on plant and machinery		152,360	-
Proceeds from disposal of property, plant and equipment		72,000	-
Interest on fixed deposits received		69,838	97,355
Purchase of property, plant and equipment		(14,118,661)	(18,450,842)
Net Cash Used In Investing Activities		(13,824,463)	(18,353,487)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		582,856	1,720,400
Proceeds from issuance of bonds		3,938,688	21,061,312
Dividends paid		(8,617,580)	(6,102,900)
Interest on bonds paid		(537,126)	-
Interest on term loan paid		-	(77,868)
Interest on other short-term bank borrowings paid		-	(5,112)
Net Cash Generated From/(Used In) Financing Activities		(4,633,162)	16,595,832
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(11,370,371)</b>	<b>20,523,489</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>19,335,034</b>	<b>(1,188,455)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>7,964,663</b>	<b>19,335,034</b>

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

## CASH FLOW STATEMENTS

for the financial year ended 31 December 2001

Company	Note	2001 RM	2000 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		9,243,934	11,556,423
Adjustments for:			
Finance costs		274,164	-
Interest income		(69,838)	(83,830)
Operating Profit Before Working Capital Changes		9,448,260	11,472,593
Increase in:			
Amount owing by subsidiary companies		(15,670,051)	(8,172,211)
Other receivables, deposits and prepayments		(43,133)	-
Increase/(Decrease) in:			
Other payables and accrued expenses		(235,551)	255,243
Cash Generated From/(Used In) Operations		(6,500,475)	3,555,625
Income tax paid		(25,125)	-
Net Cash Generated From/(Used In) Operating Activities		(6,525,600)	3,555,625
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on fixed deposits received		69,838	83,830
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		582,856	1,720,400
Proceeds from issuance of bonds		3,938,688	21,061,312
Dividends paid		(8,617,580)	(6,102,900)
Interests on bonds paid		(157,048)	-
Net Cash Generated From/(Used In) Financing Activities		(4,253,084)	16,678,812
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(10,708,846)</b>	<b>20,318,267</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>20,432,811</b>	<b>114,544</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>9,723,965</b>	<b>20,432,811</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

*for the financial year ended 31 December 2001*

### **1. PRINCIPAL ACTIVITIES**

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12.

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

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The total number of employees of the Group increased to 900 in 2001 from 744 in 2000 as a result of the installation of one additional production line. The Company has no employee as at the end of the current and previous financial year.

The registered office of the Company is located at 87B, Jalan Clarke, 30300 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 138201, Off 3/4 Mile, Jalan Bercham, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan.

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

The financial statements of the Group and of 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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

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

#### **Revenue**

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership has transferred to the buyer. Sales represent gross invoiced value of goods sold net of sales tax, trade discounts and returns.

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's right to receive payment is established.

#### **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 statements.



## NOTES TO THE FINANCIAL STATEMENTS

### Deferred Taxation

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 net deferred tax assets, the tax effects are recognised generally on actual realisation.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Freehold land and factory buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the “open market value on existing use” basis with additional valuation in the intervening years where market conditions indicate that the carrying value of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to unappropriated profit account.

Freehold land and capital work-in-progress are not depreciated. Long-term leasehold land is amortised over the remaining period of the lease of 54 years. All other property, plant and equipment are depreciated on a straight-line method to their residual values 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	20% to 25%
Motor vehicles	20%

### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 31 December 2001.

## NOTES TO THE FINANCIAL STATEMENTS

A subsidiary company is a company in which the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

Subsidiary companies are consolidated using both the acquisition and merger methods of accounting:

- (i) When the acquisition method is adopted, the difference between the purchase consideration and the fair values of the identifiable net assets of the subsidiary companies at the date of acquisition is included in the consolidated financial statements as goodwill or reserve on consolidation. The goodwill on consolidation is fully written off in the income statements 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 International Accounting Standards No. 22, Business Combinations, 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 deficits arising from merger is fully written off against reserves accounts in the year of acquisition. The results of the subsidiary companies acquired 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. Where there is an indication of decline (other than a temporary decline) in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

### 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 consumables 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 production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

## NOTES TO THE FINANCIAL STATEMENTS

### Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate provisions for estimated irrecoverable amounts. 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

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of household and industrial rubber gloves	79,086,249	89,289,187	-	-
Dividends (gross) received from subsidiary companies	-	-	9,775,000	12,458,410
	<b>79,086,249</b>	89,289,187	<b>9,775,000</b>	12,458,410

#### 5. SEGMENTAL REPORTING

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

#### 6. DIRECTORS' REMUNERATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Executive directors:				
Other emoluments	1,091,234	1,196,906	-	-
Non-executive directors:				
Fees	63,000	40,000	63,000	40,000
Other emoluments	23,000	6,000	23,000	6,000
	<b>86,000</b>	46,000	<b>86,000</b>	46,000
	<b>1,177,234</b>	1,242,906	<b>86,000</b>	46,000

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM3,000 (2000: RM3,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 7. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Gain on disposal of property, plant and equipment	35,633	-	-	-
Audit fee:				
Special	-	(35,500)	-	(3,000)
Statutory	(55,500)	(50,000)	(6,000)	(5,000)
Overprovision in previous year	-	1,000	-	1,000
Rental of warehouses and premises	(14,592)	(73,409)	-	-
Expenditure carried forward written off	-	(58,866)	-	-

### 8. FINANCE COSTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest on:				
Bank overdrafts	39,483	55,167	-	-
Bonds	654,242	-	274,164	-
Term loan	-	77,868	-	-
Other short-term bank borrowings	-	5,112	-	-
	<b>693,725</b>	138,147	<b>274,164</b>	-

### 9. INCOME TAX EXPENSE

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Current estimated tax payable	3,701,418	3,996,512	19,480	22,299
Overprovision in previous year	(371,132)	-	-	-
Deferred tax (Note 19)	634,000	790,000	-	-
	<b>3,964,286</b>	4,786,512	<b>19,480</b>	22,299

The effective tax rate of the Group in 2001 is higher than the statutory income tax rate mainly due to the reported loss of a subsidiary company is not available for group relief in respect of profits reported by other subsidiary companies. However, the higher effective tax rate in 2000 was mainly due to certain expense items have been considered as non-deductible for tax purposes.

The provision for income tax of the Company in 2001 and 2000 relates solely to interest income.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EARNINGS PER ORDINARY SHARE

#### Basic

	Group	
	2001 RM	2000 RM
Net profit attributable to ordinary shareholders	<u>10,673,818</u>	<u>11,299,590</u>
	2001 Shares	2000 Shares
Number of ordinary shares in issue as at 01 January	43,079,400	30,023,000
Effect of bonus issue	-	12,308,400
Effect of the exercise of ESOS	<u>44,033</u>	<u>463,000</u>
Weighted average number of ordinary shares in issue	<u>43,123,433</u>	<u>42,794,400</u>
	2001	2000
Basic earnings per ordinary share (sen)	24.8	26.4

#### Fully Diluted

	Group	
	2001 RM	2000 RM
Net profit attributable to ordinary shareholders	<u>10,673,818</u>	<u>11,299,590</u>
	2001 Shares	2000 Shares
Weighted average number of ordinary shares in issue	43,123,433	42,794,400
ESOS:		
No. of unissued shares	2,765,200	2,066,000
No. of shares that would have been issued at fair value	<u>(2,332,919)</u>	<u>(936,667)</u>
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share	<u>43,555,714</u>	<u>43,923,733</u>
	2001	2000
Fully diluted earnings per ordinary share (sen)	24.5	25.7

## NOTES TO THE FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT

Group	Cost or valuation					
	At beginning of year	Exemption from import duty *	Additions	Disposals	Transfer	At end of year
	RM	RM	RM	RM	RM	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	-	16,642	-	-	33,442
Long-term leasehold land	1,474,383	-	-	-	-	1,474,383
Factory buildings	10,496,832	-	885,518	-	-	11,382,350
Plant and machinery	71,708,871	(303,171)	11,057,726	(67,000)	2,513,549	84,909,975
Factory and office equipment, furniture and fittings	3,396,054	-	311,668	(2,508)	-	3,705,214
Motor vehicles	480,404	-	134,197	(210,728)	-	403,873
Capital work-in-progress	998,927	-	1,712,910	-	(2,513,549)	198,288
<b>Total</b>	<b>95,672,271</b>	<b>(303,171)</b>	<b>14,118,661</b>	<b>(280,236)</b>	<b>-</b>	<b>109,207,525</b>

\* This relates to import duty for plant and machinery acquired by a subsidiary company in 2000

Group	Accumulated Depreciation			
	At beginning of year RM	Charge for the year RM	Disposals RM	At end of year RM
At valuation:				
Freehold land	-	-	-	-
Factory buildings	905,772	181,152	-	1,086,924
At cost:				
Freehold land	-	-	-	-
Long-term leasehold land	-	27,300	-	27,300
Factory buildings	1,054,266	395,664	-	1,449,930
Plant and machinery	29,742,581	6,494,149	(31,825)	36,204,905
Factory and office equipment, furniture and fittings	2,561,870	510,491	(1,316)	3,071,045
Motor vehicles	375,966	33,988	(210,728)	199,226
Capital work-in-progress	-	-	-	-
<b>Total</b>	<b>34,640,455</b>	<b>7,642,744</b>	<b>(243,869)</b>	<b>42,039,330</b>

## NOTES TO THE FINANCIAL STATEMENTS

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	2,717,349	2,536,197
At cost:		
Freehold land	16,800	33,442
Long-term leasehold land	1,474,383	1,447,083
Factory buildings	9,442,566	9,932,420
Plant and machinery	41,966,290	48,705,070
Factory and office equipment, furniture and fittings	834,184	634,169
Motor vehicles	104,438	204,647
Capital work-in-progress	998,927	198,288
Total	<u>61,031,816</u>	<u>67,168,195</u>

The freehold land and factory buildings of certain subsidiary companies were revalued by the directors in 1996 based on a valuation carried out by Mr. Elvin Fernandez, FISM, a registered valuer of Khong & Jaafar Sdn. Bhd., an independent firm of professional valuers, using the "open market value on existing use" basis. The surplus arising from the revaluation amounting to RM3,414,353 has been credited to revaluation reserve account. The tax effect relating to the surplus on revaluation of freehold land and factory buildings has not been disclosed or provided for as the directors of the subsidiary companies have no intention to dispose of these assets in the foreseeable future.

The historical costs and carrying values of the revalued freehold land and factory buildings as at 31 December 2001 are as follows:

	Group	
	2001 RM	2000 RM
Cost:		
Freehold land	805,389	805,389
Factory buildings	<u>3,820,895</u>	<u>3,820,895</u>
	<b>4,626,284</b>	4,626,284
Accumulated depreciation:		
Factory buildings	<u>(2,086,907)</u>	<u>(1,895,862)</u>
Net Book Value	<u><b>2,539,377</b></u>	<u>2,730,422</u>

Long-term leasehold land and factory buildings of a subsidiary company with carrying amount of RM1,447,083 (2000: RM1,474,383) and RM6,004,928 (2000: RM5,557,806) are pledged to a licensed bank as security for credit facilities granted to the subsidiary as mentioned in Note 18.

Interest expense on borrowing directly related to plant and machinery under construction that has been capitalised within additions of the Group during the year amounted to RM334,174.

## NOTES TO THE FINANCIAL STATEMENTS

Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:

	Cost Group	
	2001 RM	2000 RM
Plant and machinery	12,324,213	3,626,166
Factory and office equipment, furniture and fittings	1,955,724	914,967
Motor vehicles	89,640	58,700
	14,369,577	4,599,833

### 12. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 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 Equity Interest		Principal Activities
	2001 %	2000 %	
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	Manufacturing and sales of industrial rubber gloves.

### 13. INVENTORIES

	Group	
	2001 RM	2000 RM
At cost:		
Finished goods	10,172,694	3,493,827
Raw materials	7,843,361	7,251,866
Packing materials	1,327,670	557,738
Work-in-progress	160,056	56,851
Parts and consumables	69,334	668,321
	19,573,115	12,028,603



## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2001

### 14. RELATED PARTY TRANSACTIONS

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

During the financial year, significant related party transactions are as follows:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Subsidiary companies</b>				
Advances granted	-	-	<b>49,522,022</b>	7,221,078
Dividends received	-	-	<b>9,775,000</b>	12,458,410

Significant outstanding balances arising from non-trade transactions with related parties are as follows:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Subsidiary companies</b>				
Advances granted	-	-	<b>42,942,590</b>	27,272,539

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other receivables	<b>649,958</b>	167,143	-	-
Refundable deposits	<b>117,013</b>	61,689	<b>42,133</b>	-
Prepaid expenses	<b>1,158</b>	158	<b>1,000</b>	-
Balance of proceeds from bonds issue	-	3,938,688	-	3,938,688
	<b>768,129</b>	4,167,678	<b>43,133</b>	3,938,688

### 16. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits with licensed banks	<b>9,400,000</b>	15,808,001	<b>9,400,000</b>	15,808,001
Cash and bank balances	<b>1,858,794</b>	5,272,154	<b>323,965</b>	4,624,810
	<b>11,258,794</b>	21,080,155	<b>9,723,965</b>	20,432,811

## NOTES TO THE FINANCIAL STATEMENTS

### 17. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	3,220,231	4,091,963	60,359	381,910
Accruals for salaries and related expenses	993,043	2,481,448	86,000	-
Accrual for bonds interest	117,116	-	117,116	-
	<b>4,330,390</b>	<b>6,573,411</b>	<b>263,475</b>	<b>381,910</b>

### 18. BANK OVERDRAFTS

	Group	
	2001 RM	2000 RM
Bank overdrafts:		
Secured	859,847	263,557
Unsecured	2,434,284	1,481,564
	<b>3,294,131</b>	<b>1,745,121</b>

The bank overdraft of a subsidiary company amounting to RM2,500,000 (2000: RM2,500,000) is secured by a first legal charge over the subsidiary's long-term leasehold land and factory buildings as mentioned in Note 11 and a debenture incorporating fixed and floating charges over the subsidiary's assets. The balance of the overdraft facilities of RM8,000,000 (2000:RM8,000,000) granted to other subsidiary companies are unsecured.

The bank overdrafts of the Group bear interest rates ranging from 0.50% to 0.80% (2000: 0.50% to 0.80%) per annum above the base lending rates of the lending banks.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. DEFERRED TAX LIABILITIES

	Group	
	2001 RM	2000 RM
At beginning of year	2,356,000	1,566,000
Transfer from the income statements (Note 9)	634,000	790,000
	2,990,000	2,356,000
At end of year	2,990,000	2,356,000

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

As mentioned in Note 3, the effects of timing differences which would give rise to net deferred tax assets are recognised generally on actual realisation. As at 31 December 2001, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/ (Liabilities) Group	
	2001 RM	2000 RM
The tax effects of:		
Timing differences between depreciation and tax allowances on property, plant and equipment	(2,789,000)	-
Unutilised tax losses	3,216,000	-
	427,000	-
Net	427,000	-

The unutilised tax losses are subject to agreement by the tax authorities.

All timing differences of the Group have been accounted for as they are expected to reverse in the foreseeable future.

### 20. SHARE CAPITAL

	Group and Company			
	2001 No. of Shares	2000 No. of Shares	2001 RM	2000 RM
<b>Authorised:</b>				
Ordinary shares of RM1.00 each:				
At beginning of year	100,000,000	40,000,000	100,000,000	40,000,000
Additional creation	-	60,000,000	-	60,000,000
	100,000,000	100,000,000	100,000,000	100,000,000
At end of year	100,000,000	100,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
Ordinary shares of RM1.00 each:				
At beginning of year	43,079,400	30,023,000	43,079,400	30,023,000
Exercise of options under ESOS	355,400	748,000	355,400	748,000
Bonus issue	-	12,308,400	-	12,308,400
	43,434,800	43,079,400	43,434,800	43,079,400
At end of year	43,434,800	43,079,400	43,434,800	43,079,400

## NOTES TO THE FINANCIAL STATEMENTS

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM43,079,400 to RM43,434,800 by way of an issue of 355,400 new ordinary shares of RM1.00 each for cash pursuant to the ESOS of the Company at an exercise price of RM1.64 per ordinary share.

The resultant premium arising from the above shares issued of RM227,456 has been credited to the share premium account.

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

Under the Company's ESOS which became effective on 30 March 1999, options to subscribe for unissued new ordinary shares of RM1.00 each in the Company were granted to eligible employees including executive directors of the Company and its subsidiary companies.

The share options granted and exercised during the financial year are as follows:

<b>No. of ordinary shares of RM1.00 each under Options</b>					
<b>Exercisable from</b>	<b>Exercise price per ordinary share RM</b>	<b>Balance as at 01.01.2001</b>	<b>Granted</b>	<b>Exercised</b>	<b>Balance as at 31.12.2001</b>
30.03.1999	1.64	2,709,800	163,000	(355,400)	2,517,400
25.07.2000	3.03	247,800	-	-	247,800
		<u>2,957,600</u>	<u>163,000</u>	<u>(355,400)</u>	<u>2,765,200</u>

The shareholders approved a share buy-back scheme in an Extraordinary General Meeting held on 13 April 2001. However, there were no share buy-backs, share cancellations or resale of treasury shares during the financial year. The scheme, which is subject to annual shareholders' approval, will be expiring on 26 April 2002. Thereafter, if the Board of Directors decide that the renewal of the share buy-back is desirable, shareholders' approval for such renewal will be sought at a later date.

### 21. RESERVES

	<b>Group</b>		<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>	<b>2001 RM</b>	<b>2000 RM</b>
Non-distributable reserve:				
Share premium	<b>1,199,856</b>	972,400	<b>1,199,856</b>	972,400
Distributable reserve:				
Unappropriated profit	<b>22,037,779</b>	20,013,181	<b>1,008,425</b>	433,191
	<u><b>23,237,635</b></u>	<u>20,985,581</u>	<u><b>2,208,281</b></u>	<u>1,405,591</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Share premium

Share premium arose from the following:

	<b>Group and Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Exercise of share options of 748,000 ordinary shares of RM1.00 each issued at a premium of RM1.30 per ordinary share in 2000	<b>972,400</b>	972,400
Exercise of share options of 355,400 ordinary shares of RM1.00 each issued at a premium of RM0.64 per ordinary share in 2001	<b>227,456</b>	-
	<b>1,199,856</b>	972,400

### Unappropriated profit

#### The Company

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credits and the tax-exempt account balances, the unappropriated profit of the Company as at 31 December 2001 is available for distribution in full by way of cash dividends without additional tax liabilities being incurred. Dividends declared out of the aforesaid tax-exempt accounts will be tax exempted in the hands of the shareholders.

## 22. DIVIDENDS

	<b>Group and Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
First interim dividend – 10% (2000: 10%), tax-exempt	<b>4,309,640</b>	3,076,300
Second interim dividend – 10% (2000: 10%), tax-exempt	<b>4,339,580</b>	4,307,940
Additional dividend paid due to shares issued under ESOS	-	24,300
	<b>8,649,220</b>	7,408,540

First interim dividend of 10%, tax-exempt, amounting to RM4,309,640 was paid on 06 July 2001 in respect of the current financial year.

Second interim dividend of 10%, tax-exempt, amounting to RM4,339,580 was paid on 15 January 2002 in respect of the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits	9,400,000	15,808,001	9,400,000	15,808,001
Cash and bank balances	1,858,794	5,272,154	323,965	4,624,810
Bank overdrafts	(3,294,131)	(1,745,121)	-	-
	<b>7,964,663</b>	19,335,034	<b>9,723,965</b>	20,432,811

### 24. CAPITAL COMMITMENT

	Group	
	2001 RM	2000 RM
Capital expenditure in respect of property, plant and equipment:		
Approved but not provided for	-	561,000

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

as at 31 December 2001

Location	Tenure/ Expiry Date	Description of existing use	Land area sq.m	Age (years)/ net book value (RM'000)
Lot 138201, Mukim Hulu Kinta Kawasan Perindustrian Bercham Bercham, Ipoh, Perak Darul Ridzuan	Freehold/-	Manufacturing, warehouse and office	37,258	7.5/3,510
Lot 218274, Mukim Hulu Kinta Kawasan Perindustrian Bercham Bercham, Ipoh, Perak Darul Ridzuan	Leasehold (60 years)/ 23 April 2055	Manufacturing, warehouse and office	32,382	6.0/1,447

## **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 of the Company as at 31 December 2001 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**MR. PING KOK KOH**

**DATO' MOHAMED BIN HAMZAH**

Ipoh, 07 March 2002

## **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** this 7<sup>th</sup> day of March, 2002.

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

**COMMISSIONER FOR OATHS**





**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 Sixth Annual General Meeting of the Company to be held at Kinta Room, First Floor, Casuarina Parkroyal Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak on Friday, 26 April 2002 at 10:00 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 Financial Statements and Reports for the financial year ended 31 December 2001		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Mr. Ping Kok Koh		
4.	Re-election of Director – Dr. Nawawi bin Mat Awin		
5.	Re-election of Director – Mr. Poh Choo Lim		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration		
7.	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 direction, your proxy will vote or abstain as he thinks fit)

No. of Shares held

.....  
Signature of Shareholder  
or Common Seal

Dated this.....day of.....2002

**Note:**

*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.*

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STAMP

The Company Secretary  
**RUBBEREX CORPORATION (M) BERHAD**  
5, Persiaran Greentown 8,  
Greentown Business Centre,  
30450 Ipoh,  
Perak Darul Ridzuan.

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